

Chapter – V

***ASSIGNED REVENUES
&
GRANTS-IN-AID
RECEIPTS
OF
KALYANADURG
GRAM PANCHAYAT***

5.1. Introduction

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 Kalyanadurg Gram Panchayats in Dharmavaram revenue division of Anantapur district over a period of nine years under study.

5.2. Entertainment Tax Revenues

A tax, which is levied on entertainments and amusement, is known as entertainment tax. This tax is levied and collected by the State Government and the proceeds are assigned to local Governments. Cinema is an important source of entertainment tax. In Andhra Pradesh, 95 per cent of proceeds of this tax is transferred to gram panchayats. State Government retains three per cent towards administration charges and remaining two per cent set apart for promoting cinematography and arts.

The entertainment tax is an outlay tax and therefore is an instrument to discourage expenditure and to stimulate savings during inflationary situations. Since it is a tax on the enjoyment of entertainments, the burden of this tax is not felt by the tax payer. Being a tax on service, it does not create any of the intricate problems which a tax on goods creates. Collection of the tax is also relatively simple. A tax on entertainments and amusements is a lucrative source of revenue to the state government in India. In states where the tax revenue is transferred to local authorities,

this source of revenue plays an important role in the budgets of Panchayati Raj Institution in rural India in general and rural Andhra Pradesh in particular.

Under the Indian Constitution, the entertainment tax is a state tax. The state governments enjoyed this power even under the Government of India Acts of 1919 and 1935. In India, the tax was first levied in the province of Bengal in 1922 and Bombay and Sindh adopted it in 1923. Today, the entertainment tax in India is used exclusively by the state government except in Tamil Nadu, Kerala, Karnataka and Andhra Pradesh where, though levied and collected by the state government, its proceeds are distributed to local bodies also.

This tax is generally levied on the price charged for admission to any place of entertainment which includes cinemas, theatrical performances, games and variety entertainments. In Andhra Pradesh, the tax is levied in respect of each person admitted on payment to any entertainment and it is calculated and paid on the number of such admissions. The rates of entertainment tax are graduated and they vary with the price of admission. There are two scales of tax, one for cinematographic exhibitions and one for all other forms of entertainment.

The entertainment tax is one of the major source of revenue to Kalyandurg gram panchayat. As shown in table 5.1, the income from this source fluctuated between Rs. 11670 in 2001–02 and Rs. 1,23,430 in 1999–2000 with an annual average yield of Rs. 65,810 under review.

The share of entertainment tax revenue to the total assigned revenues of Kalyandurg gram panchayat fluctuated significantly between 2.24% in 2001–02 and 29.85% in 1999–2000 with the annual average contribution of 14.61% of the total assigned revenues of the gram panchayat.

Table 5.1

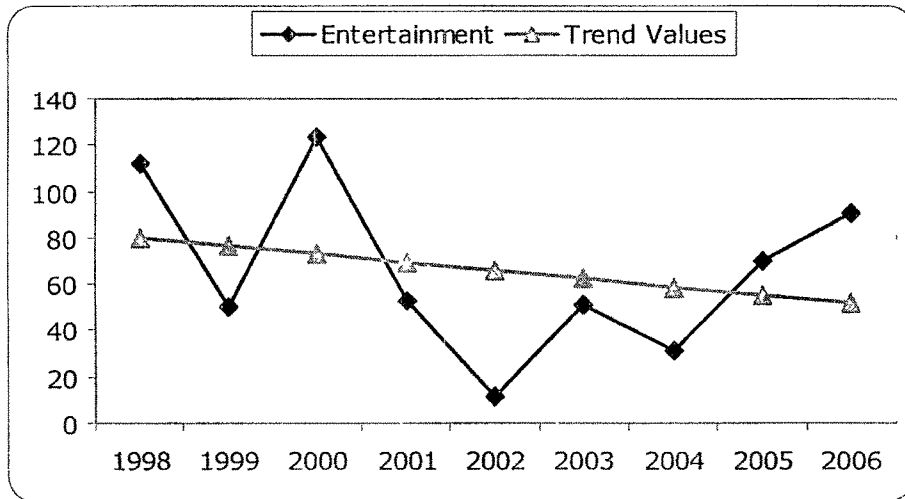
Entertainment Tax Receipts of Kalyandurg Gram Panchayat during 1997 – 2006
(Rs. 000's)

Year	Amount	Percentage to Assigned Revenues	Percentage to Total Receipts	Indices	Trend Values
1997-1998	112.01	28.59	6.34	100.00	80.06
1998-1999	50.18	16.42	1.51	44.80	76.50
1999-2000	123.43	29.85	3.54	110.20	72.94
2000-2001	52.95	15.73	1.33	47.27	69.37
2001-2002	11.67	2.24	0.27	10.42	65.81
2002-2003	50.71	12.40	0.92	45.27	62.24
2003-20004	30.94	5.89	0.67	27.62	58.68
2004-2005	69.60	8.30	1.12	62.14	55.12
2005-2006	90.79	12.05	1.68	81.06	51.55
Annual Average	65.81	14.61	1.93		

Source: Annual Accounts of Kalyandurg Gram Panchayat

The contribution of entertainment tax revenue to the total revenues varied from 0.27% to 6.34% with an annual average share of 1.93% per annum. The indices and the trend values are shown in table 5.1. The trend values of the entertainment tax receipts of Kalyandurg gram panchayat during 1997–98 is graphically presented in figure 5.1.

Fig. 5.1 : Entertainment Receipts of Kalyandurg Gram Panchayat during 1997 – 2006



5.3. Surcharge on Stamp Duty

In many states of India, the Panchayati Raj bodies receive the total proceeds or a part of the total proceeds of the surcharge levied on a few state taxes. Of these, stamp duty on immovable property is the most important state tax in gram panchayat areas. A surcharge on stamp duty on immovable properties for local use is levied and collected by state governments in Tamil Nadu, Maharashtra, Punjab, Andhra Pradesh, Kerala, Madhya Pradesh, Assam and Karnataka along with the stamp duty. However, the rates of the surcharge and the category of Panchayati Raj Institutions that are entitled to receive the proceeds vary among the states.

Since 1945, a surcharge is levied by the government of Andhra Pradesh on the duty imposed by the Indian Stamp Act, 1899 on transfers of immovable property and is in aid of the finances of local authorities. The state government has power to exempt any instrument or class of instruments from the levy of the surcharge however subject to certain conditions and terms laid down by the Act.

In Andhra Pradesh, a surcharge on Stamp duty is imposed as per the Indian Stamp Act, 1899 (Central Act 2 of 1899) on transfers of immovable property. The maximum rate of surcharge levied by the Government should not exceed five per cent on stamp duty. The proceeds of the surcharge is apportioned among Gram Panchayats, Mandal Parishads and Zilla Parishads in the ratio of 3:1:1.

The surcharge on stamp duty is the major source of assigned revenues and also to the total revenues of Kalyandurg gram panchayat. It reveals that the income from the assigned revenues of the selected gram panchayat fluctuated between Rs. 2,55,380 in 1998–99 and Rs. 7,69,000 in 2004–05 with an annual average yield of Rs. 4,33,520 per annum (table 5.2).

Table 5.2

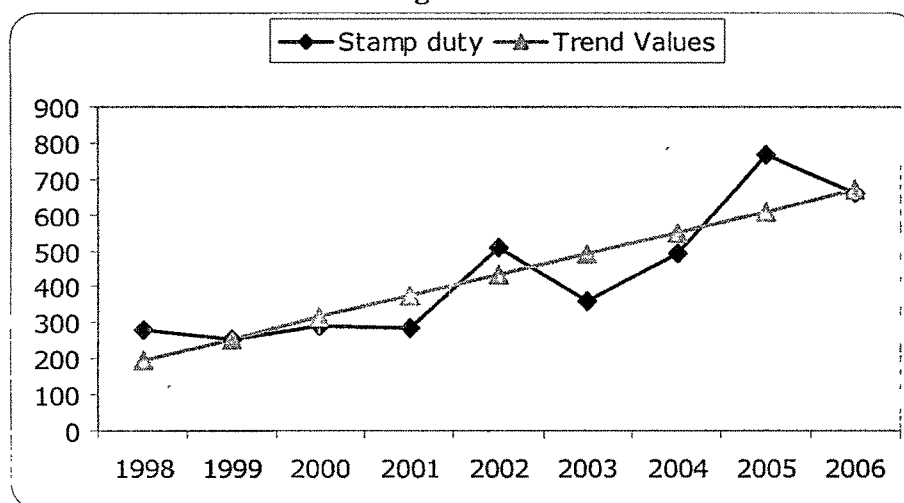
Surcharges on Stamp duty Receipts of Kalyandurg Gram Panchayat during 1997 – 2006 (Rs. 000's)

Year	Amount	Percentage to Assigned Revenues	Percentage to Total Receipts	Indices	Trend Values
1997-1998	279.75	71.41	15.84	249.75	196.53
1998-1999	255.38	83.58	7.71	228.00	255.78
1999-2000	290.03	70.15	8.31	258.93	315.03
2000-2001	283.77	84.27	7.12	253.34	374.28
2001-2002	508.94	97.76	11.67	454.37	433.53
2002-2003	358.25	87.60	6.48	319.84	492.78
2003-20004	493.94	94.11	10.64	440.98	552.03
2004-2005	769.00	91.70	12.40	686.55	611.28
2005-2006	662.71	87.95	12.28	591.65	670.53
Annual Average	433.52	85.39	10.27		

Source: Annual Accounts of Kalyandurg Gram Panchayat

The share of surcharge on stamp duty to the total assigned revenues varied from 70.15% to 97.76% per annum under review with an average share of 85.39% per annum. The contribution of this revenue to the total revenues of Kalyandurg gram panchayat fluctuated between 7.12% and 15.84% per annum under review with an annual average contribution of 10.27% per annum.

Fig. 5.2 : Surcharges on Stamp duty Receipts of Kalyandurg Gram Panchayat during 1997 – 2006



The indices and the trend values are presented in table 4.26 and the trend values of the surcharge on stamp duty of Kalyandurg gram panchayat during 1997–98 to 2005–06 is graphically shown in figure 5.2.

5.4. Total Assigned Revenues of Kalyandurg Gram Panchayat

There are only two items of revenue assignment in force in the state, the entertainment tax and a surcharge on stamp duty. Proceeds of these revenues are assigned to gram panchayats. We can classify assigned revenues into two firstly, levies on taxes administered by a higher layer government for the use of a lower layer government and secondly, levies on taxes administered by a lower layer government for the use by a higher layer government. The former category of levies are usually imposed and collected by a higher layer government which, in some cases, even determine their rates.

In respect of the latter, the rates of the levy are in many cases determined by the higher layer government but the levies are generally collected by the lower layer government. In either case, the proceeds of the levy are transferred to the authority for whose benefit the levy is imposed. In the sphere of Indian rural local government, only the first category of assigned revenues are in operation. This is also true in the case of Panchayati Raj Institutions in rural Andhra Pradesh since its establishment. In the following pages attention will be concentrated on the position of entertainment tax, surcharge on stamp duty of the selected gram panchayats in Anantapur district of Andhra Pradesh.

As shown in table 5.3, the total assigned revenues of Kalyandurg gram panchayat varied from Rs. 3,05,560 in 1998–99 to Rs. 8,38,600 in 2004–2005 with an annual average yield of Rs. 4,99,330. The annual average revenue of the assigned revenues of Kalyandurg gram panchayat has been contributed by 13.18% of entertainment tax receipts and 86.82% of the surcharge on stamp duty during the nine years under study (table 5.3). The place of entertainment tax and the surcharge on

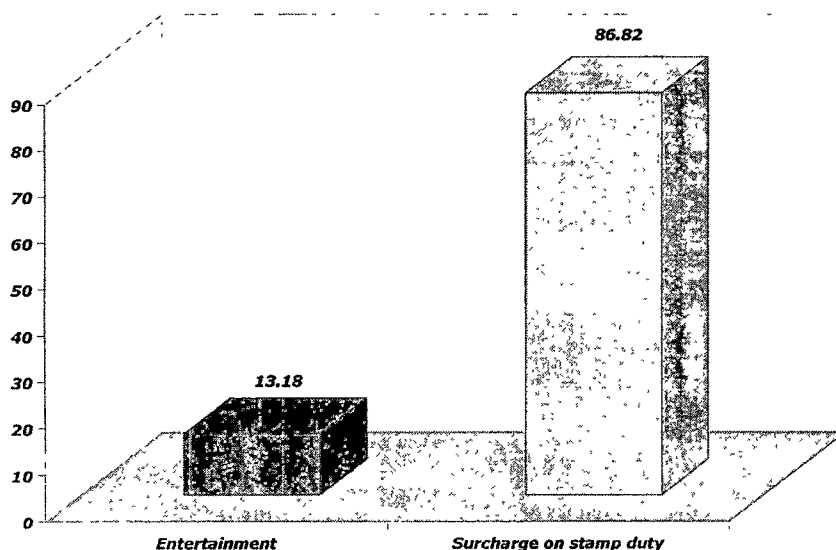
stamp duty in the total assigned revenues of Kalyandurg gram panchayat is diagrammatically presented in diagram 5.1.

Table 5.3
Assigned Revenue of Kalyandurg Gram Panchayat during 1997 – 2006
(Rs. 000's)

Year	Entertainment	Surcharge on stamp duty	Total
1997-1998	112.01	279.75	391.76
%	28.59	71.41	100
1998-1999	50.18	255.38	305.56
%	16.42	83.58	100
1999-2000	123.43	290.03	413.46
%	29.85	70.15	100
2000-2001	52.95	283.71	336.72
%	15.73	84.27	100
2001-2002	11.67	508.94	520.61
%	2.24	97.76	100
2002-2003	50.71	358.25	408.96
%	12.40	87.6	100
2003-20004	30.94	493.94	524.88
%	5.89	94.11	100
2004-2005	69.60	769	838.6
%	8.30	91.7	100
2005-2006	90.79	662.71	753.5
%	12.05	87.95	100
Annual Average	65.81	433.52	499.33
%	13.18	86.82	100.00

Source: Annual Accounts of Kalyandurg Gram Panchayat

Diagram 5.1: Assigned Revenues of Kalyandurg Gram Panchayat during 1997 – 2006



5.5. Grants-in-Aid Revenues

Grants-in-Aid have a crucial role to play and are extensively used to accomplish several objectives in the sphere of inter-governmental fiscal relations. Grants are one of the powerful means of control available to the higher layer governments. Grants are effective instruments for bridging the gap between fiscal capacity and capacity for administration.

Grants can help in shifting the burden of equally rising costs from regressive local taxation to the more progressive taxation of the higher layer government. Grants from higher layer governments to lower layer governments provide an opportunity for the latter to share the revenues of the former in order to ensure a minimum level of accomplishment in the provision of local services. Grants provide funds to local authorities in order to carry out our schemes to be executed locally.

5.6. Grants-in-Aid to Gram Panchayats in India

In India, grants-in-aid given to gram panchayats by the higher bodies of the panchayati raj concerned and by the state governments vary from one state to another state in both volume and nature depending upon the number of functional responsibilities allocated to gram panchayats in each state.

5.7. Grant-in-Aid to Gram Panchayats in Andhra Pradesh

Gram Panchayats in Andhra Pradesh are entitled to receive grants-in-aid from higher layer Governments. Those grants which are meant for the purposes of pay and allowances of the staff, construction and maintenance of roads, bridges, culverts, maintenance of primary schools, maintenance and restoration of minor irrigation schemes, agriculture, animal husbandry, fisheries, social welfare programme, and centrally sponsored schemes, National Rural Employment Programme, Jawahar

Rozgar Yojana, Jawahar Gram Samridhhi Yojana etc., are conditional grants. The Per-capita Grant is an unconditional grant.

5.8. SALARY GRANT

This grant is a compensatory grant to meet pay and allowances of gram panchayats in Andhra Pradesh. Notified gram panchayats and those non-notified panchayats which are having a full time clerk / bill collector are entitled for it. The salary grant also released for the payment of honorarium to the sarpanches.

5.9. Salary Grant Receipts

As shown in table 5.4, the Kalyandurg gram panchayat has not received salary grant in the financial year 1997–98 and it got the arrears in the financial year 1998–99 after utilizing the balance amount of 1996–97 for salaries of its employees. However, the yield from the revenue fluctuated between Rs. 6,73,640 in 1999–2000 and Rs. 29,09,890 in 2002–2003 with significant variation from year to year under study.

Table 5.4

Salary Grants Receipts of Kalyandurg Gram Panchayat during 1997 – 2006

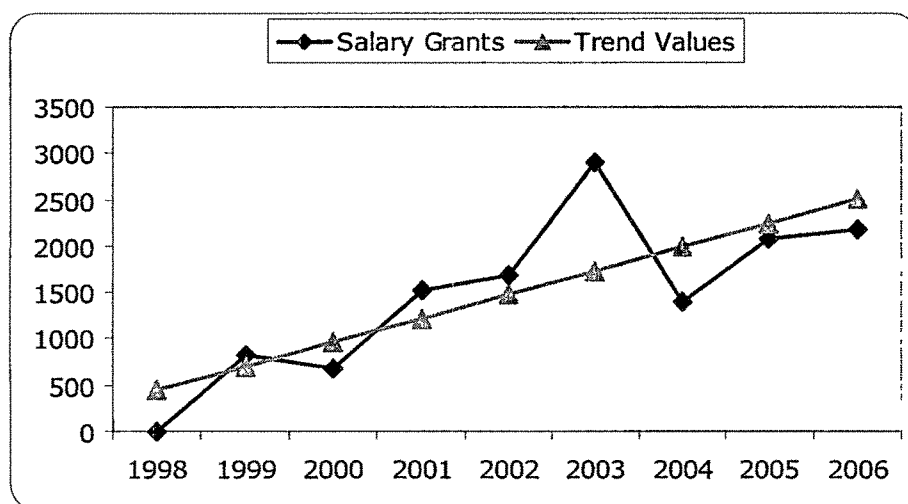
(Rs. 000's)

Year	Amount	Percentage to Total Grants	Percentage to Total Receipts	Indices	Trend Values
1997-1998	0.00	0.00	0.00	0.00	452.74
1998-1999	827.23	95.31	24.98	100.00	709.05
1999-2000	673.64	81.68	19.29	81.43	965.35
2000-2001	1522.76	92.31	38.22	184.08	1221.66
2001-2002	1691.56	92.97	38.78	204.48	1477.96
2002-2003	2909.89	92.72	52.61	351.76	1734.27
2003-20004	1402.04	73.05	30.20	169.49	1990.57
2004-2005	2082.11	80.49	33.58	251.70	2246.87
2005-2006	2192.42	83.10	40.61	265.03	2503.18
Annual Average	1477.96	66.55	30.92		

Source: Annual Accounts of Kalyandurg Gram Panchayat

On an average it yielded an amount of Rs. 14,77,960 per annum with a contribution of 66.55% of the total grants and 30.92% its total revenue during the decade under study. The share of this revenue to the total revenues of Kalyandurg gram panchayat during the period under reference varied from 19.29% to 52.61% per annum. The indices and the trend values are presented in table 5.4. The increasing trend of the salary grant receipts of Kalyandurg gram panchayat over a period of nine years under study is graphically shown in figure 5.3.

Fig. 5.3 : Salary Grants Receipts of Kalyandurg Gram Panchayat during 1997 – 2006



5.10. Management Grants

The Kalyandurg gram panchayat yielded an average amount of Rs. 6,650 per annum from management grants from its higher layer institutes. Table 5.5 reveals that the yield from this source varied from Rs. 2,230 to Rs. 9,970 per annum under study.

The share of this revenue to the total grants-in-aid receipts of Kalyandurg gram panchayat fluctuated between 0.17% and 1.82% per annum respectively with an annual average contribution of 0.64%. Its contribution to the total revenues of the gram panchayat was only 0.16% per annum under review.

Table 5.5

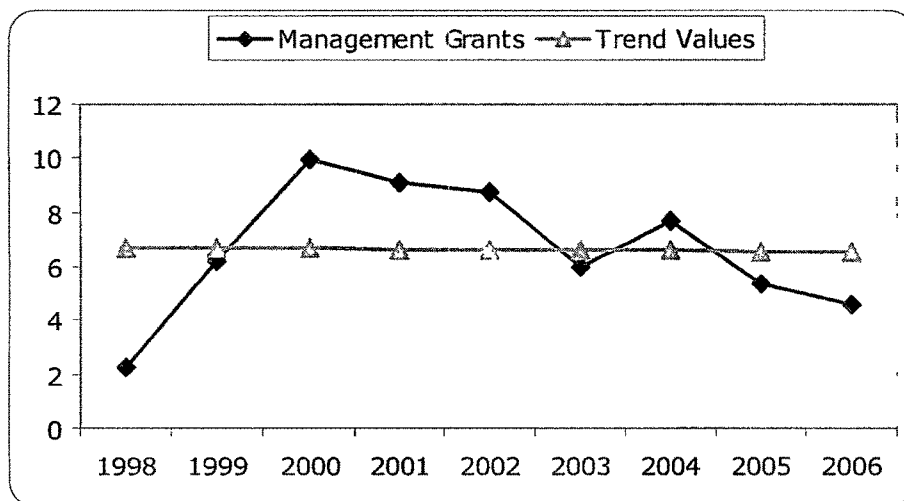
Management Receipts of Kalyandurg Gram Panchayat during 1997 – 2006
(Rs. 000's)

Year	Amount	Percentage to Total Grants	Percentage to Total Receipts	Indices	Trend Values
1997-1998	2.23	1.82	0.13	100.00	6.71
1998-1999	6.21	0.72	0.19	278.48	6.69
1999-2000	9.97	1.2	0.29	447.09	6.68
2000-2001	9.11	0.55	0.23	408.52	6.66
2001-2002	8.73	0.5	0.20	391.48	6.65
2002-2003	5.97	0.2	0.11	267.71	6.63
2003-2004	7.67	0.4	0.17	343.95	6.61
2004-2005	5.35	0.21	0.09	239.91	6.60
2005-2006	4.57	0.17	0.08	204.93	6.58
Annual Average	6.64	0.64	0.16		

Source: Annual Accounts of Kalyandurg Gram Panchayat

The index numbers and the trend values are presented in table 5.5. The spread of trend values of the management grant receipts of Kalyandurg gram panchayat during 1997–98 to 2005–2006 is graphically shown in figure 5.4.

Fig. 5.4 : Management Receipts of Kalyandurg Gram Panchayat during 1997 – 2006



5.11. Per Capita Grant Receipts

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. This grant can be deducted if the gram panchayat is due to any other institutions.

As shown in table 5.6, the Kalyandurg gram panchayat has not received the per capita grant during the financial year 1997–98. However, on an average it received an amount of Rs. 57,370 per annum with a variation of Rs. 34,490 in 1998–99 to Rs. 1,57,210 in 2004–05.

The contribution of this revenue to the total grants-in-aid receipts of Kalyandurg gram panchayat fluctuated between 1.32% and 7.30% with an annual average contribution of 3.36% per annum. Its share to the total revenues of the gram panchayat fluctuated between 0.65% and 2.54% per annum with an average share of 1.22%. The trend values of this revenue increased from 18.54 to 96.19 during the period under review. The increasing trend of the per capita grant revenues is graphically illustrated in figure 5.5.

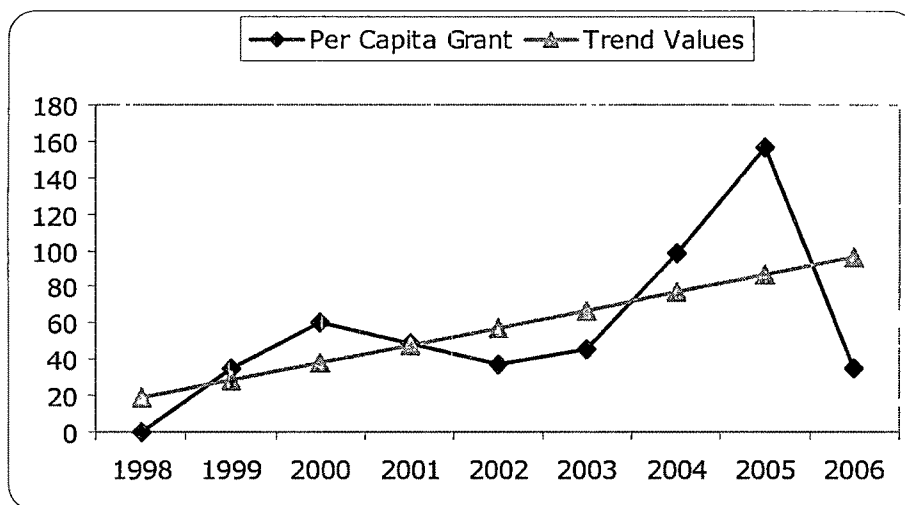
Table 5.6

**Per capita Grants Receipts of Kalyandurg Gram Panchayat during 1997 – 2006
(Rs. 000's)**

Year	Amount	Percentage to Total Grants	Percentage to Total Receipts	Indices	Trend Values
1997-1998	0.00	0.00	0.00	0.00	18.54
1998-1999	34.49	3.97	1.04	100.00	28.24
1999-2000	60.18	7.3	1.72	174.49	37.95
2000-2001	48.21	2.92	1.21	139.78	47.66
2001-2002	36.61	1.98	0.84	106.15	57.37
2002-2003	46.01	1.51	0.83	133.40	67.07
2003-2004	98.74	5.14	2.13	286.29	76.78
2004-2005	157.21	6.08	2.54	455.81	86.49
2005-2006	34.84	1.32	0.65	101.01	96.19
Annual Average	57.37	3.36	1.22		

Source: Annual Accounts of Kalyandurg Gram Panchayat

Fig. 5.5 : Per capita Grants Receipts of Kalyandurg Gram Panchayat during 1997 – 2006



5.12. GJSY, SGRY & JRY Grants

Jawahar Rozgar Yojana Programme was launched on 26 April 1989 by merging National Rural Employment Programme and Rural Landless Employment Guarantee Programme. The Jawahar Rozgar Yojana Programme was renamed and rescheduled as Jawahar Gram Samridhi Yojana in 1999. The funds of Jawahar Gram Samridhi Yojana programme are used for creation of community activities such as means of irrigation, construction of bridges, drainages, laying of roads etc besides creation of gainful employment to rural poor. The cost of this programme is shared by the Centre and the State in the ratio of 75:25

The Kalyandurg gram panchayat received the grants for the development programmes under GJSY, SGRY and JRY schemes during the period of study. As shown in table 5.7, the income from this source to the gram panchayat varied from Rs. 75,620 to Rs. 1,76,490 with an annual average revenue of Rs. 1,04,010 per annum.

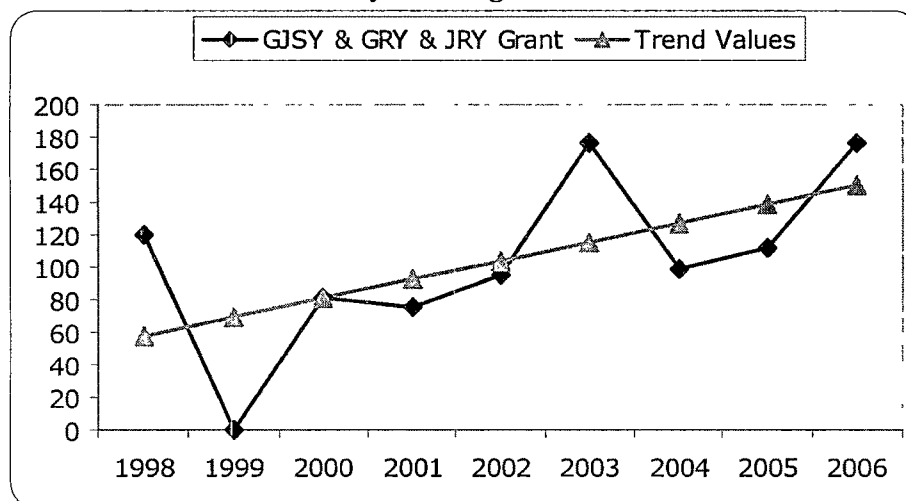
Table 5.7

GJSY & SGRY & JRY Grants Receipts of Kalyandurg Gram Panchayat during 1997 – 2006 (Rs. 000's)

Year	Amount	Percentage to Total Grants	Percentage to Total Receipts	Indices	Trend Values
1997-1998	120.45	98.17	6.82	100.00	57.52
1998-1999	0.00	0.00	0.00	0.00	69.14
1999-2000	80.77	9.82	2.31	67.06	80.76
2000-2001	75.62	4.59	1.90	62.78	92.38
2001-2002	95.07	5.21	2.18	78.93	104.00
2002-2003	176.49	5.80	3.19	146.53	115.63
2003-2004	99.38	5.18	2.14	82.51	127.25
2004-2005	111.99	4.33	1.81	92.98	138.87
2005-2006	176.26	6.70	3.27	146.33	150.49
Annual Average	104.01	15.53	2.62		

Source: Annual Accounts of Kalyandurg Gram Panchayat

Fig. 5.6 : GJSY & SGRY & JRY Grants Receipts of Kalyandurg Gram Panchayat during 1997 – 2006



The share of this revenue to the total grants-in-aid receipts of the sample gram panchayat varied from 1.81% to 6.82% per annum. The trend values of GJSY, SGRY and JRY grants of Kalyandurg gram panchayat is graphically presented in figure 5.6.

5.13. State Finance Commission Grants

With the recommendations of 73rd Amendment Act, the State Finance Commissions were established in various states to pursue the finances of local self governments in the respective states. In this process, the government of Andhra

Pradesh was also introduced the State Finance Commission to enquire the functioning and financial performance of Panchayati Raj Institutions from time to time. The Commission also providing grants for the development of Panchayati Raj Institutions in general and gram panchayats in particular. The selected gram panchayats in Anantapur district received the Finance Commission grants from 2002-03.

From the financial year 2002–2003, the gram panchayat received the grants from the State Finance Commission. It reveals that the yield from SFC grants declined from Rs. 3,11,450 in 2002–03 to Rs. 2,30,000 in 2004–05. Its share to the total grants declined from 16.23% to 8.71% and its contribution to the total revenues of the gram panchayat declined from 5.63% to 3.71% per annum.

5.14. Total Grants–in–Aid Revenues

The various types of grants-in-aid receipts of gram panchayats in Andhra Pradesh are salary grant for payment of salaries to the officials and non-officials, per capita grant on the basis of population to each gram panchayat, JRY/JGSY grants funded by Central Government along with State Government for the purpose of rural development programmes, Finance Commission Grants to strengthen the gram panchayats. Along with these grants, gram panchayats are also receiving grants such as best panchayat grant, unanimous election grant and zilla parishad grants.

The sources of total grant–in–aid revenues of Kalyandurg gram panchayat are salary grant, management grant, per capita grant, GJSY/SGRY and JRY grants and State Finance Commission grants. As shown in table 5.8, on an average salary grant contributed a share of 85.35% of total grants in the gram panchayat under reference. The management grants contributed a share of 0.38% and per capita grant contributed 3.31% of its total grants of the gram panchayat. The GJSY/SGRY and JRY grants contributed 6.01% followed by SFC grants 4.95% of the total grant–in–aid revenues. The place of different grants in the gram panchayat is diagrammatically presented in diagram 5.2.

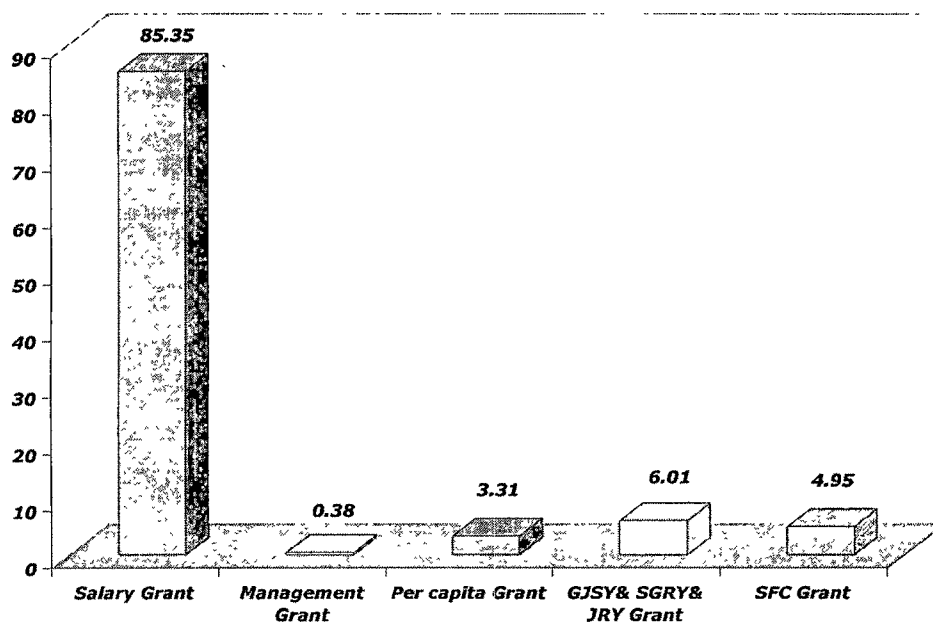
Table 5.8

Grants of Kalyandurg Gram Panchayat during 1997 – 2006 (Rs. 000's)

Year	Salary Grant	Management Grant	Per capita Grant	GJSY & SGRY & JRY Grant	SFC Grant	Total
1997-1998	0.00	2.23	0.00	120.45	0.00	122.68
%	0.00	1.82	0.00	98.18	0.00	100.00
1998-1999	827.23	6.21	34.49	0.00	0.00	867.93
%	95.31	0.72	3.97	0.00	0.00	100.00
1999-2000	673.64	9.91	60.18	80.77	0.00	824.50
%	81.70	1.20	7.30	9.80	0.00	100.00
2000-2001	1522.76	9.11	48.21	75.62	0.00	1655.70
%	91.97	0.55	2.91	4.57	0.00	100.00
2001-2002	1691.56	8.73	36.61	95.07	0.00	1831.97
%	92.34	0.48	2.00	5.19	0.00	100.00
2002-2003	2909.89	5.97	46.01	176.49	0.00	3138.36
%	92.72	0.19	1.47	5.62	0.00	100.00
2003-2004	1402.04	7.67	98.74	99.38	311.45	1919.28
%	73.05	0.40	5.14	5.18	16.23	100.00
2004-2005	2082.11	5.35	157.21	111.99	230.03	2586.69
%	80.49	0.21	6.08	4.33	8.89	100.00
2005-2006	2192.42	4.57	34.84	176.29	230	2638.12
%	83.11	0.17	1.32	6.68	8.72	100.00
Annual Average	1477.96	6.64	57.37	104.01	85.72	1731.69
%	85.35	0.38	3.31	6.01	4.95	100.00

Source: Annual Accounts of Kalyandurg Gram Panchayat

Diagram 5.2 : Grants-in-Aid Revenues of Kalyandurg Gram Panchayat during 1997-2006



5.15. Total Revenue Receipts of Kalyandurg Gram Panchayat

The financial resources of gram panchayats in Andhra Pradesh are broadly classified into four categories. They are tax revenues, non-tax revenues, assigned revenues and grants-in-aid receipts.

As shown in table 5.9, the total tax revenues of Kalyandurg gram panchayat fluctuated between Rs. 4,30,720 and Rs. 16,82,570 per annum with an annual average yield of Rs. 12,43,040 per annum. The income from non-tax revenues contributed an annual average share of 19.18% of the total revenues with a variation of 11.53% to 30.64% per annum.

Table 5.9

Total Revenues of Kalyandurg Gram Panchayat during 1997-2006

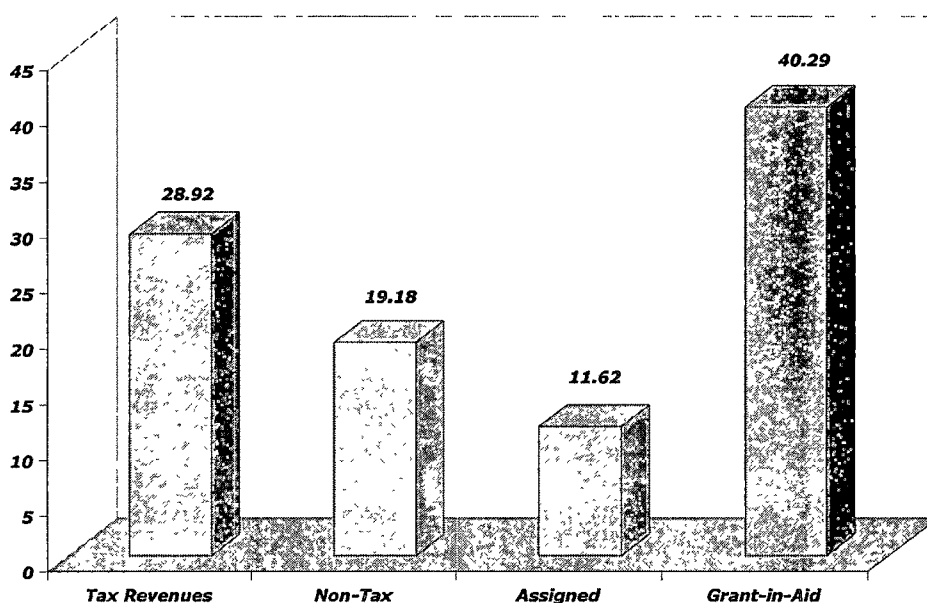
(Rs. in 000's)

Year	Tax Revenues	Non-Tax	Assigned	Grant-in-Aid	Total
1997-1998	710.72	541.31	391.76	122.68	1766.47
%	40.23	30.64	22.18	6.94	100.00
1998-1999	1344.08	794.66	305.56	867.93	3312.23
%	40.58	23.99	9.23	26.20	100.00
1999-2000	1525.49	727.86	413.46	824.56	3491.37
%	43.69	20.85	11.84	23.62	100.00
2000-2001	1400.34	591.06	336.72	1655.7	3983.82
%	35.15	14.84	8.45	41.56	100.00
2001-2002	1372.08	637.34	520.61	1831.97	4362.00
%	31.46	14.61	11.94	42.00	100.00
2002-2003	1346.13	637.49	408.96	3138.36	5530.94
%	24.34	11.53	7.39	56.74	100.00
2003-2004	1375.21	823.48	524.88	1919.28	4642.85
%	29.62	17.74	11.31	41.34	100.00
2004-2005	1682.57	1092.06	838.61	2586.86	6200.10
%	27.14	17.61	13.53	41.72	100.00
2005-2006	430.72	1575.79	753.5	2638.12	5398.13
%	7.98	29.19	13.96	48.87	100.00
Annul Average	1243.04	824.56	499.34	1731.72	4298.66
%	28.92	19.18	11.62	40.29	100.00

Source: Annual Accounts of Kalyandurg Gram Panchayat

The yield from assigned revenues contributed an average share of 11.62% per annum with fluctuation between 7.39% and 22.18% per annum. The grants-in-aid revenues occupied a significant place with 40.29% of its annual share to the total revenues of Kalyandurg gram panchayat during 1997–98 to 2005–2006.

Diagram 5.3 : Total Revenues of Kalyandurg Gram Panchayat during 1997-2006 (Rs. in 000's)



The total revenues of Kalyandurg gram panchayat increased from Rs. 17,66,470 in 1997–98 to Rs. 62,00,100 in 2004–05 with a slight decrease in the financial year 2005–06. The annual average yield of the total revenue receipts of Kalyandurg gram panchayat was Rs. 42,98,660 per annum. The place of various sources of income to the gram panchayat is diagrammatically illustrated in diagram 5.3.

5.16. Conclusions

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.

A tax, which is levied on entertainments and amusement, is known as entertainment tax. This tax is levied and collected by the State Government and the proceeds are assigned to local Governments. The entertainment tax is an outlay tax and therefore is an instrument to discourage expenditure and to stimulate savings during inflationary situations. Since it is a tax on the enjoyment of entertainments, the burden of this tax is not felt by the tax payer.

The share of entertainment tax revenue to the total assigned revenues of Kalyandurg gram panchayat fluctuated significantly between 2.24% in 2001–02 and 29.85% in 1999–2000 with the annual average contribution of 14.61% of the total assigned revenues of the gram panchayat.

The surcharge on stamp duty is the major source of assigned revenues and also to the total revenues of Kalyandurg gram panchayat. It reveals that the income from the assigned revenues of the selected gram panchayat fluctuated between Rs. 2,55,380 in 1998–99 and Rs. 7,69,000 in 2004–05 with an annual average yield of Rs. 4,33,520 per annum.

The annual average revenue of the assigned revenues of Kalyandurg gram panchayat has been contributed by 13.18% of entertainment tax receipts and 86.82% of the surcharge on stamp duty during the nine years under study.

Grants from higher layer governments to lower layer governments provide an opportunity for the latter to share the revenues of the former in order to ensure a minimum level of accomplishment in the provision of local services. Grants provide funds to local authorities in order to carry out our schemes to be executed locally.

The share of salary grant revenue to the total revenues of Kalyandurg gram panchayat during the period under reference varied from 19.29% to 52.61% per annum. The share of management grant revenues to the total grants-in-aid receipts of Kalyandurg gram panchayat fluctuated between 0.17% and 1.82% per annum respectively with an annual average contribution of 0.64%.

The contribution of per capita grant revenue to the total grants-in-aid receipts of Kalyandurg gram panchayat fluctuated between 1.32% and 7.30% with an annual average contribution of 3.36% per annum. Its share to the total revenues of Kalyanadurg gram panchayat fluctuated between 0.65% and 2.54% per annum with an average share of 1.22%.

From the financial year 2002–2003, the gram panchayat received the grants from the State Finance Commission. It reveals that the yield from SFC grants declined from Rs. 3,11,450 in 2002–03 to Rs. 2,30,000 in 2004–05. Its share to the total grants declined from 16.23% to 8.71% and its contribution to the total revenues of the gram panchayat declined from 5.63% to 3.71% per annum.

The total tax revenues of Kalyandurg gram panchayat fluctuated between Rs. 4,30,720 and Rs. 16,82,570 per annum with an annual average yield of Rs. 12,43,040 per annum. The income from non-tax revenues contributed an annual average share of 19.18% of the total revenues with a variation of 11.53% to 30.64% per annum. The annual average yield of the total revenue receipts of Kalyandurg gram panchayat was Rs. 42,98,660 per annum.