CHAPTER-II

PANCHAYATI RAJ IN HARYANA: AN OVERVIEW
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Haryana, one of the smaller states of India in terms of its size and population, was a part of Punjab till November 1966 when it attained statehood. Traditionally, the rural area of the region later became Haryana has the institutions of bhaichara (community) panchayats, the statutory panchayats and district boards during the British regime. The district boards were set up in 1884 having Deputy Commissioner as the chairman. However, this institution had gradually democratised by introducing the element of election.\(^1\) The genesis of statutory panchayats in this area during the British Raj, could be traced to the Punjab village panchayats.\(^2\) The Act of 1912 as replaced by the village Panchayat Act of 1921 but this also failed to produce the desired results. The Government of Punjab enacted the Panchayat Act, 1939 which superseded the earlier Acts and conferred among other, wide judicial powers both civil and criminal on the panchayats. Efforts were made to improve the financial resources of the panchayats through government grants equal to judicial fees and fines credited by the panchayats to the government treasury. Panchayats were also allowed to levy taxes with prior sanction of the government.\(^3\)

After independence, with the enactment of the Punjab Gram Panchayat Act, 1952, gram panchayats were set up at the village level on a mandatory basis. This Act of 1952 was later amended in 1960, and hence, when Haryana became a separate State in 1966, the local government institutions operating in the State had three tiers. These included the gram panchayat, the panchayat samiti and zilla parishad under Punjab Panchayat Samitis and Zilla Parishads Act, 1961. This basic pattern, formulated on the lines of the recommendations of the Balwantrai Mehta study team in 1957, was retained after 1966.\(^4\) This institutional framework with focus of powers at various levels would serve as a liver for throwing up or

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\(^1\) The Punjab District Board Act, 1883.

\(^2\) The Punjab Village Panchayat Act, 1912.

\(^3\) The Punjab Village Panchayat Act, 1939.

discovering new leaders from the activised society. As the Maharastra Committee on Democratic Decentralization also pointed out.

"The fundamental purpose of decentralization should be to train the local leadership to assume higher responsibilities and to serve the people with maximum efficiency and economy with minimum taxation so as to meet their growing needs within the resources at their disposal, giving priority where it is legitimately due."5

**Panchayati Raj in Haryana after Separation**

Haryana, came into being on November 1, 1966 having a population of 10,36,808 with an area of 44, 056 square kilometer.6 As per 2001 census the provisional population of Haryana State has increased to 21,082,989 out of which 14,968,850 population belongs to rural and rest 6,114,129 population to urban areas. The rural population lives in 6955 villages, and is largely dependent on agriculture and its allied activities for its livelihood. The number of literates has also shown significant improvement in both rural and urban areas of Haryana. In absolute terms the number of literates in rural has increased from 4,974,926 in 1991 to 8,002,496 in 2001. Thus rural literacy has gone up from 49.85% to 63.82% during the decade. The female literacy has also gone up from 40.47% to 56.31% but the sex ratio has gone down from 865 to 861 female per thousand male. The sex ratio of literates is 617 females per thousand males. The density of population per square kilometer is 477.7

Till 1966, Panchayati Raj only a gradual headway in Haryana, Part of Punjab. Afterward its progress had accelerated in the State of Haryana but not significantly. Elections have not been held regularly. The legitimate autonomy of panchayati raj institutions was not present due to state government’s heavy


6Census of India 1971, Series 6, Part II-C(i) and Part V-A. Deputy Director of Census Operations, Haryana.

7Census of India 2001, Series 7, Director of Census Operations, Haryana, Paper-2, 2001, p.X.
control over their supervision. In 1973, zila parishad was abolished on the recommendations of Maru Singh Ad-hoc Committee on Panchayati Raj, 1972. The Committee mentioned that there was unnecessary overlapping of functions between zila parishad and panchayat samiti and therefore the zila parishad should be abolished and its functions should be added on to the functions already assigned statutorily to panchayat samiti. The panchayat samiti, the committee argued, should be strengthened financially and administratively to play a large role in development processes. However, the recommendations of this committee were not accepted by the government, which preferred instead to accept the recommendations of the ad-hoc committee constituted by it in 1972 to evaluate the performance of zila parishads. This latter committee had expressed the view that the zila parishads be abolished as these were superfluous bodies which had failed to perform the coordinating functions for which they had been constituted. The zila parishads were abolished with effect from July 13, 1973 on the recommendations of the ad-hoc committee. The abolition of the zila parishad was also justified by the state government on the grounds that there was no clear-cut demarcation of powers between the zila parishads and panchayat samitis. Therefore, Haryana had only a two-tier panchayati raj system from 1973 to 1994.

Since the separation of Haryana and till 1993 the Punjab Grain Panchayat Act, 1952 was amended nineteen times, the Punjab Village Common Land (Regulations) Act, 1961, eleven times and the Punjab Panchayat Samitis and Zila Parishads Act, 1961, seventeen times. Major amendments to the Punjab Gram Panchayat Act, 1952, included the Haryana Act No. 19 of 1971 which extended the term of panchayats, from three to five years, the Haryana Act No. 22 of 1973, which abolished the zila parishads and assigned all their powers to the deputy commissioners, the Haryana Act No. 3 of 1976, which provided for the removal of

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of the sarpanch in case of failure to hold two consecutive meetings of the gram sabha, the Haryana Act No. 13 of 1987, which made provision for the reservation of seats for the members of the backward classes if their population attained to 2 percent or more in the gram sabha area. Here it may be mentioned that no sarpanch have ever actually been removed for his failure to hold the meetings of the gram sabha, and the Haryana Act No. 14 of 1987, which provided for representation of one member of the backwards classes in the panchayat samiti.11

On 22 April 1994, in conformity with the Constitution (Seventy Third Amendment) Act, 1992, the Haryana Panchayati Raj Act, 1994, came into force. This central amendment restored the original three-tier structure of panchayati raj institutions in the State and brought the pattern in conformity with the one prevailing all over the country.12

Main Provisions of Haryana Panchayati Raj Act, 1994

The Haryana Panchayati Raj Act 1994 incorporated all the essential features of the 73rd Constitutional Amendment Act. It has made the gram sabha a soul of the panchayati raj system. It provides a platform for the direct participation of the people themselves. It is mandatory to hold at least two gram sabha meetings annually in the month of May and November. The Act provides for a quorum to convene the meetings of gram sabha, which is fixed at one-tenth of the total voters of villages.13

Further, the Act makes a provision for the sarpanch to hold three consecutive meetings of the gram sabha, his sarpanchship may be automatically ceased from the date on which second meeting was to be held. In order to ensure that gram sabha becomes a true democratic institution, the Act confers a number of powers and functions on the gram sabha. The Block Development and Panchayat Officer (BDPO) and the Gram Sachiv, attend every general meetings of panchayat samiti and gram panchayats respectively. And for any reason

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11 Ranbir Singh, “Haryana”, in George Mathew, op. cit., p. 78.
12 Ibid, p.79.
14 Notification No Leg. 32/2006 dated October, 2006 substituted for the word two.
beyond his control, the is unable to attend every meeting, the Social Education and Panchayat Officer (SEPO) or block extension officer attends the meeting. This will facilitate not only in discussing the various issues but also helps to build mutual confidence and understanding between the members of the gram sabha and the local level bureaucracy. Several functions have been entrusted to the gram sabha, such as review of annual statement of accounts and the report on administrative activities, and developmental affairs of the panchayat like the location of schemes and other works, including consideration of the budget prepared by the gram panchayat and the execution of future development programmes and the plans. Infact, the gram sabha is to develop a system of internal checks and balances to ensure larger involvement of people in developing programmes, enhance political and administrative awareness, inculcate community spirit to facilitate direct communication between the people and the elected leaders and finally to create in the gram sabha a reservoir of power, authority, ownership by empowering it to play the role of a parent body.

The Act provides for direct election of members to the panchayati raj institutions at all the three levels on the basis of wards for the gram panchayat and territorial constituencies in the case of panchayat samitis and zila parishads. The Act makes it clear that the minimum number of gram panchayat members will not be less than 6 and not more than 20. In case of panchayat samiti members, one member for every 4,000 population will be elected and the number of elected members will be 10 to 30. Similarly, the zila parishad will also have 10 to 30 directly elected members and one member will be elected for every 40,000 population. The Act provides that the government will divide a district into wards in such a manner that the population of each ward be the same throughout the district. This will ensure that all the territorial constituencies have the same number of voters.

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17 Haryana Panchayat Raj Act, 1994, p. 58.
Provision has been made for ex-officio membership for Members of Legislative Assembly (M.L.As) in the panchayat samitis; while the Members of Parliament (MPs) have been kept out. The MLAs also could have been kept out from this body as in the case of Maharashtra. In zila parishads, both MPs and MLAs have been made ex-officio members with right to vote except in the election and the removal of president. Legislators have bigger roles to play in Assemblies and Parliament. Their presence in panchayati raj institutions will affect the smooth and frank discussions in the meetings of panchayat samitis and zila parishads. Involvement of MPs and MLAs had resulted in the past in emergence of groups and factions thereby affecting the functioning of panchayati raj institutions.\textsuperscript{18}

All the chairpersons of panchayat samiti will also be ex-officio members of the zilla parishad. Similarly, sarpanches of the gram panchayats, equal to the one-fifth of the total number of panchayat samiti seats, will be the ex-officio members of panchayat samitis for one year by rotation and lots.\textsuperscript{19}

Going through the powers and functions transferred among the three tiers of the panchayats one finds several sections which empower either bureaucracy or government and, therefore, undermines the role of gram panchayat, panchayat samiti and zilla parishad. A few examples are given. As per Act if any person disobeys the order of the gram panchayat, he shall be punished to the extents of Rs. 1000. But the Act has the provision that any aggrieved person may, within a period of 30 days of such orders, appeal to director whose decision shall be final and shall not be liable to question in any court of law. In case of panchayat samiti also, chairperson has no control over its executive officer except securing implementation of resolutions. In similar ways, the chair person of zila parishad has an administrative supervision of the chief executive officer for securing implementation of resolutions of decisions of zila parishads or any committee thereof. This type of vertical control of bureaucracy is against the letter and spirit


\textsuperscript{19}The Haryana Panchayati Raj Act, 1994, p. 35.
of the decentralisation. The real devolution can only be realized when each tier of panchayat raj shall have their own bureaucracy.20

The Act in case of panchayat samiti21 and zila parishad22 have empowered both director, panchayat and government to suspend chairpersons, vice-chairpersons or members respectively if any criminal offence is established against them. This provision does not provide an organic link among these three-tiers of the governance. The link can only be maintained if he controls zila parishad, zila parishad controls panchayat samiti and panchayat samiti controls gram panchayat.

Among the normal qualifications and disqualifications prescribed for the candidates contesting elections to panchayati raj institutions, an important step introduced in the new Act, that a candidate with more than two children will be disqualified from contesting election in any of these bodies. However, a person having more than two on or up to the expiry of one year of the commencement of this act will not be deemed to be disqualified.23 But now this clause has been abolished with effect from January 1, 2005.24

With regard to reservation, seats are reserved for scheduled castes in proportion to their population at all the three tiers and one third seats are reserved for women in the same pattern. This apart, the Act, provides that each panchayat, panchayat samiti and zila parishad has one member belonging to the backward classes and such seats may be allotted to the wards having the maximum population belonging to this category. The number of offices of chairpersons

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21Section 64 (1), Haryana Panchayati Raj Act, 1994, p. 39.

22Ibid, p. 73.

23Section 175 (1), The Haryana Panchayati Raj Act, 1994, p. 78.

reserved under and are rotated to different panchayats, panchayat samitis, and zila parishads, in the order based on size of population belonging to these categories.25

Under the new Act, panchayati raj institutions needs to perform all developmental functions as given in the 11th Schedule of the Constitution. The Haryana Act, has demarcated the 29 subjects for gram panchayat and panchayat samiti. As for zila parishad, it has not been clear how many subjects in the 11th schedule are given to uppermost tier. In accordance with the Constitution Amendment, the Act has provided for the constitution of a State Finance Commission to review the financial condition of the panchayati raj bodies and to make recommendations to the State governments. The Act is silent about the grants to the gram panchayat to meet certain defined expenditure.26

Haryana Panchayat Raj Act states that District Planning Committee constituted under the Haryana Municipal Act, 1973, shall consolidate the plans prepared by the gram panchayats, panchayat samitis and zilla parishads and also prepare a draft development plan for the district as a whole as per the provisions of Article 243ZD of the Constitution of India.27

The judicial functions enjoyed so far by the gram panchayat are no more with this body as they have not been made part of the Act. This is a sheer example of disempowering the gram panchayat through latest Panchayat Act. The judicial functions should have been part of the legislation because it is desirable to give speedy and economical justice to locals by their own people. Moreover, it have become important in the present situation in which the judiciary is not expanding.28


27Section 214, The Haryana Panchayati Raj Act, 1994, p.94

Amendments in the Haryana Panchayati Raj Act, 1994

The Haryana Vidhan Sabha on February 9, 1999 passed an Amendment Act to provide the smooth functioning of panchayati raj institutions by abolishing the post of upsarpanch which had become a hurdle in the working of gram panchayat. The amendment made in section 11(i) of the Act, makes a provision for convening of two general meetings to be fixed by the Block Development and Panchayats Officer (BDPO) concerned. The number of gram sabha members required to call extraordinary general meeting of gram sabha reduced from one-fifth to one-tenth.29 It was also made mandatory for panches to attend gram sabha meetings. Also, the charge would have to be handed over within seven days of the publication of the election schedule. It would be mandatory to ensure handling over charge before general elections of panchayati raj institutions.30

The amendment empowered the concerned sarpanch to safeguard street pavements against digging. No street or pavement in a village would be dug, altered or damaged in any manner by any person for any purpose except with the prior permission of the sarpanch or block development and panchayat officer concerned. Such a permission would be granted only after the person seeking permission deposits an amount as prescribed to restore the street or pavement to its original state.31

The suspension period has been raised from six months to one year as generally criminal trials and if enquiries do not conclude within six months resulting in reinstatement of sarpanches and panches. A provision would have also been made to abolish the condition of enquiry and consulting the panchayati raj institutions so that such institutions do not delay resolutions regarding carving out blocks. To discourage the tendency among the sarpanches of keeping cash beyond the prescribed limit a penal interest at the rate of 21 percent would be charged. To discourage the tendency of collusive attitude among the sarpanches

29Section 2 and 11(i), The Haryana Panchayati Raj (Amendment) Act, 1999 p.1.

30Section 18, Ibid, p. 2.

31Section 24, Ibid, p.3
and punches towards court cases, a provision have been made to disqualify them for a period of six years.\textsuperscript{32}

Section 215-A was inserted in Haryana Panchayati Raj Act, 1994 stating that if any dispute arises between two or more gram panchayat or between a gram panchayat and a panchayat samiti or between a gram panchayat and municipality, it would be referred to the prescribed authority whose decision thereon should be final and would not be questioned in any court of law.\textsuperscript{33}

Another amendment in section 3 of the Act was submitted in 2000 that if a gram panchayat, panchayat samiti or zila parishad, as the case may be, was not reconstituted before the expiry of its duration laid down in sub-section (1). It should be deemed to be dissolved on the expiry of the said duration and therefore, provision of sub-section (2) of section 52, sub-section (1) of section 111 or sub-section (4) of section 158, as the case would be applicable. In case, elections to the panchayati raj institutions were not held in time this provision made it mandatory on the part of State government.\textsuperscript{34}

Section 11, further amended that every gram sabha should hold two general meetings one ranging from May 15 to June, 15 and another during from November, 15 to December, 15 each year at a time fixed by the Block Development and Panchayat Officer concerned.\textsuperscript{35}

The financial powers of the panchayats were enhanced from Rs. 25,000 to Rs. 1.25 lakh in 2000 for undertaking development work in the villages.\textsuperscript{36} Again this limit of original work is increased up to 3 lakh for gram panchayat, 5 lakh for panchayat samiti and 10 lakh for zila parishad.\textsuperscript{37} The state government provided a grant of Rs. 21.09 crore to panchayati raj institutions for undertaking development

\textsuperscript{32} Section 51, 55 and 175, Ibid, pp 4-5.

\textsuperscript{33} Section 215-A, Ibid., p. 1.

\textsuperscript{34} Section 3, The Haryana Panchayati Raj (Amendment) Act, 2000, p.1.

\textsuperscript{35} Section 11, Ibid., p. 1.

\textsuperscript{36} Package for Haryana Panchayats, The Tribune, Chandigarh, April 27, 2000, p. 20.

works in the villages. For the maintenance of community assets, a sum of Rs. 14.77 crore has been given, i.e., Rs. 10 lakh per block, increasing by 10 percent every year. A sum of Rs. 1 lakh for each block has been provided for the maintenance of the buildings of the panchayati raj institutions. A one-time special grant of Rs. 25 lakh has been given for repair of zila parishad and panchayat samiti buildings. In order to improve sanitation and environmental conditions in the villages, a special grant of Rs. 2.92 crore was provided, increasing by 10 percent every year. A sum of Rs. 20.66 crore has also been given to these institutions according to the devolution prescribed by the 10th Central Finance Commission. The panchayats were authorised to give scholarships ranging between Rs. 10 and Rs. 25 per month as incentives to the meritorious students.\(^{38}\)

The control of anganwari, supplementary nutritional diet, appointment of an anganwari helper, issuing of ration cards, opening of fair price shops, rural health centres, sub health centres and veterinary stock centres and appointment of agriculture extension workers is also rest with the panchayati raj institutions. Panchayat may give incentives for the promotion of animal husbandry, poultry farm and diary development. They are able to spend 70 percent of the amount received under the Swaran Jayanati Rozgar Yojna.\(^{39}\)

While the share of local bodies in the income from stamp duty have been increased from 3 percent to 4 percent, they can now implement schemes costing upto Rs. 3 lakh on their own. Local bodies are allowed to auction shops and convert leasehold commercial properties into free hold for a suitable fee.\(^{40}\)

The Haryana Government constituted the Gram Vikas Samities to involve the people in development works. These samities comprised for seven to eleven members with a mahila panch, a panch belonging to the scheduled castes and scheduled tribes, a representative of panchayat samiti and a representative of panchayat undate.\(^{41}\)

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\(^{39}\)Ibid.


\(^{41}\)The Tribune, September 15, 2000, p. 3.
backward classes, one ex-serviceman, two prominent residents of the village to be nominated by the gram sabha and headed by the sarpanch.42

A unique feature in this process was the presentation of village panchayat accounts by the gram sachivs. The total income, expenditure and overall financial position was put before the gram sabha and any one could examine or check the use of the funds. It was provided that an amount of upto Rs. 50 lakh be given to a Gram Vikas Samiti for its own account known as the Gram Vikas Nidhi.43

In 2001, further amendment made in section 176 of Haryana Panchayati Raj Act, 1994, by inserting clause (aa) after clause (a) sub-section (4) of section 176. The clause includes, “if on holding such enquiry the civil court finds that
(i) on the date of his election a returned candidate was not qualified to be elected;
(ii) any nomination has been improperly rejected, or
(iii) the result of the election, in so far as it concerns a returned candidate, has been materially affected by improper acceptance of any nomination or by any corrupt practice committed in the interest of the returned candidate by an agent other than this election agent or by the improper reception, refusal or rejection of any vote or reception of any vote which is void or by any non-compliance with or violation of the provisions of the Constitution of India or of this Act, or any rules or orders made under this Act, election of such returned candidate shall be set aside the fresh election may be held.” In clause (b), for the word, brackets and letter “clause (a)”, the words, brackets and letters “clause a or clause (aa)”, shall be substituted.44

The State government decided to give annual awards to the best gram panchayats on the basis of performance and meeting of targets in the implementation of various schemes. The panchayat outperforming the others at the district level would be awarded a cash prize of Rs. 5 lakh and the State level

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out standing panchayat would be given Rs. 10 lakh. The prize had been named Choudhary Devi Lal Memorial Award. The criteria for judging the performance of panchayats included removal of encroachments, recovering of house tax, cleanliness in the village, implementation of such schemes as Rural Employment Scheme, Indira Awas Yojana, Jawahar Rozgar Yojana, disbursement of pension and identification of beneficiaries, management of primary schools, dropout rate in the schools and health and medical care programmes.45

In 2003, rule 11 of section 14 of Haryana Panchayati Raj Act, 1994, was amended by inserting rule 11A and 11C for appointment, removal, duties and functions of gram vikas sahayak in each village to assist the gram panchayat. For the purpose46

(i) Gram panchayat would be appointing authority of gram vikas sahayak;
(ii) At the request of the gram panchayat for gram vikas sahayak the concerned sub-divisional officer (civil), having jurisdiction of the sabha area, would invite applications from amongst the inhabitants of sabha areas. The applications should be graduates and not less than 21 years of age. This sub-rule was further amended on October 14, 2004 for fixing the age limit from 21 to 32 years.47
(iii) A notice of atleast 10 days would be required for inviting such applications. The selection of gram vikas sahayak would be made by a selection committee consisting of the sub-divisional officer(civil) and the concerned after interviewing chairman panchayat samiti48 the candidates.
(iv) The Collector of the district would be appellate authority against the order of the selection committee;
(v) The decision of the Collector would be final and no further appeal could be made against his orders:

48 Ibid, substituted for the word sarpanch
(vi) In case a gram vikas sahayak wanted to contest the election to any of the Panchayati Raj Institutions or VadhanSabha etc. he would be required to resign from his office;

(vii) The gram vikas sahayak would discharge his duties upto the age of 60 years;

(viii) A gram vikas sahayak could be removed from his office by the subdivisional officer (civil) concerned, after giving him an adequate opportunity of being heard if:-

(a) He is sentenced for an offence involving moral turpitude; or

(b) He is indulged in negligence in the discharge of his duties or otherwise found incompetent; or

(c) Owing to age of physical or mental incapacity, or absence from the sabha area. and unable to discharge his duties, or

(d) He has taken part in any kind of agitation against the government or failed to give his active support to the government of the gram panchayat in the maintenance of law and order; or

(e) A case against him in respect of any criminal offence is under investigation, enquiry or trial, if in the opinion of the competent authority. the charge made or proceeding taken against him, is likely to embarrass him in the discharge of his duties;

(ix) If there is any loss, waste or misapplication of gram fund or to the property belonging to the gram panchayat due to his negligence or misconduct while working as gram vikassahayak, he would be liable for such loss, waste or misappropriation of gram fund or property belonging to the gram panchayat and gram panchayat would be competent to assess and recover amount due from him on account of such loss, waste or misapplication of such gram fund or property after following the principle of natural justice;

(x) Gram vikas sahayak would maintain liaison between the State government, the gram panchayat and the inhabitants of the sabha areas;

(xi) He would assist the State government in effecting recoveries of due relating to electricity bills or any other dues and disbursement of old age,
handicapped and widow pension etc. on commission basis to be determined by the State Government;

(xii) He would be paid on honorarium of Re One\textsuperscript{49} per month.

Rule 11D and 11E related with section 15 of the Act provided that:

(a) Formation of group of gram panchayats would be decided by the concerned block development and panchayat officer;

(b) Application of service rules, 1979 to gram sachivs would mutatis mutandis apply to the circle supervisors.

The office of the Gram Vikas Sahayak is abolished and provided that there shall be a Gram Sachiv for every gram panchayat or group of gram panchayats. The main duty of a Gram Sachiv is to maintain accounts, record and other property of gram panchayat as well as to assist in discharging the duties: functions and carrying out the resolutions of the gram panchayats. Under the overall control of sarpanch, he has to record the proceedings in proceeding book with signatures, prepare the replies of audit notes and submit to the Block Development and Panchayat Officer (B.D.P.O) after the approval of Gram Sabha within one month of the receip of such notes\textsuperscript{50}.

There is a provision of exemption of house tax, where a house is vacant since last one year or owned or occupied by a person who was dependent of the member of the armed forces of the Union of India killed in action during the 1962, 1965 or 1971 war\textsuperscript{51} or who is/are freedom fighter/children of freedom fighter.\textsuperscript{52} So the provision of freedom fighter/children of freedom fighter was not in the original act, it was inserted in 2007.

Section 51(6) of Haryana Panchayati Raj Act, 1994 is related to handover the records, money or any property of gram panchayat in the possession of sarpanch to panch having majority in the gram panchayat, in case of removal of


\textsuperscript{50}Notification No. Leg. 7/2006 dated January 17, 2006

\textsuperscript{51}Section 41, Haryana Panchayati Raj Act, 1994

\textsuperscript{52}Notification No. Leg. 12/2007 dated April 9, 2007.
sarpanch. Another clause is added in this section in 2007 that if a sarpanch belonging to reserve category shall handover the above said record to a panch of reserve category, if no such panch is available than the record shall handover to the general category panch.53

Till April 2007, there were 218 sections in Haryana Panchayati Raj Act, 1994 but through Act No. 11 of 2007, another chapter XXII was introduced in this Act with sixty two sections i.e. 219 to 280. All these sections are related to the establishment of Haryana Rural Development Authority (HRDA). The main objectives of HRDA are to promote, secure regulated development of the rural area including lal dora and to provide amenities, sanitation, hygiene in rural areas and specially housing and residential facilities for weaker section. The main functions of the authority include the identification of rural area for declaration of development zone, preparation development plan for this zone, providing regulated growth through financial and technical support to panchayati raj institutions, distribution of house sites in the development zone, maintenance of building and community assets under its control or transferred to it by the government and any public authority, cleaning public roads, drains and other public places and any other functions conferred by the government. The composition of authority is by consisting of Chairman, Vice Chairman, Chief Administrator and six to twelve members. The term of the non-official members has been fixed to three years.

The authority would function through some committees and decision in the meetings shall be decided by a majority votes of the members present and voting and in case of equality of votes, the member presiding shall have a second or casting vote. The quorum for these meetings shall be one-third of the number of members actually serving for the time being but not less than four.54

It is provided in section 19G of the Act and Haryana Panchayati Raj Finance, Budget, Accounts, Audit taxation and works rules, 1996 for honorarium and allowances for panchayati raj institutions members and this honorarium was

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fixed only for president, vice president zila parishad and chairperson panchayat samiti Rs. 3000/-, Rs. 2500/- and Rs. 2000/- per month respectively but in April 2007 this honorarium has been extended to members, zila parishad, panchayat samiti and gram panchayat at the rate of Rs. 1000/-, Rs. 500/- and Rs. 200/- per month respectively.

Rules 28 of Haryana Panchayati Raj Election Rules, 1994 discuss about the fees required for filing the nomination form for election. So this fee has been increased since June, 2007 and Rs. 100/- Rs. 300/- and Rs. 400/- is required fees for member grampanchayat, panchayat samiti and zila parishad respectively. in case of SC and BC this fee is approximately half of general category candidates. The fees required for the post of sarpanch is Rs. 200/- and Rs. 100/- for second BC candidates.

Elections of Panchayati Raj Institutions (PRIs) : A Brief View Before 73rd Amendment Act, 1992

After the formation of Haryana as a separate State, panchyat elections have been held only five time before the passage of 73rd Amendment Act, 1992 i.e. 1971, 1978, 1983, 1988 and 1991. Before 1971, the sarpanches and panches were elected directly by the adults of the village sabha area. There was a provision of co-option of a women compulsorily, who secured highest number of votes in election but not elected. After 1971 sarpanches were elected indirectly by the panches. It was provided that the elected panches had the power of cooption of any women of their choice as a panch whether she contested election or not. The coopted women panch had a right to contest the indirect election of sarpanch and voting power. However, coopted woman panch lost this right since 1978 elections because of the making a provision of direct elections to posts of sarpanch and panch.

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After 73rd Amendment Act
First General Elections, 1994

As per provisions of 73rd Amendment Act, 1992 the first panchayat general elections were held in December 1994 at that time, there were 5958 gram panchayats, 110 panchayat samitis and 16 zila parishad in the State. Votes were polled in three phases i.e. December 11, 15 and 19, 1994. A meeting of all the Deputy Commissioners and political parties was convened by the State Election Commissioner and decided that the elections to panches and sarpanches should be held on non-party basis but members of panchayat samitis and zila parishads may be held on party bases. A detail of the reservation of seats in all the tiers of PRIs is given in table 2.1.

Table 2.1
Reserved and Unreserved Seats of First Panchayat General Elections, 1994

<table>
<thead>
<tr>
<th>Name of the Post</th>
<th>Seats Reserved for</th>
<th>Unreserved Seats or General Seats</th>
<th>Total Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S.C. Male</td>
<td>S.C. (W)</td>
<td>B.C.</td>
</tr>
<tr>
<td>Panch</td>
<td>7932</td>
<td>3861</td>
<td>5648</td>
</tr>
<tr>
<td>Member, Panchayat Samiti</td>
<td>352</td>
<td>167</td>
<td>110</td>
</tr>
<tr>
<td>Member, Zila Parishad</td>
<td>43</td>
<td>21</td>
<td>16</td>
</tr>
<tr>
<td>Sarpanch</td>
<td>780</td>
<td>419</td>
<td>--</td>
</tr>
<tr>
<td>Chairman, Panchayat Samiti</td>
<td>14</td>
<td>8</td>
<td>--</td>
</tr>
<tr>
<td>President, Zila parishad</td>
<td>2</td>
<td>1</td>
<td>--</td>
</tr>
</tbody>
</table>

Source: Report First Panchayat General Elections, 1994

Second General Elections, 2000

In second general elections, 2000, there were 6035 gram panchayats, 114 panchayat samitis and 19 zila parishads in Haryana. A decision was taken by the State Election Commission for conducting the polls in three phases i.e. March 12, 19 and 26, 2000 but the above decision was modified due to non availability of teachers and school buildings for election purposes and fixed the dates of March 12 and 16, 2000.60 Table 2.2 highlights an overall view of reserved and unreserved seats of second panchayat general elections.

Table 2.2
Reserved and Unreserved Seats of Second Panchayat General Elections, 2000

<table>
<thead>
<tr>
<th>Name of the Post</th>
<th>Seats Reserved for</th>
<th>Unreserved Seats or General Seats</th>
<th>Total Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S.C. Male</td>
<td>S.C. (W)</td>
<td>B.C.</td>
</tr>
<tr>
<td>Panch</td>
<td>7902</td>
<td>4054</td>
<td>5696</td>
</tr>
<tr>
<td>Member, Panchayat of Samiti</td>
<td>337</td>
<td>186</td>
<td>113</td>
</tr>
<tr>
<td>Member, Zila parishad</td>
<td>43</td>
<td>24</td>
<td>19</td>
</tr>
<tr>
<td>Sarpanch</td>
<td>802</td>
<td>408</td>
<td>--</td>
</tr>
<tr>
<td>Chairman, Panchayat Samiti</td>
<td>14</td>
<td>9</td>
<td>--</td>
</tr>
<tr>
<td>President, Zila Parishad</td>
<td>2</td>
<td>2</td>
<td>--</td>
</tr>
</tbody>
</table>


There were a total 54764 seats in second panchayat elections, 2000 for panches. It is interesting that 29475 (56%) of them were elected unopposed, for the remaining seats as many as 73468 candidates filed their nominations. However, 4209 nominations were cancelled, 7628 withdrawn and 61631

---

candidates contested the elections. 6187 (12%) sarpanches were elected unopposed out of total 6035 seats. For remaining seats as many as 44890 candidates were filed their nominations, 3448 nominations were cancelled, 14049 withdrawn and 27393 candidates fought the elections.

Regarding panchayat samiti, 431 (17.7%) members were elected unopposed out of total 2426, 14466 candidates filed their nomination for remaining seats, 1726 nominations were rejected, 2723 nominations withdrawn and 10017 candidates remained in contest. For total 314 zila parishad seats 1945 candidates filed their nomination. 43 members were elected unopposed, 70 nominations were rejected, 269 withdrawn leaving 1609 members in the field.

**Third General Elections, 2005**

During the third general elections, 2005, there were 6180 gram panchayats, 119 panchayat samitis and 19 zila parishads in Haryana. The elections were held in two phases i.e. April 3 and 9, 2005. Table 2.3 provides the data relating to reserved as well as unreserved seats of third panchayat general elections, 2005.

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61 S.S. Chahar, Governance at Grassroots Level in India, New Delhi : Kanishka, 2005, p. 15.


Table 2.3
Reserved and Unreserved Seats of Third Panchayat General Election, 2005

<table>
<thead>
<tr>
<th>Name of Post</th>
<th>Seats Reserved for</th>
<th>Unreserved Seats or General Seats</th>
<th>Total Seats</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>S.C. Male</td>
<td>S.C. (W)</td>
<td>B.C.</td>
</tr>
<tr>
<td>Panch</td>
<td>6552</td>
<td>6568</td>
<td>5958</td>
</tr>
<tr>
<td>Member, Panchayat of Samiti</td>
<td>361</td>
<td>245</td>
<td>119</td>
</tr>
<tr>
<td>Member, Zila parishad</td>
<td>50</td>
<td>32</td>
<td>19</td>
</tr>
<tr>
<td>Sarpanch</td>
<td>816</td>
<td>446</td>
<td>--</td>
</tr>
<tr>
<td>Chairman, Panchayat Samiti</td>
<td>13</td>
<td>9</td>
<td>--</td>
</tr>
<tr>
<td>President, Zila Parishad</td>
<td>2</td>
<td>2</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: Report of Third Panchayat General Elections, 2005

Total 139955 nomination papers were received for 60537 seats of panches of gram panchayats in third panchayat general elections, 2005; 91198 nominations accepted, 36645 panches were elected unopposed i.e. 60.8% and 54553 candidates contested the elections for the remaining 23557 seats of panches.64

Total 63746 nomination papers were received for 6080 seats of sarpanches, 30165 paper accepted, 473 (7.7%) were elected unopposed and total 29692 candidates contested the elections for remaining seats. In the context of member panchayat samiti total 16818 nomination papers were received, 10918 papers accepted, 302 (10.7%) were elected unopposed and 10616 candidates contested the elections for remaining 2531 seats.

64 Ibid, pp 20-21
For total 384 seats of zila parishad members 4658 nominations were received. 2886 papers accepted out of them, only 2 (0.5%) members of yamunanagar zila parishad were elected unopposed and 2884 candidates contested the elections for remaining 382 seats.

Status of Zila Parishads in Third Panchayats General Elections, 2005

Zila Parishad as a link between the State government and other panchayati raj institutions is very important body at district level because the district has a prominent place generally in Indian administration and particularly in development administration. So the zila parishad, an apex body of panchayati raj in Haryana, consists of the directly elected members from the wards in a district, chairpersons of all the panchayat samitis within a district as ex-officio members and all the MLAs and MPs whose constituencies lie within the district or part there of also as ex-officio members. Every zila parishad has ten to thirty members and one member represents at least forty thousand population. For the election of the members zila parishad the whole district is divided into wards in such a manner that the population of each ward may be the same throughout the district.

The president and vice president of zila parishad are elected by and from amongst the directly elected members. All the ex-officio members have right to vote in the meetings, except for the election and removal of president and vice president of zila parishad. At present, there are 19 zila parishads with 384 members in Haryana. In this regard a district wise in formation about reserved and unreserved zila parishad seats in 2005 elections is mentioned in table 2.4

### Table 2.4

**District wise Reserved and Unreserved Seats of Zila Parishad in 2005 PRIs General Elections**

<table>
<thead>
<tr>
<th>Name of Zila Parishads</th>
<th>Un-Reserved Seats</th>
<th>Total Seats Reserved for</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Women</td>
<td>SC Women</td>
<td>SC Male</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ambala</td>
<td>7</td>
<td>(41.2%)</td>
<td>(23.5%)</td>
</tr>
<tr>
<td>Bhiwani</td>
<td>14</td>
<td>(48.3%)</td>
<td>(27.6%)</td>
</tr>
<tr>
<td>Faridabad</td>
<td>12</td>
<td>(48%)</td>
<td>(28%)</td>
</tr>
<tr>
<td>Fatehabad</td>
<td>7</td>
<td>(41.2%)</td>
<td>(23.5%)</td>
</tr>
<tr>
<td>Gurgaon</td>
<td>17</td>
<td>(56.7%)</td>
<td>(30%)</td>
</tr>
<tr>
<td>Hissar</td>
<td>14</td>
<td>(48.3%)</td>
<td>(24.2%)</td>
</tr>
<tr>
<td>Jhajjar</td>
<td>9</td>
<td>(50%)</td>
<td>(27.8%)</td>
</tr>
<tr>
<td>Jind</td>
<td>12</td>
<td>(50%)</td>
<td>(25%)</td>
</tr>
<tr>
<td>Kaithal</td>
<td>9</td>
<td>(47.4%)</td>
<td>(26.3%)</td>
</tr>
<tr>
<td>Karnal</td>
<td>11</td>
<td>(47.8%)</td>
<td>(26.1%)</td>
</tr>
<tr>
<td>Kurushetra</td>
<td>7</td>
<td>(46.7%)</td>
<td>(20%)</td>
</tr>
<tr>
<td>Mahendergarh</td>
<td>9</td>
<td>(50%)</td>
<td>(27.8%)</td>
</tr>
<tr>
<td>Panch Kula</td>
<td>4</td>
<td>(40%)</td>
<td>(30%)</td>
</tr>
<tr>
<td>Panpat</td>
<td>7</td>
<td>(43.6%)</td>
<td>(31.3%)</td>
</tr>
<tr>
<td>Rohtak</td>
<td>7</td>
<td>(46.7%)</td>
<td>(26.7%)</td>
</tr>
<tr>
<td>Rawani</td>
<td>7</td>
<td>(43.6%)</td>
<td>(31.3%)</td>
</tr>
<tr>
<td>Sirsa</td>
<td>9</td>
<td>(42.9%)</td>
<td>(23.8%)</td>
</tr>
<tr>
<td>Sonipat</td>
<td>12</td>
<td>(50%)</td>
<td>(25%)</td>
</tr>
<tr>
<td>Yamuna Nagar</td>
<td>8</td>
<td>(44%)</td>
<td>(22.4%)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>182</td>
<td>(47.4%)</td>
<td>(26.3%)</td>
</tr>
</tbody>
</table>


It is cited in table 2.4 that 182(47.4%) seats of zila parishad members are unreserved followed by 101(26.3%) seats are reserved for general category women, 50(13%) for male members of scheduled castes (SC), 32(8.3%) for SC women and 19(5%) for backward class (BC) members.

A zila parishad wise information regarding total number of nominations received, withdrawn or rejected and accepted for accepted for zila parishad membership in the third PRIs general elections, 2005 is reflected in table 2.5
Table 2.5 shows that total 4658 nomination papers were received for contesting on 384 seats of zila parishad members but 1772 nomination papers were withdrawn or rejected after scrutiny and only 2886 papers were accepted for contesting the elections. The elections were fought for 382 seats because 2 members of Yamunanagar district were elected unopposed out of 119 accepted nomination papers. Bhiwani zila parishad got first place in receiving nomination papers i.e. 402 for 29 seats followed by Hissar i.e. 372 for 29 seats and Panchkula zila parishad received least nominations papers i.e. 98 in all the zila parishad for 10 seats. In case of rejection or withdrawal of nomination papers Karnal zila parishad is at first place followed by Mahendergarh and Jhajjar zila parishad has also got first place in least rejection and withdrawal of nomination papers.
State Finance Commission and Panchayati Raj

Finance is a sine-qua-non for any economic activity at every level of governance. Economists of our country have been concerned more with the national and international economics in a framework of immutable market mechanism and factor market specialization. Consideration of spatial dimension hardly take note of the local economy. The development of geo-economic theories of regional and sub-regional economies, however, enable the students to explore the local public economy more consistently. Local fiscal management has emerged as a major academic concern in the developing countries like India in the context of base line development. According to the Taxation Enquiry Committee, 1953-54, the crux of the problem of local bodies is finance. The Santhanam Committee having studied the problem of panchayati raj finances observed. “Although panchayati raj institutions have the formidable list of functions to discharge, they do not have the necessary financial resources to cope with these functions. Therefore, substantial and growing resources, it is essential for their stability and growth of these institutions.” Experience shows that self-government can not function effectively unless these bodies have independent sources of income.66 So working of the panchayats mainly depend on the financial aspect. In this context, the enactment of the 73rd Constitutional Amendment, 1992, is the historic step for development and progress of panchayati raj institutions. The powers of panchayats to impose taxes in order to raise their funds are given in the Constitution.67 Moreover, State Finance Commission has a provision for proper devolution of funds to local bodies.

Subsequently in Haryana, First Finance Commission (SFC) was set up68 on May 31, 1994 which has already submitted its report on March 31, 1997. The report was examined by the State Finance Department and placed before the State


67 Article 243 H & I, Seventy Third Amendment Act, 1992

Legislature on September 1, 2000. Action taken by the Haryana government on those recommendations is given below.

**Action Taken on Recommendations of 1st SFC**

<table>
<thead>
<tr>
<th>Particulars</th>
<th>Recommendations of the Commission</th>
<th>Funds Recommended for Transfer by 1st State Finance Commission</th>
<th>Actual Funds Transferred for 2000-01</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>1997-2001</td>
<td>2000-01</td>
</tr>
<tr>
<td>I. Tax Sharing</td>
<td>144.00</td>
<td>41.25</td>
<td>12.60</td>
</tr>
<tr>
<td>(i) Royalty on Minor Minerals.</td>
<td>20% of the Royalty on Minor Minerals to PRIs and ULBs</td>
<td>20.00</td>
<td>5.00</td>
</tr>
<tr>
<td>(ii) Conversion charges/ change of land use</td>
<td>10% of the net receipts to Gram Panchayats (GPs)</td>
<td>1.00</td>
<td>0.25</td>
</tr>
<tr>
<td>(iii) Stamp Duty &amp; Registration Fee</td>
<td>7.5% of the net proceeds to the PRIs</td>
<td>119.00</td>
<td>35.00</td>
</tr>
<tr>
<td>(iv) Revenue from cattle fairs.</td>
<td>The entire net income to be transferred to Panchayat Samitis (PSs) instead of present 80%</td>
<td>4.00</td>
<td>1.00</td>
</tr>
<tr>
<td>(v) Haryana Rural Development Fund (HRDF)</td>
<td>Levy of Haryana Rural Development Fund (HRDF) be increased from 1% to 2%.</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>II. Grants in aid to PRIs</td>
<td>423.48</td>
<td>103.34</td>
<td>21.53</td>
</tr>
<tr>
<td>(i) Maintenance Grants</td>
<td>Rs. 10 lakh per Block for 111 Blocks for maintenance of comm.-unity assets.</td>
<td>56.66</td>
<td>14.77</td>
</tr>
</tbody>
</table>

---

<table>
<thead>
<tr>
<th>Grants Type</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>(ii) Repair Grants</td>
<td>One time special grant of Rs. 25 lakh for repair of Zila Parishad/panchayat samiti buildings (one time only for 1997-98)</td>
<td>0.25 (-)</td>
</tr>
<tr>
<td>(iii) Specific Purpose Grants</td>
<td>For sanitation and environmental improvement of (GPs)* 10% step up each year.</td>
<td>10.17 2.92 (Accepted)</td>
</tr>
<tr>
<td>(iv) Development Grants</td>
<td>Rs. 50/- per capita per annum (1991 census) rural population 1.24 crore (10% step up each year)</td>
<td>82.50 287.74 Not accepted</td>
</tr>
<tr>
<td>(v) Incentive Grants</td>
<td>Cash Awards to PRIs** (Lakh Rs.)</td>
<td>1.67 6.68 1.67 (Accepted)</td>
</tr>
</tbody>
</table>

*GPs with population less than 2,000 @ Rs. 2400/- (111.45 lakh)
GPs with population between 2,000-4999 @ Rs. 4800/- (81.98 lakh)
GPs with population between 5,000-9999 @ Rs. 6000/- (21.54 lakh)
GPs with population of 10,000 and above @ Rs. 8400/- (3.67 lakh)

**PRIs ZPs PSs GPs
1st 8.00 5.00 0.50
2nd 5.00 3.00 0.30
3rd 3.00 2.00 0.20

**Second State Finance Commission**

The Second State Finance Commission was constituted in September 2000 to make recommendations on sharing of taxes, levies, fees etc. between the

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70 Vide notification no. 19/5/2000- Pol (2P), September 6, 2000 the Chairman, Suraj Bhan Kajal, joined on September 6, 2000, P.P. Singh Sahni, I.A.S. (Retd.) joined on the same day. Ami Chand Sehrawat Advocate and Ram Kumar Advocate joined on
State government and the local bodies, to determine the principles governing the grants-in-aid to these bodies and to suggest measures to improve their financial position with a view to make them self reliant. The commission submitted its report in September, 2004\textsuperscript{71} for a period of five years i.e. 2001-05. A Cabinet Sub-Committee was constituted to examine the recommendations under the chairmanship of the Finance Minister. With three meetings, this Sub-Committee finalized its report on October 18, 2005.

The main recommendations\textsuperscript{72} in this regard are :-

(A) Devolution of State Taxes

(i) Royalty on Minor Minerals

It was recommended that 20\% of the annual income from royalty on minor minerals should be shared with the gram panchayats and municipalities. The devolution from this source was estimated at Rs. 17.57 crore for gram panchayats during 2005-06. But the State government granted Rs. 5 crore for the year 2005-06 only.

(ii) Land Conversion Charges

An area upto a distance of 8 Km. beyond municipal limits is called as controlled area. Certain prescribed charges are levied for change of land use from agriculture to commercial, industrial or other purposes. The Commission recommended that 10\% of the income from this source i.e. Rs. 0.30 crore be devolved to the panchayats for 2005-06. However, the State government did not accept this recommendation.

\textsuperscript{71} The period of Second SFC was notified for submission of its report upto December 31, 2000 but the term was, time and again, extended upto September 30, 2004 vide notifications dated March 2, 2001; October 4, 2001; March 18, 2002; September 3, 2002; January 24, 2003; July 15, 2003 and October 15, 2003.

(iii) Revenue from Cattle Fairs

The income from cattle fairs is generated by way of registration fee. For this purpose 6% of the sale price is paid by the purchaser and Rs. 10/- per cattle is charged from the seller. Presently 80% of the net income is retained at the level of panchayat samitis and the 20% at the level of zila parishads. But it was recommended that the entire i.e. 100% income from cattle fairs be transferred to the panchayat samitis instead of 80% at present. But the State government decided to continue with the existing provision.

(iv) Stamp Duty and Registration Fee

It was proposed that 3% of the net receipts from stamp duty and registration fee collected from the panchayat areas be transferred to panchayats department for further distribution on the basis of the “Decentralized Planning Scheme”. The Commission asked to devolve Rs. 17.13 crore from this head for the year 2005-06 but the State government spared only Rs. 10 crore for this purpose.

(v) Local Area Development Tax (LADT)

After abolition of Octroi on November 1, 1999, the local area development tax was created. The net proceeds this tax were to be transferred to the local bodies for the development of local area. To this effect 65% was to be given to the panchayats.

(B) GRANTS-IN-AID

(i) Maintenance Grant

As per recommendations, Rs. 10 lakh be given to each block for maintenance of community assets and Rs. 1 lakh for maintenance of panchayat buildings w.e.f 2001-02 with 10% increase every year. The government has accepted it to release the grant.

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73 The Decentralised Planning Scheme means the inter-se-distribution among the gram panchayats, panchayat samitis and zila parishads would be in the ratio of 75:15:10.

(ii) **Grant for Sanitation and Environment Improvement**
A grant of Rs. 30.23 crore for sanitation and environment improvement was recommended and Rs. 7.25 crore of the same for 2005-06. The State government did not accept it in view of a grant of Rs. 388.80 crore has already been recommended by Central Finance Commission for this purpose.

(iii) **Development Grant**
Such grant of Rs. 25 per capita (2001 census) aggregating to Rs. 54.90 crore including Haryana Rural Development Fund (HRDF) share for the year 2005-06 be devolved to panchayats. However, the government accepted only Rs. 22.24 crore on this account.

(iv) **Incentive Grant**
A provision of a cash award of Rs. 10 lakh, Rs. 6 lakh and Rs. 4 lakh for the first, second and third best zila parishads respectively in the State Rs. 8 lakh, Rs. 5 lakh and Rs. 4 lakh for the first, second and third best ranking panchayat samitis respectively in a Division and Rs. 1 lakh, Rs. 50,000 and Rs. 30,000 for the first, second and third gram panchayats respectively in a block was to be made which aggregated to Rs. 4.29 crore for 2005-06. However, the government did not acede to this recommendation.

(v) **Repair Grant**
A grant of Rs. 0.25 crore is approved for the repair of zila parishad/panchayat samiti buildings as one time measures for 2001-02 only. But the grant could not be released because of the expiry of the recommended period.

**Third State Finance Commission**
The Third SFC was constituted in four phases in the time span of one and half years it means in the first phase A.N. Mathur (Retd.) IAS joined on December 22, 2005 as Chairman of the Commission; secondly, Hardeep Kumar, IAS, special Secretary Finance got additional charge of the member Secretary
Third SFC on January 16, 2006; in the third phase three members\textsuperscript{75} were appointed by the Governor on December 4, 2006 and lastly, Prem Prakash joined as member of the Commission on June 1, 2007. Initially, the Commission was asked to submit the report by December 31, 2006 but due to above cited reasons of phase-wise appointments, the report submission period was extended first upto December 31, 2007 and later upto March 31, 2008. The Commission submitted its interim report in February, 2008. So the summary of the main recommendations\textsuperscript{76} are:

- The Commission stresses on the creation of centralized agency in Finance Department for collection, compilation and analysis of statistical data of local bodies and statistical cells in the departments of Panchayats and Urban Development with trained and dedicated personnel and electronic devices for collection of authentic data of local finances and civic services.

- The State government should allow panchayati raj institutions to utilize their enabling taxation powers to generate internal resources. In this regard, the common property resources should be properly identified, managed and put to productive uses.

- State own tax revenue, net of excise revenue and local area development tax proceeds comprise as the divisible pool, which should be determined on global sharing scheme and has been discounted for tax collection charges at the rate of 1.25%.

- The share of local bodies has been fixed at 4% of the net own tax revenue which should be shared in the ratio of 65:35 between PRIs and ULBs and distributed amongst the districts through a composite index comprising population 40%, SC population 25%, number of villages/towns 25% and literacy gap 10%. This share further distributed among gram panchayats (GPs), panchayat samitis (PSs) and zila parishads (ZPs) in the ratio 75:15:10. The intersee share of GPs and PSs are to be distributed on the

\textsuperscript{75} The three members were Som Dutt, Rajinder Singh Ballah and Prittam Singh Balhara.

basis of population. These shares are to be worked out by the state government and transferred to the GPs and PSs as united funds on regular basis.

- The Commission has also suggested that the un-released share of PRIs i.e. Rs. 324.62 crore for the years 2006-07 and 2007-08 should also be transferred to them in a phased manner over and above their respective share in the global transfers.

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