Chapter VII

THE STUDY AND ITS IMPLICATIONS
This Chapter aims at presenting findings of the study and to make suggestions on the basis of same. The salient findings of the study that have been reported here are based on the major trends evident from the analysis of the data. The introduction of Panchayat Raj Institutions in 1959 was itself a landmark in the history of administrative reforms in India. Recognizing the fact that inadequacy of finances of Panchayats has been a major constraint in its effective functioning, the State-local fiscal relations in the wake of the 73rd Constitutional Amendment have gained a new impetus and significance. The operationalisation of the 73rd Constitutional Amendment Act envisages that these bodies will emerge as dynamic and strong channels of people's participation. The local self government institutions in India have their own course of action, planning for it and funding it independently and hiring and firing their own staff under their own conditions of service.

The present study analyzes the revenues and expenditures of sample Gram Panchayats over a period of 30 years, i.e., from 1980-81 to 2009-2010. This study is taken up in the State of Andhra Pradesh. Nine Gram Panchayats of Andhra Pradesh are selected for the present study. The main objectives of the study are to examine the Panchayat Raj System in Andhra Pradesh and to analyze revenues and expenditures of the sample Gram Panchayats.

In Andhra Pradesh, the Gram Panchayats stand at the base of the three tier structure of local governance with the Zilla Parishad at the district level and the Mandal Parishad at the intermediate level. Along with 22 Zilla
Parishads and 1095 Mandal Parishads, there are 21,943 Gram Panchayats in Andhra Pradesh. A Gram Panchayat has a minimum of five and a maximum of 21 members. The election to the post of Gram Panchayat Sarpanch (Village President) is direct and he/she is not chosen to power by the ward members. The Gram Panchayats are administratively supported by the Panchayat Secretaries.

Section 45 of the A.P. Panchayat Raj Act, 1994 stipulates the obligatory functions, which include (a). Communications – construction, repair and maintenance of roads and bridges; (b). Sanitation – cleaning of drains, streets, maintenance of public latrines and street lights; (c). Public health – taking up of preventive and remedial measures for various diseases; and (d) water supply – digging and deepening of walls. Section 46 of the Act mentions the discretionary functions of the Gram Panchayat, which comprises of providing education, health and recreation facilities.

Under the Provisions of A.P. Panchayat Raj Act, 1994, only the Gram Panchayats are empowered to levy and collect taxes. Section 74 of the AP Panchayat Raj Act provides for the constitution of the ‘Gram Panchayat Fund’ where all monies received by the Gram Panchayat would be pooled and disposed from. According to Act, the revenues of Gram Panchayats comprises of four major heads, namely, (i). own sources, (ii). assigned cess and surcharge collected, (iii). grants coming from state government and central government for specific schemes and (iv). donations and contributions – voluntary funds donated by people.
Own sources include mandatory taxes, optional taxes, fees and fines, rents and leases and other remunerative enterprises. A Gram Panchayat has three compulsory taxes, namely, house tax, kolagarum/katarusum and advertisement taxes. There are two optional taxes too, namely, vehicle tax and tax on agricultural lands. Mandatory taxes are levied in the form of house taxes, Kolagarum or Katarusum, advertisement taxes and special taxes on services provided like drainage tax, lighting tax, water tax, etc.

The Gram Panchayats receive income from assigned revenues such as entertainment tax, profession tax, surcharge on stamp duty, seigniorage fees, land cess, etc.

Grants to the Gram Panchayats come from the State and from the Centre. The sources of revenue of Panchayat Raj bodies in Andhra Pradesh include Grants given by Government like Statutory Per Capita Grants, grants for specific development works like Swarna Jayanti Gram Swarozgor Yojana (SGSY), Jawahar Gram Samrudh Yojana, Rural Water Supply, Sanitation, Minor Irrigation etc., grants for maintenance of roads, grants for salaries of provincialised staff and Finance Commission grants.

Donations are one of the external sources of revenue for the Gram Panchayats.

Section 75 of the AP Gram Panchayat Act specifies the purposes to which the Gram Panchayat fund may be applied. The major heads under revenue expenditure are administration expenses, obligatory activities including lighting, communications, sanitation and public health, water
supply, and discretionary activities such as provision of other amenities, specific developmental activities and remunerative enterprises.

**Major findings of the study**

➢ As regards house tax, it is evident from the study that Gram Panchayats in Andhra Pradesh impose house tax as an annual tax collected from all houses in each Gram Panchayat's jurisdiction. House Tax is an important obligatory tax for Gram Panchayats in Andhra Pradesh. House tax is levied on the basis of Annual Rental value or capital value basis. Prior to 2000-2001 general revision of house tax was done once in 5 years. From 2000-2001 onwards house tax is increased at a flat rate of 5 per cent every year. Further, the amount to be levied as house tax depends on the category of the house.

➢ The study finds that Gram Panchayats are facing the reluctance on the part of the villagers to pay house tax. Further, it is found from the field survey that villagers are paying house tax at their convenient dates. Even some of the villagers are found to be paying house tax once in every two or three years though house tax is an annual tax. These villagers are paying house tax themselves when they need the house tax receipt so as to use the same to get electricity connections or benefits from some other government schemes. But the sample Gram Panchayats are found to be not taking any action against the irregular payers of the tax due to political pressures. Some of the
good measures of the sample Gram Panchayats found in the study area are collection of house tax by the Panchayat staff by going door to door in the village. In spite of such actions, some villagers are found to be not paying the house tax regularly.

➢ Another factor that militates against buoyancy in house tax is that the sample Gram Panchayats are not conducting periodic checks to ensure that all houses are in the tax net. Even though a concrete building is constructed in the place of a thatched house, due to lack of periodic checks on the part of the Gram Panchayat, sample Gram Panchayats are imposing tax on the old houses. Further, it is striking to note from the study that house owners are managing the Panchayat staff for some years by offering bribe. It results in loss to the Panchayat finances. The current tax base is based on outdated house counts.

➢ It is found from the data that Panchayats are getting maximum income from the house tax particularly in some of the years during the study period in spite of existence of tax evaders. House tax collection shows an increasing trend during the study period. However, there are ups and downs in the house tax collection from one year to another year. Nevertheless, revenue from house tax is always increasing and it has become many folds in absolute terms in the 30 years study period. Such wide variation reflects on the mechanism of tax collection and it may be due to the collection of more arrears in a particular year and increase in rates.
Kolagaram or Katarusum is one of the mandatory taxes to be levied by the Gram Panchayats in Andhra Pradesh on the village produce sold in the village by weight, measurement or number. It is striking to note from the study that no sample Gram Panchayat is levying this tax.

Tax on advertisements is another tax imposed by the Gram Panchayats in Andhra Pradesh. Advertisement tax is imposed on those persons, who display advertisements in public. No sample Gram Panchayat is levying such tax.

Drainage tax, which is one of the mandatory taxes to be levied by the Gram Panchayats, is levying by only three sample Gram Panchayats out of nine sample Gram Panchayats. Percentage of drainage tax in the total revenue is found to be minimal. A tiny percentage of growth rate is observed.

Lighting tax is another special tax imposed by the Gram Panchayats in Andhra Pradesh. Of the nine sample Gram Panchayats, only three sample Gram Panchayats are imposing lighting tax. The data shows an increasing trend in the collection of lighting tax during the study period. Though the lighting tax revenue is increased over a period of time, there are considerable fluctuations in the light tax revenue. The percentage of lighting tax in the total revenue is less than five per cent in most of the years. The growth rate is minimal.
Water tax is levied by the Gram Panchayats for providing individual water connections to houses in villages for a monthly charge. Of the nine sample Gram Panchayats, only four sample Gram Panchayats are found to be imposing water tax. It is found from the study that a significant chunk of the villagers are not paying the water tax amount. Although the Panchayat staff is going to households to collect house tax as well as water tax, most of the households are paying merely house tax. Reasons for this situation are that people are felt that Panchayat water is not coming regularly and was not purified. Hence, they resort to avoid paying of water tax. Further, it is found that water charges are a monthly fee. Panchayat clerks find it difficult to visit households every month and this fee typically gets collected once a year along with house tax. The current model of door-to-door collections is extremely inefficient and unsustainable. Discussions with the villagers during the field survey reveals that Panchayats are not threatening the households to disconnect their water connection if they didn't make payment of water tax. As a result, water tax avoidance continues in the sample Gram Panchayats.

As regards percentage of water tax in the total revenue, it is found from the study that although the water tax amount is increased over a period of time, its share in the total revenue is not increased proportionately.
No sample Gram Panchayat is levying vehicle tax, which is an optional tax. The study finds that sample Gram Panchayats are reluctant in imposing fresh taxes in view of political interests.

Gram Panchayats in AP are also permitted to collect a range of fees, including license fees for trades and businesses situated in places determined by Gram Panchayats. All the Gram Panchayats didn't have fees and fines as source of revenue. In the nine sample villages, only five sample villages are collecting fees and fines. The percentage of fees and fines in the total revenue varies from one sample Gram Panchayat to another. There is an increasing trend in the collection of fees and fines.

The Gram Panchayats will also derive income from remunerative enterprises. In most States including Andhra Pradesh in India have powers to own or use or let out common property resources like vacant lands, roads, tanks, markets, etc. Panchayats can earn substantial revenue by turning these common property resources into remunerative enterprises. It is obvious from the data that out of nine sample villages, only four sample villages are getting revenue from remunerative enterprises. It is observed that all the sample villages have the revenue from remunerative enterprises. Another point to be noted from the study is that revenue from remunerative enterprises is found to be a considerable source of revenue in one sample village, while in other three villages too, revenue from this source adds some share to the total revenue.
Library cess is one of revenues of Gram Panchayats in Andhra Pradesh. Library cess is levied in the form of a surcharge on house tax. Out of nine sample Gram Panchayats, only seven Gram Panchayats had the revenue from library cess. The trend values show an increasing trend. Growth rate is more than 2 per cent in two sample villages, while growth rate is less than one per cent in the rest of the five sample villages. It is also noted from the study that percentage of average revenue from library cess in the average total revenue is less than two per cent in the case of six sample villages.

Revenue to Gram Panchayats in Andhra Pradesh also accrues through assigned revenue from high levels of government. These are taxes and cess collected by the State from the local level which is passed on to local governments after deduction of collection/administrative charges. It is found from the study that the State Government is not releasing the amount due to Gram Panchayats on time in the form of assigned revenues. The release is postponing to the next year. As a result, there is an abnormal increase in the income of the Gram Panchayat from the previous year.

Professional tax is collected from local businesses, government employees and employees in public institutions in a village. Upto 1987 profession tax was collected by Gram Panchayats. From 1987 profession tax is collected by commercial tax department of the State Government. 95 per cent of profession tax collected is passed on the local bodies by making provision in Panchayat Raj budget. The
amount is distributed to Gram Panchayats on Per capita basis. All the nine sample villages had revenue from profession tax. It is evident from the study that revenue from profession tax shows an increasing trend. Considerable variations in the profession tax amount from year to year are observed in the sample villages. The study shows that revenue from profession tax is in the recent past. As regards share of profession tax amount in the total revenue, it is clear from the study that profession tax amount occupied a considerable proportion in the total revenue.

Entertainment tax is levied on entertainments and amusement. This tax is levied and collected by the State government and the proceeds are assigned to local governments. It is obvious from the data that only three sample villages out of nine sample villages had revenue from entertainment tax. It is deduced from the study that the trend analysis showed decreasing trend. Entertainment tax amount proceeds are more in the initial years of the study period and are gradually decreased. The same is observed in the share of entertainment tax in the total revenue during the study period. It can be seen from the study that entertainment tax recorded a negative growth rate during the study period.

Land cess is levied by the State Government as a surcharge of State land revenue in Andhra Pradesh. The cess is collected by the State government along with land tax and then transferred to the local governments. It is pointed out from the study that the entire sample
Gram Panchayats had the revenue from land cess. It is evident from the study that land cess recorded increasing trend during the study period. Land cess accounts for less than two per cent of the total revenue in most of the years during the study period in seven Gram Panchayats out of nine sample Gram Panchayats. Significant growth rates are observed in some of the sample villages.

> Surcharge on stamp duty in Andhra Pradesh is imposed as per the Indian Stamp Act, 1899 on transfers of immovable property. Gram Panchayats are allowed Transfer duty (Surcharge on stamp duty) @ 2 per cent on the value of transaction over and above stamp duty of 7 per cent and registration fee of 0.5 per cent. It is noticed that the entire sample Gram Panchayats had revenue from surcharge on stamp duty. An increasing trend is observed across the entire sample Gram Panchayats. It is further observed that the share of revenue from surcharge on stamp duty in the total revenue is crossed even twenty per cent in some of the years during the study period in the entire sample Gram Panchayats. A close look at the growth rate of revenue from surcharge on stamp duty shows that more than 10 per cent growth rate is recorded in some of the villages.

> Seigniorage fee is released to Panchayat Raj Institutions through budgetary provision. The Apportionment among Zilla Parishad, Mandal Parishad and Gram Panchayat is 25:50:25. Seigniorage fee is released only to those Gram Panchayats from where actual Mining was done. It is known from the study that only three sample villages
out of nine sample villages had the revenue from seigniorage. Further, it is observed that even these three villages had revenue from seigniorage during the last ten years of the study period. Negative trend is observed in this revenue. The percentage of revenue from seigniorage in the total revenue is less than 3 per cent in the case of two villages. But, it ranges from around 3 per cent to nearly 20 per cent in the case of rest village. It is observed from the study that negative growth rates are recorded.

- Salary grant is a compensatory grant to meet pay scales and allowances of Gram Panchayats in Andhra Pradesh. Gram Panchayats with full time functionaries are entitled for salary grant. The full time employees of the Gram Panchayats are provincialised and the Government is meeting the expenditure on their salaries and the salary grant is being regularly released by the Government of Andhra Pradesh. Out of nine sample Gram Panchayats, only four sample Gram Panchayats are receiving salary grant. An increasing trend is observed in the salary grant during the study period.

- Every Gram Panchayat in Andhra Pradesh is entitled to an unconditional grant at the rate of Rs.4/- per head per year according to latest population estimates. This grant will be released by the District Collector in quarterly instalments. It is found from the study that the government of Andhra Pradesh is releasing per capita grant based on 20 year old data as it is still based on 1991 census. It is revealed from the study that there is an increasing trend in the
revenue from per capita grant during the study period. As regards percentage of per capita grant in the total revenue, it is noticed that the share of per capita grant in the total revenue is less than five per cent in the case of four villages, while in the case of rest of the villages, it is less than 20 per cent in some years and less than 10 per cent in most of the years. It is inferred from the study that one village recorded highest growth rate (4.95 per cent), while another village recorded lowest growth rate (0.39 per cent).

Gram Panchayats receive grants from the Centre for implementing Sampoorna Grammena Rojgar Yojana (earlier it was called JRY and JGSY). The grants given to Panchayat Raj Institutions (PRIs) under the Centrally Sponsored Schemes by the Centre are by and large conditional and matching. The grants received by the Gram Panchayats shows increasing trend in some of the sample Gram Panchayats and decreasing trend in some other Gram Panchayats. These grants constitute significant percentage in the total revenue in most of the sample Gram Panchayats. The indices reveal that revenue from these grants is increased only less than five folds in most of the sample villages and even there is a decrease in the amount of these grants. It is evident from the study that four sample villages recorded negative growth rates, while two sample villages recorded a growth rate of more than ten per cent. Percentage of these grants in the average total revenue is even more than fifty per cent in three sample villages.
The Tenth Finance Commission has recommended lumpsum grants to Panchayat Raj Institutions, which are to be exclusively used for infrastructure development in villages. All the sample villages received these grants.

The data pertaining to revenues from donations reveals that of the nine sample villages, only five sample villages, have donations during the study period. As regards share of donations in the total revenue, it is pointed out from the study that the highest percentage of donations in the total revenue is recorded in 2009-10 in one sample village (12.09 per cent). Growth rate is minimal in two sample villages and considerable in three sample villages. The share of these donations in those particular years is considerable.

Miscellaneous revenues also showed an increasing trend. The indices reveal that miscellaneous revenue is increased by more than 10 folds in most of the sample Gram Panchayats.

It is noticed from the study that there is an increasing trend in the total revenue. With regard to indices, it is observed from the table that total revenue is increased by 17 folds in Dachepalli village, followed by 31 folds in Kesapalli village, 67 folds in Gamalapadu village, 36 folds in Koilakunta village, 16 folds in Boyalakunta village, 30 folds in Chappur village, merely 8 folds in Nekkonda village, 55 folds in Chendragonda and Dekshakunta villages. As regards growth rate in the total revenue across the sample villages, it is evident from
the study that growth rate ranges from 10.17 per cent in Chapirevula Gram Panchayat to 196.88 per cent in Koilakuntla Gram Panchayat.

It is evident from the study that the share of revenue from own sources ranges from a meager 10.51 per cent in Boyalakuntla Gram Panchayat to more than 35 per cent in Dachepalli Gram Panchayats. On the other hand, assigned revenues accounts for more than 20 per cent in seven out of nine sample Gram Panchayats. The proportion of grants out of the total revenue is much lower in Kesanapalli village (27.05 per cent), while the same is even 61.86 per cent in Boyalakuntla village. Revenue from non-tax sources such as fees and fines are found to be nil in four out of nine sample villages.

As regards expenditures of the sample Gram Panchayats, it is noticed from the study that there is an increasing trend in the administrative expenses of the sample Gram Panchayats. The proportion of administrative expenses in the total expenditure varies from one sample Gram Panchayat to another Gram Panchayat. Some of the sample villages are found to be incurring very less amount towards administrative expenses when compared to the rest of the sample Gram Panchayats. Similarly, there are significant variations in the growth rate of administrative expenses among the sample Gram Panchayats. The administrative expenditure seems to be increased during the last ten years.
Expenditure on lighting comprises of electricity consumption charges, purchase of street lighting material and other related expenditure. An increasing trend is observed in the lighting expenditure in the sample Gram Panchayats. The growth rate in this expenditure varies from one sample Gram Panchayat to another. There are significant variations in the amount of expenditure too across the sample villages. As such, there are variations in the percentage of this expenditure in the total expenditure from one sample village to another sample village.

Expenditure on roads and communications consists of expenditure on maintenance of roads, choultries and rest houses and other related expenditure. Expenditure on roads and communications showed an increasing trend. The growth rate in this expenditure varies from one sample Gram Panchayat to another. There are significant variations in the amount of expenditure too across the sample villages. As such, there are variations in the proportion of this expenditure in the total expenditure from one sample village to another sample village.

Sanitation and public health expenditure include expenditure on public conservancy, maintenance of drains, private scavenging, etc. Expenditure on sanitation and public health showed an increasing trend during the study period in the entire sample villages. The growth rate in this expenditure varies from one sample Gram Panchayat to another. There are significant variations in the amount of expenditure too across the sample villages. As such, there are
variations in the percentage of this expenditure in the total expenditure from one sample village to another sample village.

➤ Water supply expenditure includes consumption charges, repairs to pipe lines, etc. An increasing trend is observed in the water supply expenditure in the sample Gram Panchayats. The growth rate in this expenditure varies from one sample Gram Panchayat to another. There are significant variations in the amount of expenditure too across the sample villages. As such, there are variations in the percentage of this expenditure in the total expenditure from one sample village to another sample village.

➤ Regarding library expenditure, it is noticed from the study that out of 9 sample villages, only three sample villages, had spent amount towards development of library. An increasing trend is observed in this expenditure too. It is noticed from the study that growth rate in the library development expenditure in the three villages is less than one per cent. As regards average annual expenditure, it is found that Koilakunta village recorded highest amount of expenditure, while Nekkonda village recorded lowest amount of expenditure. The proportion of average annual library development expenditure in the average annual total expenses is less than one per cent in all the three villages.

➤ A Gram Panchayat also spends on developmental activities over and above the expenditure made on obligatory functions. This includes works under the State and Central grants, social education,
agriculture and animal husbandry, women welfare activities and other developmental activities. It is noticed from the study that there is an increasing trend in the expenditure towards development activities of the sample Gram Panchayats. The proportion of expenditure towards development activities in the total expenditure varies from one sample Gram Panchayat to another Gram Panchayat. Some of the sample villages are found to be incurring very less amount towards expenditure towards development activities when compared to the rest of the sample Gram Panchayats. Similarly, there are significant variations in the growth rate of expenditure towards development activities among the sample Gram Panchayats.

Miscellaneous expenditure include expenditure on office stationery, contingencies, uniform to the contingent staff, phone bill, expenditure incurred towards performing festivals, travelling allowance to Sarpanch (Village President) and Panchayat Staff, etc. Miscellaneous expenditure also showed an increasing trend during the study period in the entire sample villages. The growth rate in this expenditure varies from one sample Gram Panchayat to another. There are significant variations in the amount of expenditure too across the sample villages. As such, there are variations in the percentage of this expenditure in the total expenditure from one sample village to another sample village.

An increasing trend is observed in the total expenditure in the sample Gram Panchayats. The growth rate in expenditure varies from one
sample Gram Panchayat to another. There are significant variations in the amount of expenditure too across the sample villages. As such, there are variations in the percentage of this expenditure in the total expenditure from one sample village to another sample village.

An analysis of proportion of average annual expenditure of various items in the average annual total expenditure reveals that by and large, expenditure on roads and communications forms nearly 34 per cent of the total expenditure. Expenditure on developmental activities makes up about 20 per cent of the total expenditure. Further, the data reveals that around 18 per cent of the total expenditure was spent towards administration expenses. Sanitation and public health expenditure stands at nearly 7.8 per cent of the total expenditure, while lighting expenditure accounts for 8.5 per cent of the total expenditure. Water supply expenditure forms about 6 per cent of the total expenditure. About 5 per cent of the total expenditure is meant for miscellaneous in the present study.

**Conclusion**

Our findings on the finances of sample Gram Panchayats lead us to conclude that with judicious increases in their tax and fee regimes, the Gram Panchayats will be in a position to self-finance a substantial portion of their infrastructure and service needs. Expenditure on roads and communications forms lion's share of the total expenditure. At the next level, expenditure on developmental activities makes up about one fifth of the total expenditure. Further, the data reveals that around 18 per cent of
the total expenditure was spent towards administration expenses. Sanitation and public health expenditure, lighting expenditure and water supply expenditure are the other important expenditures of the sample Gram Panchayats in the present study. There is an increasing trend in the expenditure of the sample Gram Panchayats. The proportion of expenditure in the total expenditure varies from one sample Gram Panchayat to another Gram Panchayat.

The study shows that revenues of the sample Gram Panchayats indicate an increasing trend. However, the range of fluctuation has been very wide. It is pertinent to mention that Andhra Pradesh Panchayat Raj Act empowers the PRIs to mobilize adequate resources. Nevertheless, it has been noticed from the study that the Panchayats do not impose even a single new tax. In fact, Panchayat Raj leadership is found to be reluctant to do so due to the fear of unpopularity. Further, the study shows that there was administrative slackness in initiating action against evaders of water tax and house tax.

**Policy implications**

Based on the findings of the study, the following suggestions deserve consideration for enhancing the revenues of the Gram Panchayats. The suggestions should be construed only as action potentials than guide posts.

➢ The success of the Panchayat Raj Institutions will depend on the extent of transfer of rural development functions and devolution of more administrative and financial powers to the PRIs by the State governments. There should be political will
and commitment from the party in power and legislators to strengthen the working of these institutions by avoiding interference with their functioning and becoming accountable for the discharge of the functions entrusted to them.

➢ Per capita grant is found be releasing still on the basis of 1991 Census. Hence, necessary steps should be taken immediately to give per capita grant on the basis of 2011 Census.

➢ The study finds that no sample Gram Panchayat is levying Vehicle tax. Proper measures should be taken to impose vehicle tax. Further, it is suggested that the State government should give share in the Motor vehicle tax to the Gram Panchayats based on the number of vehicles registered in their Gram Panchayat.

➢ Financial management of the Gram Panchayat relies wholly on efficiency of the leaders. Without building the capacity of the Gram Panchayat Presidents, developing power to them is meaningless. Therefore, suitable measures should be taken for building skills and capability among Gram Panchayat Presidents.

➢ Necessary training as regards to financial management should be given to the Gram Panchayat Staff as well as to the Gram Panchayat President on regular intervals. Further, the officials connected with PRIs should be provided effective assistance in
the administrative and financial management of Panchayats. Efforts should also be made to involve people in mobilizing resources for these institutions.

- It is proposed that the government should initiate steps to institute an appropriate financial reporting system at the district level that links and consolidates the monthly statement of revenue and expenditure of GPs. Further, review meetings regarding Gram Panchayat finances involving Gram Panchayat Secretary, elected President and members should be conducted monthly at the district level.

- Stringent action should be taken against the house tax and water tax evaders. People should be encouraged to pay these taxes in time voluntarily by explaining the need for payment of these taxes. Further, adequate financial incentives should be given to the collection machinery.

- It is found from the study that no sample Gram Panchayat is levying Kolagaram or Katarusum, which is one of the mandatory taxes to be levied by the Gram Panchayats on the village produce sold in the village by weight, measurement or number. Therefore, necessary steps should be taken to impose Kolagaram/Katarusum tax by all the Gram Panchayats in Andhra Pradesh.
The study finds that no sample Gram Panchayat is levying advertisement tax, which is imposed on those persons, who display advertisements in public. In order to enhance the revenues of the sample Gram Panchayats, steps should be taken to ensure that entire GPs in AP are imposing advertisement tax too.

The study finds that only three Gram Panchayats out of nine sample GPs are levying drainage tax and lighting tax, which are one of the mandatory taxes to be levied by the Gram Panchayats. It is suggested that Gram Panchayats should impose drainage and lighting tax.

House tax is found to be one of the most important sources of revenue of the Gram Panchayats. Hence, Gram Panchayats must conduct regular checkups to ensure that each and every new house built in the village comes under the purview of the house tax.

Gram Panchayats are spending significant percentage of the total expenditure towards salaries of the Staff. A thorough review must be undertaken to assess the staffing pattern and to suggest measures in which it can be rationalized.

People should be encouraged to attend Gram Sabha and also be encouraged to know the accounts of the Gram Panchayats. The
issues pertaining to proper payment of taxes and imposition of new taxes should be discussed in the Gram Sabha.

➢ It should be ensured that Gram Panchayats should decrease the non-developmental expenditure, otherwise corruption will be increased.

➢ Further, it is suggested that ceiling should be kept on miscellaneous expenditure.

***

359