

*Chapter – III*

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***TAX REVENUES***  
***OF***  
***KALYANADURG***  
***GRAM PANCHAYAT***

### **3.1. Introduction**

Financial soundness is prerequisite for effective functioning of any organization. The efficiency of Gram Panchayats can be judged on its financial soundness. U.K. Hicks aptly pointed out that if local bodies are to play any significant part in economic and social development, they must clearly have access to adequate finance. Gram Panchayats in Andhra Pradesh are financed mainly from four sources viz., (i) Tax revenues, (ii) Non-Tax revenues, (iii) Assigned revenues, and (iv) Grants-in-Aid. House Tax, Vehicle Tax, Water Tax, Lighting and Drainage Tax, Advertisement Tax, Seignorage Fee will come under tax revenues.

Remunerative enterprises, fees and fines, donations and contributions, deposits and advances which are levied and collected by gram panchayats are called as Non-Tax revenues. Taxes levied and collected by State Government but transferred to gram panchayats, such as entertainment tax, land cess, surcharge on stamp duty etc., can be classified as Assigned revenues.

Apart from revenue resources State and Central Governments provide grants to gram panchayats. These grants are either specified or un-specified while Central Government grants are only specified grants. All these grants are generally called as grants-in-aid resources of gram panchayats. An attempt has been made to analyse the tax revenues of selected Gram Panchayats in Anantapur district over a period of ten years i.e., during 1994-2004.

### **3.2. Revenue Resources and Matching Expenditure**

Major challenges for effective decentralization are to balance responsibilities with resources including own revenue resources and intergovernmental transfers along with local participation, accountability and transparency. To cater to significant expenditure responsibility, local governments need autonomy for provision of

services. A standard practice is to assign expenditures first, then assign revenues that match expenditure needs. In 2001, the Government of India makes several recommendations to improve the financial situation of Gram Panchayats. These includes:

- linking devolution of Central Finance Commission funds to states to transfer of administrative and financial powers to Gram Panchayats through the higher tiers of Panchayati Raj
- strengthening revenue raising powers of Gram Panchayats to reduce their excessive dependence on state and central governments
- improving accountability of Gram Panchayats and simplifying rules and procedures to make transactions simple and strengthen financial management and audit procedures. Moreover, coordination between public and para-statal agencies engaged in development could help to reduce overheads and check duplication of effort.

### **3.3. Sources of Finance**

The Amendments left important matters such as implementation, service delivery including local capacity building and transfer of responsibilities and powers to the Gram Panchayats at the discretion of the state legislatures. Consequently, while expenditure responsibilities of these Institutions are extensively enhanced. There is no law to ensure a corresponding assignment of funds to match the additional responsibilities of Gram Panchayats. The decisions as to which taxes, duties, tolls and fees should be assigned to local bodies and which should be shared by the State with them continue to be with the state legislatures. An approximately designed transfer system is needed to balance spending needs with local resources.

### **3.4. Tax Structure of Gram Panchayats**

The State Finance Commissions are required to recommend financial support from the state and principles for determination of taxes, tolls and fees that could be assigned to or appropriated by the Gram Panchayats. At present, not much fiscal power is vested in the hands of the Gram Panchayats. Their financial resources are largely drawn from tax assignment, tax sharing and grants-in-aid from the state and the center while the share of own tax revenues and non-tax revenues are very small.

The non-tax revenues include user charges on public facilities, and on the use of common resources in the form of forests, water bodies quarried materials and minor minerals and taxes on private property. In addition to this the funds flow from the central government on the basis of the recommendations of the Central (National) Finance Commission and the Planning Commission of India.

### **3.5. Major Tax Powers of Gram Panchayats**

- House tax
- Vehicle tax
- Water, drainage and sanitation taxes
- Pilgrim tax
- Tax on profession, trade, and callings
- Tax on fairs and other entertainments
- Tax on advertisement
- Octroi on animals or goods or both brought for sale
- Lumpsum levy of factories in lieu of taxes
- Special tax for construction and maintenance of public works

### **3.6. Fees and Charges levied for provision of public facilities**

- Water rate
- Lighting fee
- Street cleaning fee
- Conservancy fee

- Drainage fee
- Sanitary fee for public latrines; and pilgrimage fee

### **3.7. Fee for use of common resources**

- Fee for the use of panchayat shelter
- User charges for hospitals and schools
- Fee for use of common resources like grazing land etc.
- Fee on markets and weekly bazaars
- Fee on animals sold etc.

### **3.8. New powers recommended by the State Finance Commission**

- House tax
- Tax on pumps and tractors
- Tax on highway services
- Tax on village produce sold in regulated markets
- Tax on telephones and cable T.V.
- (Non-Agricultural) profession tax

An evaluation of the sources of income of the Gram Panchayats including their tax powers and the authority to borrow shows that, they differ substantially across states as between the fiscal size and sources of revenue available to different levels of Panchayati Raj Institutions and their administrative set-up. Most powers to levy various kinds of taxes and duties in rural areas are enjoyed by Gram Panchayats, whereas the first and second tiers, Zilla Parishads and Panchayat Samithis/Mandal Parishads are in general not entrusted with taxing passed on to the higher levels of Panchayati Raj Institutions.

However, the Gram Panchayat, which is the statutory tier to levy and collect the various taxes, hesitates to levy and collect the taxes. Elected Gram Panchayat leaders are reluctant to impose discretionary local taxation for fear of losing future elections as local taxation is often perceived to be regressive. Instead of this, they prefer to rely more on grants from higher layer institutes.

### **3.9. Tax Sharing between three-tiers of Panchayati Raj**

After tax assignment, tax sharing is the major source of finance to the Panchayati Raj Institutions. Such revenues are of two kinds. First, the law itself authorizes the state government to levy and collect revenue on its own pass on a portion of it to the Panchayati Raj Institutions after deducting collection charges. Land revenue on agricultural land and stamp duty on transfer of property are two such important taxes on private property on rural areas which are shared with Gram Panchayats.

Seignorage royalties (royalties on minor minerals or quarried materials like granite and sand) and forest revenue are also shared with Panchayati Raj Institutions in the same fashion. The second category consists of taxes or fees which normally belongs to the local bodies but whose collection is taken over by the state for administrative reasons.

Once the revenue sharing arrangement is designed, the State Finance Corporation is required to recommend the allocation of the sharable revenue among different local bodies, both urban and rural. To provide adequate financial resources to Panchayati Raj Institutions, especially the Gram Panchayats with weak fiscal capacity but with larger functional responsibilities, a good transfer system should distribute funds on the basis of formulae that take account of needs, capacity, and local effort. On the whole, there is no common approach followed by the State Finance Corporations of different states except that most of them choose to stick to the existing tax powers of Gram Panchayats and suggest transfer of funds accordingly.

### 3.10. House Tax Revenue

House tax is an obligatory tax, which can be levied on all houses under the jurisdiction of the gram panchayat once in a year. It is an important source of revenue to gram panchayats in Andhra Pradesh. The term 'House' is defined as "a building or hut or human occupation whether as a residence or otherwise having a separate principal entrance from the common way end, any shop, work shop or ware house or any building used for parking busses as a bus stand". House tax can be assessed on the basis of capital value or annual rental value or any such other basis as may be specified by the Government from time to time. Gram Panchayats in Andhra Pradesh have to fix the rates of house tax, subject to maximum and minimum limits laid down in the Act as shown in Table 3.1.

**TABLE 3.1**

**Maximum and Minimum Rates of House Tax as per Andhra Pradesh Panchayat Raj Act- 1994**

	Basis of Levy	Minimum Rates	Maximum Rates
1	If a tax levied on the basis of capital Value.	1/8 per cent of annual capital value	1 per cent of the capital value
2	If a tax levied on the basis of annual rental value	2 per cent of the annual rental value	20 per cent of the annual rental value
3	If the tax is levied on the basis of annual plinth area		
	(a) Terraced	Rs.1.50 per every 10 square meters or part there of the plinth area	Rs.6.00 per every square meter or part there of the plinth area
	(b) Partly terraced	Rs.1.00 every or 10 square meters partly tiled or part there of the plinth area	Rs.3.00 per every square meter or part there of the plinth area
	(c)	Rs.0.75 per every 10 square meters or part there of the plinth area	Rs.2.00 per every 10 square meters or part there of the plinth area
	(d)	Rs.0.50 per every 10 square meters or part there of the plinth area	Rs.1.50 per every 10 square meters or part there of the plinth area
	(e) Thatched	Rs.0.37 per every 10 square meters or part there of the plinth area	Rs.1.00 per every 10 square meters or part there of the plinth area

Source: Andhra Pradesh Panchayat Raj Act, 1994

The existing rates can be levied only with the approval of the District Collector. The State Government has power to direct any gram panchayat to levy the tax at a specified rate. As per the Act 1994, houses such as buildings set apart for public worship either actually, so need or used for other purpose, choultries for the occupation of which no rent is charged and the proceeds are used exclusively for charitable purposes, buildings used for educational and hostel purpose, used for charitable purposes of sheltering of destitutes or animals, ancient monuments or part thereof which are not used as residential quarters or as public offices, charitable hospitals and dispensaries, hospitals and dispensaries maintained by railway administration which are notified by the Government, buildings belonging to gram panchayats, and light houses etc., are exempted from house tax.

The Government can also give remission to some classes on the ground of poverty and vacant houses etc. To comply with the growing trend of capital value or annual rental value, the gram panchayats, as per the Act, have to revise the house tax quinquennially. As per this provision, in every gram panchayat 1/3 of the houses have to be revised every year.

Generally house tax is an important source of tax revenue of all gram panchayats in Andhra Pradesh. As shown in table 3.2, house tax is the major source of tax revenues of Kalyandurg gram panchayat. Its contribution to the total tax revenues varied from 11.68% in 1997–98 to 64% in 2002–2003. The share of house tax revenue to the total revenues of Kalyandurg gram panchayat fluctuated between 2.75% in 2005–2006 and 25.58% in 1999–2000.

The reason for the fluctuations in the revenue receipts of house tax in Kalyandurg gram panchayat depends on collection and revision of house tax during the study period 1997–2006. On an average its contribution to the tax receipts and the



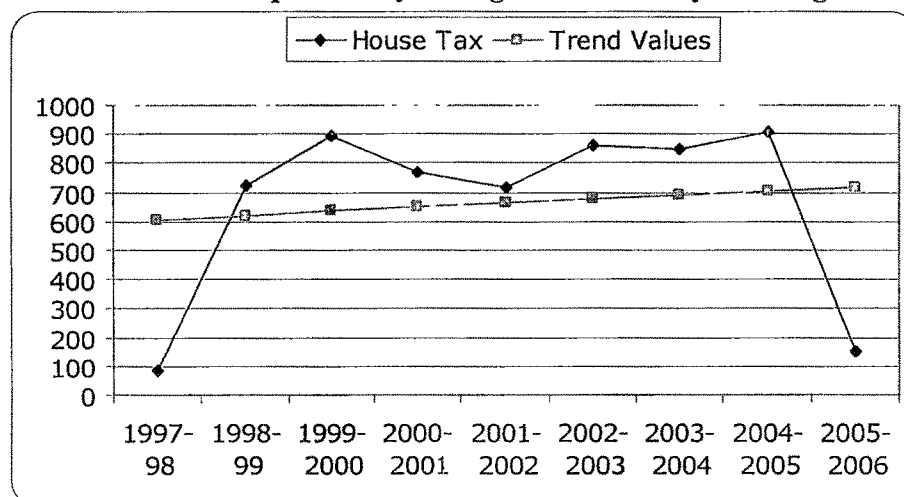
total receipts was 49.52% and 15.47% respectively. The index numbers of house tax revenue fluctuated between 179.02 in 2005–2006 and 1075.78 in 1999–2000. The trend values for the same increased from 608.24 to 715.35 as shown in table 3.2.

**Table 3.2**  
**House tax Receipts of Kalyandurg Gram Panchayat during 1997 – 2006**  
(Rs. in 000's)

Year	Amount	Percentage to Tax Revenues	Percentage to Total Revenues	Indices	Trend Values
1997-1998	83.02	11.68	4.70	100.00	608.24
1998-1999	726.56	54.06	21.94	875.16	621.62
1999-2000	893.11	58.55	25.58	1075.78	635.01
2000-2001	771.31	55.08	19.36	929.07	648.40
2001-2002	717.44	52.29	16.45	864.18	661.79
2002-2003	860.65	63.94	15.56	1036.68	675.18
2003-2004	848.74	61.72	18.28	1022.33	688.57
2004-2005	906.67	53.89	14.62	1092.11	701.96
2005-2006	148.62	34.51	2.75	179.02	715.35
Annual Average	<b>661.79</b>	<b>49.52</b>	<b>15.47</b>		

Source: Annual Accounts of Kalyandurg Gram Panchayat

**Fig. 3.1 : House tax Receipts of Kalyandurg Gram Panchayat during 1997 – 2006**



The increasing trend of house tax revenue receipts of Kalyandurg gram panchayat is graphically shown in figure 3.1.

### 3.11. Vehicle Tax Receipts

Vehicle tax is an optional tax levied on the owners of the vehicles kept or used in the village, for making use of the roads maintained by gram panchayats. Vehicle means a conveyance carriage/cart, wagon, wheel barrows truck, bicycle, tricycle, rickshaw etc., but does not include a motor vehicle as defined in Motor vehicle Act, 1939. According to the A.P.Panchayati Raj Act, 1994, gram panchayats should levy the vehicle tax by observing rules, regulations and exemptions etc., prescribed in the Act. The maximum and minimum rates of the vehicle tax are prescribed in Andhra Pradesh Panchayat Raj Act, 1994.

**TABLE 3.3**  
**Maximum and Minimum Rates of Vehicle Tax in the Gram Panchayat Areas of Andhra Pradesh**

Sl. No	Category of Vehicle	Maximum Rs.	Minimum Rs.
1.	For every four-wheeled vehicle constructed to be drawn by one or more animals	20	5
2.	Fro every two-wheeled vehicle constructed to be drawn by one or more animals	10	2
3.	Fro every bicycle or tri-cycle	4	2
4.	Fro every other vehicle, not being a child's perambulator or go-cart	6	2

Source: Andhra Pradesh Panchayati Raj Act, 1994.

The revenue from vehicle tax receipts of Kalyandurg gram panchayat during 1997–2006 is presented in table 3.4. It shows that on an average Rs. 105.80 thousands was received through vehicle tax revenue in seven out of nine years under study in Kalyandurg gram panchayat.

The share of vehicle tax revenue to the total tax revenue fluctuated between 0.15% in 2004–2005 and 5.11% in 2005–2006 under study. Its contribution to the

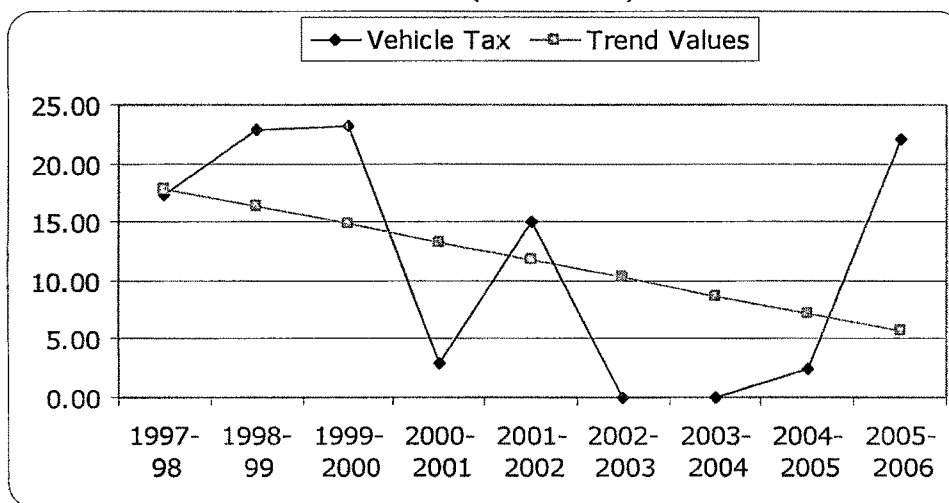
total revenues of Kalyandurg gram panchayat varied from 0.04% to 0.98% per annum under review.

**Table 3.4**  
**Vehicle Tax Receipts of Kalyandurg Gram Panchayat during 1997–2006**  
 (Rs. in 000's)

Year	Amount	Percentage to Tax Revenues	Percentage to Total Revenues	Indices	Trend Values
1997-1998	17.3	2.43	0.98	100.00	17.86
1998-1999	22.8	1.70	0.69	131.79	16.33
1999-2000	23.2	1.52	0.66	134.10	14.81
2000-2001	3.00	0.21	0.08	17.34	13.28
2001-2002	15.00	1.09	0.34	86.71	11.76
2002-2003	0.00	0.00	0.00	0.00	10.23
2003-2004	0.00	0.00	0.00	0.00	8.71
2004-2005	2.50	0.15	0.04	14.45	7.18
2005-2006	22.00	5.11	0.41	127.17	5.66
Annual Average	<b>11.76</b>	<b>1.36</b>	<b>0.36</b>		

Source: Annual Accounts of Kalyandurg Gram Panchayat

**Fig. 3.2 : Vehicle Tax Receipts of Kalyandurg Gram panchayat during 1997 – 2006 (Rs. in 000's)**



The index numbers for the study period fluctuated between 14.45 and 134.10. The trend values of vehicle tax receipts in the selected gram panchayat varied from 5.66 to 17.86 as shown in table 3.4. The trend values of vehicle tax revenue of Kalyandurg gram panchayat is graphically presented in figure 3.2.

### 3.12. Water Tax Revenues

The water tax in the form of surcharge on house tax may be levied by a gram panchayats with the sanction of the Government to provide for expenses connected with the construction, maintenance, repair, extension and improvement of drinking water works. The water tax has to be collected on fraction of a rupee of house tax.<sup>7</sup> Water tax is levied by the Gram Panchayat as a surcharge on house tax, subject to a maximum and minimum limits specified in Andhra Pradesh Panchayati Raj Act, 1994.

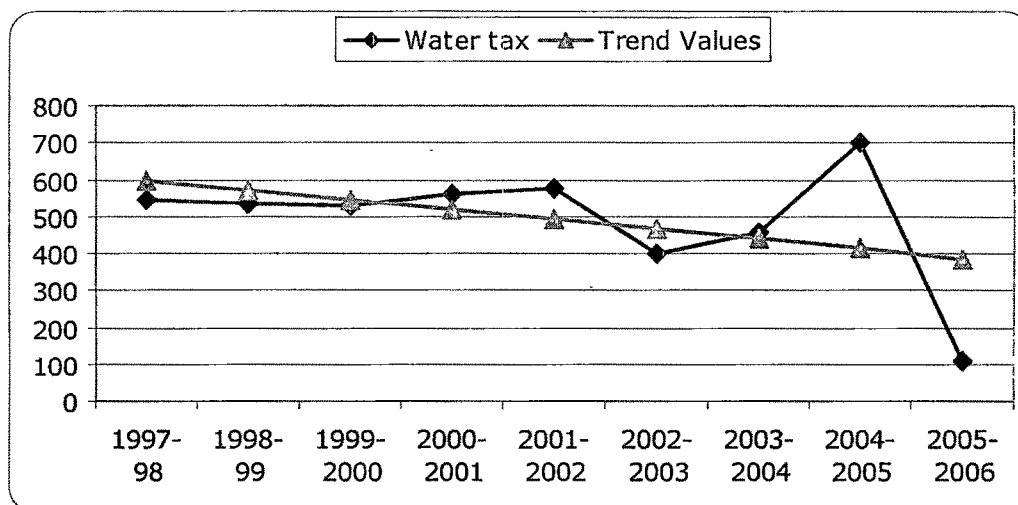
It may be observed that the revenue from water tax receipts varied from 25.71% to 77.09% of its total tax revenues under study with an annual average contribution of Rs. 491.72 thousands per annum (table 3.5).

**Table 3.5**  
**Water Tax Receipts of Kalyandurg Gram Panchayat during 1997 – 2006**  
(Rs. in 000's)

Year	Amount	Percentage to Tax Revenues	Percentage to Total Revenues	Indices	Trend Values
1997-1998	547.86	77.09	31.01	100.00	596.43
1998-1999	536.68	39.93	16.20	97.96	570.25
1999-2000	532.26	34.89	15.25	97.15	544.07
2000-2001	562.79	40.19	14.13	102.73	517.89
2001-2002	576.71	42.03	13.22	105.27	491.72
2002-2003	401.58	29.83	7.26	73.30	465.54
2003-2004	456.91	33.22	9.84	83.40	439.36
2004-2005	699.92	41.60	11.29	127.76	413.19
2005-2006	110.75	25.71	2.05	20.22	387.01
Annual Average	<b>491.72</b>	<b>40.50</b>	<b>13.36</b>		

Source: Annual Accounts of Kalyandurg Gram Panchayat

**Fig. 3.3 : Water Tax Receipts of Kalyandurg Gram Panchayat during 1997-1998 to 2005-2006**



The annual average share of water tax revenue to the total tax revenue and to the total revenue receipts of Kalyandurg gram panchayat under study was 40.50% and 13.36% respectively. The index numbers and the trend values of the water tax receipts shows a declining trend and the trend values of these revenue receipts are graphically presented in figure 3.3.

### 3.13. Library Cess

The year-wise yield from the library cess in Kalyanadurg gram panchayat is presented in table 3.6. Library cess is another source of tax revenue of Kalyandurg gram panchayat. It reveals that there is a significant increasing trend in the revenue receipts of library cess in the gram panchayat. It may be observed that the income from this source increased from Rs. 62.54 thousands in 1997-98 to Rs. 119.25 thousands in 2005-2006 with a slight fluctuations in a few years under study as shown in table 3.6.

The share of library cess to the total tax revenues varied from 4.16% in 2001-2002 to 27.69% in 2005-2006 and its contribution to the total revenues of the gram

panchayat fluctuated between 1.18% and 3.54% per annum under study with an annual average contribution of 1.81%.

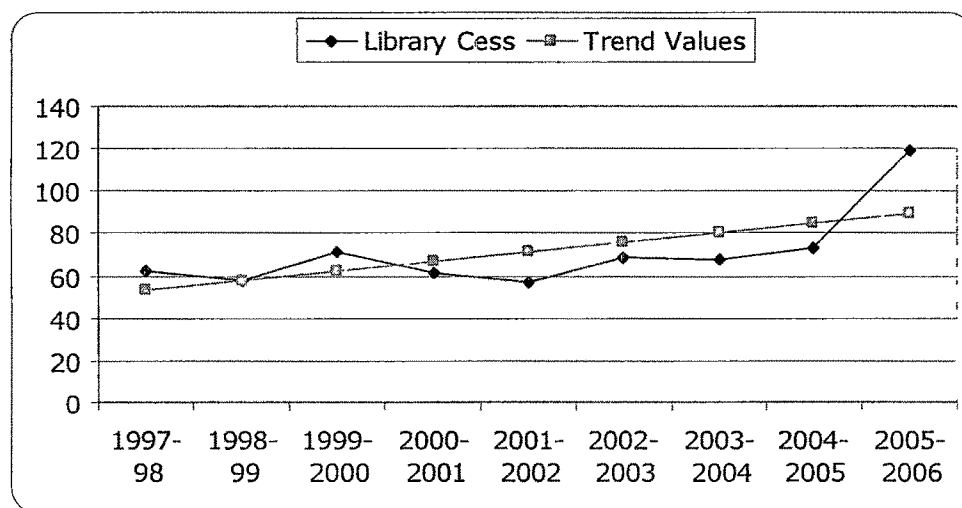
**Table 3.6**

**Library Cess Receipts of Kalyandurg Gram Panchayat during 1997 – 2006**  
(Rs. in 000's)

Year	Amount	Percentage to Tax Revenues	Percentage to Total Receipts	Indices	Trend Values
1997-1998	62.54	8.80	3.54	100.00	52.88
1998-1999	58.04	4.32	1.75	92.80	57.41
1999-2000	71.37	4.68	2.04	114.12	61.94
2000-2001	61.26	4.37	1.54	97.95	66.47
2001-2002	57.09	4.16	1.31	91.29	71.00
2002-2003	68.70	5.10	1.24	109.85	75.53
2003-2004	67.87	4.94	1.46	108.52	80.06
2004-2005	72.88	4.33	1.18	116.53	84.59
2005-2006	119.25	27.69	2.21	190.68	89.12
Annual Average	71.00	7.60	1.81		

Source: Annual Accounts of Kalyandurg Gram Panchayat

**Fig. 3.4 : Library Cess Receipts of Kalyandurg Gram Panchayat during 1997 – 2006**



The index numbers for the library cess varied from 91.29 to 190.68% and the trend values increased 52.88 to 89.12 under study. The increasing trend of the trend values of library cess is graphically presented in figure 3.4.

### 3.14. Advertisement Tax Revenues

Tax on advertisement is an optional tax levied on every person who erects, exhibits, fixes or retains up on or over any land, building, wall, housing as structure any advertisement or who displays advertisement to public view in any manner whatsoever, in any place whether public or private. The gram panchayat can fix the rate of the tax with the approval of the Zilla Parishad. This tax is an optional tax, which came in to existence since 1994.

Maximum rates regarding various kinds of advertisements are given in the Act. The Act exempted certain advertisements or notices, such as, a public meeting, election to any legislative body or to the Gram Panchayats, Mandal Parishads or Zilla Parishad, candidature in respect of such election and any advertisement, which is not a sky-sign. However, all the nine sample gram panchayats in Anantapur district are not levying the tax on advertisement.

**Table 3.7**

**Advertisement Tax Revenues of Kalyandurg Gram panchayat during 1997 – 2006 (Rs. in 000's)**

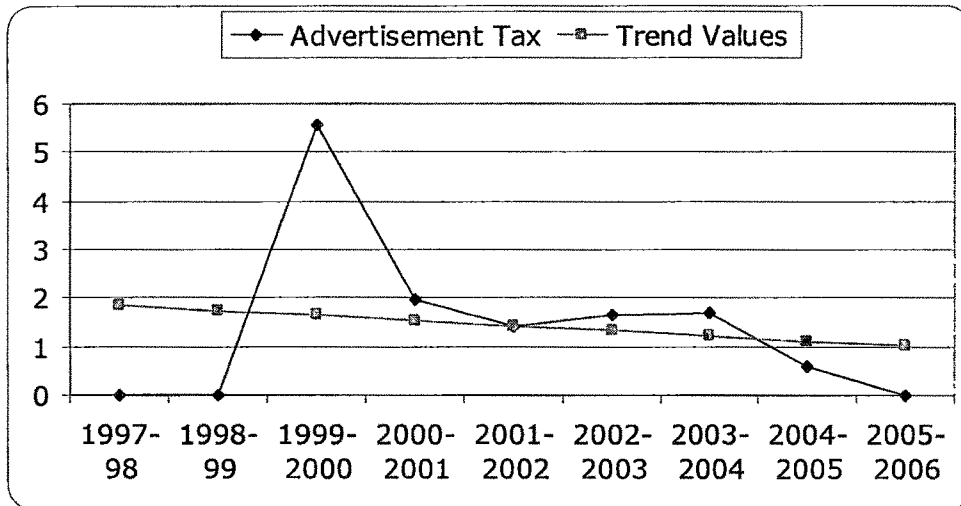
Year	Amount	Percentage to Tax Revenues	Percentage to Total Receipts	Indices	Trend Values
1997-1998	0.00	0.00	0.00	0.00	1.85
1998-1999	0.00	0.00	0.00	0.00	1.75
1999-2000	5.55	0.36	0.16	100.00	1.64
2000-2001	1.98	0.14	0.05	35.68	1.54
2001-2002	1.44	0.10	0.03	25.95	1.43
2002-2003	1.64	0.12	0.03	29.55	1.33
2003-2004	1.69	0.12	0.04	30.45	1.22
2004-2005	0.60	0.04	0.01	10.81	1.12
2005-2006	0.00	0.00	0.00	0.00	1.02
Annual Average	<b>1.43</b>	<b>0.10</b>	<b>0.04</b>		

Source: Annual Accounts of Kalyandurg Gram Panchayat

The table 3.7 reveals that the revenue from advertisement tax receipts of Kalyandurg gram panchayat yields Rs. 1.43 thousands per annum in six out of nine

years under study. Its contribution to the tax revenues fluctuated between 0.04% and 0.36 percent per annum.

**Fig. 3.5 : Advertisement Tax Revenue Receipts of Kalyandurg Gram panchayat during 1997 – 2006**



On an average its share to the total revenues of Kalyandurg gram panchayat is a very negligible with a less share of 0.04% per annum only. There are significant variations in its index numbers and also in the trend values. The trend values in a declining trend shows graphically in figure 3.5.

### 3.15. Seignorage Fees

It may be observed that the seignorage fee was collected only in three out of nine years under study with a variation of Rs. 4.40 thousands in 2001–2002 to Rs. 30.10 thousands in 2005–06. Its share to the tax revenue varied from 0.32% to 6.98% and its contribution to the total revenues varied from 0.10% to 0.56% in three years under study.

### 3.16. Total Tax Revenues of Kalyandurg Gram Panchayat

The range of taxes which can be reserved for the exclusive use of gram panchayats is limited. From the point of view of efficiency and economy in



administration, the taxes to be tapped by the gram panchayats should be simple to assess and easy to collect. Several expert bodies which have from time to time enquired into the finances of gram panchayats have suggested a number of taxes suitable to gram panchayats. The Balwantray Mehta Study Team suggested to the panchayats to levy the following taxes.

- a house tax
- a tax on markets, bazaars, shandies
- a tax on vehicle and pack animals
- octroi or terminal tax
- a conservatory tax
- a water rate and
- a lighting tax.

The exercise of tax powers by the gram panchayats in all states is subject to specific restrictions and conditions. The panchayats can not tax except in accordance with the rules and orders of the state government, which in most cases are very elaborate. In almost all states, maximum rates in respect of various taxes have also been prescribed either in the Panchayat Acts or in the rules framed under them.

In Andhra Pradesh, gram panchayats are empowered to levy a few taxes which are obligatory and optional. The obligatory taxes are only two i.e., house tax and profession tax. The optional taxes are kolagaram or katarusum, vehicle tax, tax on agricultural land for a specific purpose and a special tax on houses for specified civic purposes.

In addition to this, within Andhra Pradesh, a gram panchayat may also levy for a specified period a pilgrim tax on persons leaving a notified fair or festival centre situated within the jurisdiction of the gram panchayat by waterways and tolls on any

vehicle other than a motor vehicle or on any animal entering such notified fair or festival centre.

The major sources of tax revenues of Kalyandurg gram panchayat are house tax, vehicle tax, water tax, library cess, advertisement tax and seignorage fees on quarries. The revenue from house tax increased from Rs. 83.02 thousands in 1997–98 to Rs. 148.62 thousands in 2005–2006 with an annual average amount of Rs. 661.79 thousands (table 4.8). The vehicle tax revenue was increased from Rs. 17.3 thousands to Rs. 22,000 under study with slight fluctuation in some years and with no income in some another years under study.

**Table 3.8**

**Tax Revenue of Kalyanadurg Gram panchayat during 1997 – 2006 (Rs. in 000's)**

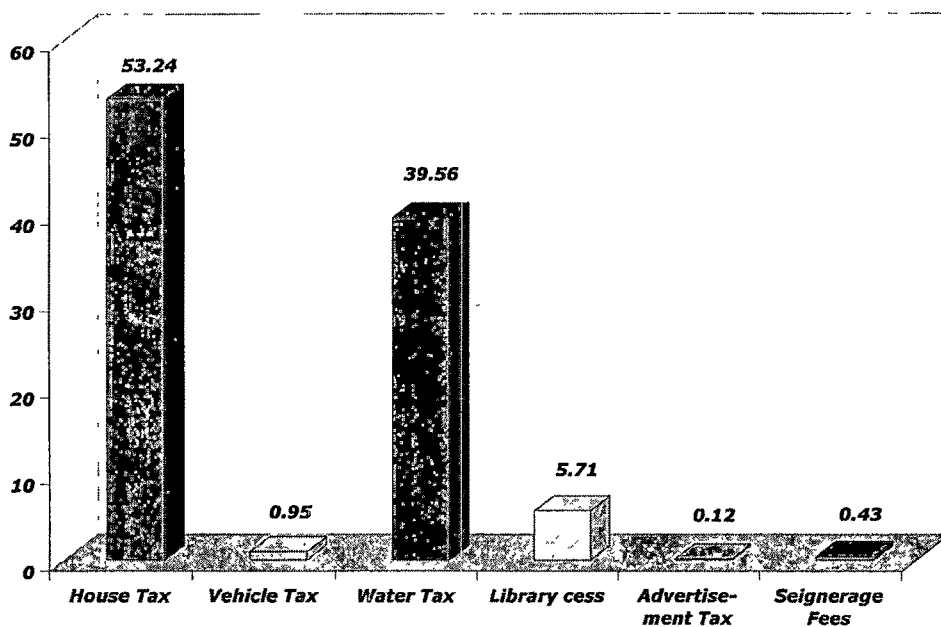
Year	House Tax	Vehicle Tax	Water Tax	Library cess	Advertisement Tax	Seignorage Fees	Total
1997-1998	83.02	17.3	547.86	62.54	0.00	0.00	710.72
%	11.68	2.43	77.09	8.80	0.00	0.00	100.00
1998-1999	726.56	22.8	536.68	58.04	0.00	0.00	1344.08
%	54.06	1.70	39.93	4.32	0.00	0.00	100.00
1999-2000	893.11	23.2	532.26	71.37	5.55	0.00	1525.49
%	58.55	1.52	34.89	4.68	0.36	0.00	100.00
2000-2001	771.31	3	562.79	61.26	1.98	0.00	1400.34
%	55.08	0.21	40.19	4.37	0.14	0.00	100.00
2001-2002	717.44	15	576.71	57.09	1.44	4.4	1372.08
%	52.29	1.09	42.03	4.16	0.10	0.32	100.00
2002-2003	860.65	0.00	401.58	68.7	1.64	13.56	1346.13
%	63.94	0.00	29.83	5.10	0.12	1.01	100.00
2003-2004	848.74	0.00	456.91	67.87	1.69	0.00	1375.21
%	61.72	0.00	33.22	4.94	0.12	0.00	100.00
2004-2005	906.67	2.5	699.92	72.88	0.6	0.00	1682.57
%	53.89	0.15	41.60	4.33	0.04	0.00	100.00
2005-2006	148.62	22	110.75	119.25	0.00	30.1	430.72
%	34.51	5.11	25.71	27.69	0.00	6.99	100.00
Annual Average	661.79	11.76	491.72	71.00	1.43	5.34	1243.04
%	53.24	0.95	39.56	5.71	0.12	0.43	100.00

Source: Annual Accounts of Kalyandurg Gram Panchayat

The water tax contributed 39.56% of tax revenue with declining trend from Rs. 547.86 thousands in 1997-98 to Rs. 110.75 thousands in 2005–2006. The revenue

from library cess contributed an annual average share of 5.71% of its total tax revenue with an annual average yield of Rs. 71,000 under review.

**Diagram 3.1: Tax Revenue of Kalyandurg Gram panchayat during 1997 – 2006**



On an average Rs. 1.43 thousand was yielded from advertisement tax and Rs. 5.34 thousand per annum under study was earned from seignorage fees in Kalyandurg gram panchayat. The place of various tax revenues in Kalyandurg gram panchayat are presented diagrammatically in diagram 3.1.

### 3.17. Conclusions

In order to become financially more independent, Panchayati Raj Institutions especially the Gram Panchayats must be encouraged to raise local resources for development before they receive grants from higher layer governments. Gram Panchayats in Andhra Pradesh are financed mainly from four sources viz., (i) Tax revenues, (ii) Non-Tax revenues, (iii) Assigned revenues, and (iv) Grants-in-Aid. House Tax, Profession Tax, Vehicle Tax, Water Tax, Lighting and Drainage Tax will come under tax revenues.

The major sources of tax revenues of Kalyandurg gram panchayat are house tax, vehicle tax, water tax, library cess, advertisement tax and seignorage fees on quarries.

The revenue from house tax increased from Rs. 83.02 thousands in 1997–98 to Rs. 148.62 thousands in 2005–2006 with an annual average amount of Rs. 661.79 thousands.

The vehicle tax revenue was increased from Rs. 17.3 thousands to Rs. 22,000 under study with slight fluctuation in some years and with no income in some another years under study.

The water tax contributed 39.56% of tax revenue with declining trend from Rs. 547.86 thousands in 1997-98 to Rs. 110.75 thousands in 2005–2006.

The revenue from library cess contributed an annual average share of 5.71% of its total tax revenue with an annual average yield of Rs. 71,000 under review.

On an average Rs. 1.43 thousand was yielded from advertisement tax and Rs. 5.34 thousand per annum under study was earned from seignorage fees in Kalyandurg gram panchayat.

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