Chapter V

Finance

1. Sources of Finance:

A Gram Panchayat in the Punjab draws its revenue from three different sources—taxes and fees, Government grants-in-aid and the income from its own property. These sources of income will be discussed below one by one.

1. Taxes and Fees.

The Punjab Gram Panchayat Act, 1952, empowers a Gram Panchayat to impose four types of taxes, namely the house-tax, the professional tax, tax on the transfer of property, and any other tax that the State Legislature is competent to impose. In the district of Kangra, the Gram Panchayats, one and all, have levied the house-tax.

The professional tax forms the concern of the Panchayat Samiti. The tax on the transfer of property is conspicuous by its absence. No one seems to have ever given a thought towards it. As regards the tax on miscellaneous things, a few Gram Panchayats have imposed a tax on the sale of goods within their territorial jurisdiction. It is called the 'Ahmat tax'. The performance of the Gram Panchayats and their problems in the field of taxation are discussed, as under:

(a) House-tax

The House-tax is a very common feature in all the

1. The Punjab Gram Panchayat Act, 1952, Section 82, sub-section (1).
Gram Panchayats. In all the sixteen Gram Panchayats, it is levied at the rate of one rupee per annum per family from the poorer sections and two or three rupees from the well-to-do people. Three Gram Panchayats prescribe a higher rate (going up to five rupees) for the richer people, whereas six Gram Panchayats are such which have lowered the minimum to half a rupee. There is only one Gram Panchayat, namely Bagrota Bagwan, where the rate of assessment is fairly graduated, that is, between rupee one to rupees forty. This is due to the fact, that, until 1962, it was a municipal area and the rate of taxation still continues to be maintained at the previous level.

The facts, stated in the foregoing paragraphs do not present a very glowing picture. It looks quite ridiculous that a person owning a big tea estate of, say, a hundred acres, and employing a huge labour and is running a very flourishing business, is required to pay rupees three or five per annum as the house-tax. Numerous such instances are available in the country-side of the district. The net result of this policy of assessing the House-tax at low rates, is the poor yield from this source. It can certainly be increased many times with a little care on the part of the Gram Panchayats. The annual assessment of the house-tax at Bagrota Bagwan, having a population of 2,700, comes to Rs. 1,000 per annum. There exist numerous

villages whose population is far bigger than Bagrot Bagwan, but their average annual earning ranges between Rs. 500 to Rs. 500 (Table No. 10).

The miserably low rates of assessment have been criticized at all levels. The Fifth Evaluation Report of the Programme Evaluation Organisation remarks, "The rates of assessment of the taxes...... are frequently kept low. Whenever minimum and maximum rates have been prescribed in the Act, the general tendency is to impose only the minimum rate". The Seventh Evaluation Report of the same Organisation also mentions the same thing.

If all these Gram Panchayats make a little effort and apply just and equitable standards for assessment, there is no reason why their financial health should not improve. This writer would like to suggest that the assessment should either be made by the tax-collectors of the Panchayat Samiti, or the Gram Panchayats be put under an obligation to make the assessment according to a certain prescribed schedule. This step will considerably improve the financial position of these bodies.


2. "The records of the Panchayats are much less satisfactory when we turn to their finances. Generally speaking they use their powers of taxation scantily; only a few of the taxes which are within their power are actually imposed and the dues from fewer still are collected". Seventh Evaluation Report (1967) Programme Evaluation Organisation: Planning Commission, Chapter IV, para 2,5.
<table>
<thead>
<tr>
<th>Name of the Gram</th>
<th>Population</th>
<th>House-tax</th>
<th>Abhat tax</th>
<th>Fees</th>
<th>Any other source</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hagrota</td>
<td>2,700</td>
<td>27,778.00</td>
<td></td>
<td>1,910.00</td>
<td></td>
</tr>
<tr>
<td>Tharu</td>
<td>2,000</td>
<td>249.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sunsher</td>
<td>2,000</td>
<td>248.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Baljnath</td>
<td>4,500</td>
<td>270.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Khara Bala</td>
<td>1,500</td>
<td>169.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kolhi Swar</td>
<td>1,300</td>
<td>387.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sujampur</td>
<td>2,000</td>
<td>636.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Doli</td>
<td>1,070</td>
<td>287.50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Tira</td>
<td>625</td>
<td>109.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Hadam</td>
<td>3,000</td>
<td>414.00</td>
<td>577.00</td>
<td>1,345.00</td>
<td></td>
</tr>
<tr>
<td>Kohla</td>
<td>3,200</td>
<td>373.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kealoh</td>
<td>1,800</td>
<td>351.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Indora</td>
<td>2,144</td>
<td>600.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chinnamur</td>
<td>1,000</td>
<td>200.00</td>
<td>160.00</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dakwana</td>
<td>900</td>
<td>235.00</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Jhereth</td>
<td>3,500</td>
<td>204.00</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sources: Records of the respective Gram Panchayats.
Another feature of the House-tax is that huge arrears have accumulated everywhere. In this respect the performance of all the Gram Panchayats is the same. No variations occur between the performances of the Gram Panchayats of either the road-side villages or those of the interior or the interior-most areas. The Table No. 11 shows that since 1.4.1961, (taking 1961-64 as the base year) the arrears have been showing a steady upward trend. On 1.4.1966, the index stands at 156. On the collection side, there has been a marked decline after an appreciable increase in the year 1964-65.

The temporary phase of appreciable improvement in the collection of the house-tax, this writer understands is largely due to the over-enthusiasm of the newly elected Panches and Sarpanches (the Second Panchayat Election took place in the months of December, 1963), and January, 1964), who, as is the general human psychology, were too keen to improve the finances of their Gram Panchayats. They thus, appear to have made strenuous efforts to collect the arrears of the past years. But soon their enthusiasm dampened and, consequently, there again set in the same declining trend in the collection of the house-tax.

The heavy accumulation of the arrears of the house-tax has been a common feature everywhere. The assessment of the Fifth Evaluation Report on Panchayats of the Programme Evaluation Organisation (1958) in this behalf is "....... in most blocks the tax realization is less than 50 percent of the dues. In Bhathal it is as low as 17 percent, and in Pusa, 26 percent. Bunehat has comparatively
### Table No. 11

<table>
<thead>
<tr>
<th>Year</th>
<th>Balance in April 1964-65</th>
<th>Assessment during the year 1965-66</th>
<th>Collection during the year 1965-66</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Fig. 150</td>
<td>Index 135</td>
<td>Fig. 4,204</td>
</tr>
<tr>
<td>1963-64</td>
<td>9,970</td>
<td>145</td>
<td>5,990</td>
</tr>
<tr>
<td>1964-65</td>
<td>13,637</td>
<td>135</td>
<td>5,647</td>
</tr>
<tr>
<td>1965-66</td>
<td>14,677</td>
<td>135</td>
<td>5,647</td>
</tr>
</tbody>
</table>

**Sources:** Demand and Collection (House-tax) Registers, of the respective Gram Panchayats.

The best performance in this respect. The Survey conducted by the Indian Institute of Public Opinion, New Delhi, in 1964, to evaluate the Second Panchayat Elections in the Punjab, also reveals the same thing. It observes, "The respondents also complained that even these taxes were not properly collected and in certain villages there existed elements which evaded these taxes with impunity". The findings of the Rajasthan Government's Study Team on Panchayati Raj are also parallel. It observes, "A disquieting feature of the taxes imposed is the slow progress of recovery of taxes...... We find that actual realization

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of taxes imposed by the Panchayat Samitis is about 50 percent only. Though information could not be made available to us about the imposition and realisation of taxes by Panchayats, we are given to understand that the position of recovery of taxes in case of taxes is still worse.  

Efforts were made to find out the causes of this state of affairs. The analysis of the replies, as contained in Table no. 12 reveals that the whole official block (without an exception) and 27 percent of the non-officials (and half of the village elite) held the Panches and Sarpanches responsible for this accumulation. Opinions varied about the causes of their slackness. The officials and some of the village elite said that the village was a small compact society where the people were bound with one another by varied ties of relationship, the Panches and Sarpanches did not like to incur the displeasure of their voters by compelling them to pay their tax. Some of them even cited instances where the candidates at the polls had even held out promises that in case they were elected, they would neither levy nor collect any tax at all. Thus, the fear of getting unpopular was one reason why the Panches and Sarpanches did not take interest in collecting the taxes.  

The Team set up by the Association of Voluntary Agencies of

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2. Commenting on this fact, B. Maheshwari, on the basis of experience in Rajasthan, also remarks “General indifference and universal reluctance to tax are a rule”. Studies in Panchayati Raj, Op.Cit. p.22.
of Rural Development to study the working of Panchayati Raj in Andhra Pradesh also supported this view in their report. It has also been supported by the Programme Evaluation Organisation's Fifth Evaluation Report.

Three respondents (two officials and one non-official) said that since there did not exist any suitable and satisfactory arrangement for the collection of the taxes, the Panches and Sarpanches had to perform that unpleasant duty themselves. They hesitated to discharge that because of two factors. First, the job was very bothersome and thankless. Second, and the more important factor, was the cold response of the people. Since they did not want to pay taxes they generally tried to put off the Panches and Sarpanches when they approached them for the payments, by making one excuse or the other. The obvious result was that they had to visit them again and again to make the collection. Very small amount was collected in one round. Since the job of the Panches and Sarpanches was honorary, in nature, they did not like to waste their time in such semi-futile campaigns.

Another consideration that weighed with them was that the amount they were trying to collect was too petty and the botheration they had to undergo, was too heavy.


So they did not care to collect that paltry sum of two to three hundred rupees which even if collected hundred percent, would not be adequate to meet even a single need of the village. On the contrary, they thought it worthwhile to channel the same energies to other more fruitful pursuits, such as procuring some special grant for the village from a visiting minister or some Government agency. This writer heard an elderly gentleman, politically quite mature, advising the Sarpanch of his village in this manner, "Can ever the needs of the village be met out of the proceeds of the taxes. Better it is to rope in a Minister or to secure some grant than to make collection bit by bit". Thus, the indifferent attitude of the Panches and Sarpanches was responsible to a very great extent for the huge arrears of the house-tax.

The second reason, which, in the opinion of some respondents, accounted for the heavy accumulation was the reluctance of the people to pay the taxes. Although the officials and a substantial portion of the non-officials and did not agree to this view, but this writer feels that the non-officials were to some extent correct in pointing
out to this. Three reasons were advanced by the respondents for the reluctance of the people to pay taxes. First, there is the general aversion of the people to taxation. Since the dawn of the era of planning, the burden of the taxes has increased to such an extent that it has created among the people a deep rooted hatred towards them. The obvious consequence has been that the tax collectors have had to face tremendous difficulties in their work.

Second, there is the lack of confidence among the people in their panches and Sarpanches, which, in most cases, as this writer was told by the respondents, has been the result of the corrupt practices of the latter. In certain other cases, it was learnt that the unjust and unfair attitude of the Panches and Sarpanches, particularly in the assessment of the taxes and fees, had alienated the people's faith in their leaders.

In Bagrota Gram Panchayat, for instance, the people were so unhappy with the assessment of the house-tax that in

1. The repugnance of the people towards taxes is not a peculiar feature in India alone. It is a common feature all over the world. Certifying this, Finer says, "Many Commissions of inquiry have in their own expert way revealed a truth intuitively familiar to the man in the street. People are not passionately anxious to contribute to the rates, they prefer the world to forget them. At all times, indeed, a great force has been needed to overcome their repugnance to being taxed, and only alarming disorder and crime, panics caused by plagues and dangers hitherto abroad by propagandists, shameful results of popular ignorance have overcome it. The result is that local authorities have always had to be urged forward forcibly, either from outside, or by some of the more convinced or interested of local citizens. The rate-payers then attempt to transfer the burden to the Central authority or by getting relief, to other groups, of rate-payers". Herman Finer, English Local Government, Methuen and Coy., London, (1943), p. 378.
1963, as many as sixteen villagers filed objections against that with the Sub Divisional Officer (Civil) Kangra. Not only that but they so vigorously campaigned against the partisan attitude of the Sarpanch in particular, that they made the collection of the tax pretty difficult.

The third reason was that large and frequent doles of grants-in-aid to the villages had injected in the people an attitude of looking to the Government for everything. Hence they did not pay the tax.

The poverty of the people was also cited to be another factor responsible for this aversion to pay. The percentage of the respondents in favour of this reply was quite large, i.e. 46 percent. This writer does not agree with this opinion because he thinks that however low the economic conditions of a person may be, it is not beyond the means of any person to pay rupee one a year which, in other words, means eight paisa a month. The Study Team set up by the Government of India to study the position of the Panchayati Raj Finances, also held the opinion that it was not difficult for the people to pay the paltry sum of rupee one or two, per annum, to exempt a few people from this tax on the basis of poverty will not only seriously affect the tax yield for in a district like Kangra where poverty is

1. The Taxation File of the Gram Panchayat Nagrota.
rampant, (every-one would seek exception) but will also make their claim to the civic benefits somewhat inferior to those who pay the taxes. The Study Team on Panchayati Raj Finances very aptly remarks, "Payment of this tax will give them a feeling that they are directly contributing to the funds of the Panchayat and are, therefore, entitled to the services and amenities which it provides to all residents".

Table No. 12

<table>
<thead>
<tr>
<th>Nature of the reply</th>
<th>Non-officials</th>
<th>Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) People are reluctant to pay</td>
<td>12</td>
<td>25%</td>
</tr>
<tr>
<td>Becase</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) heavy burden of taxes</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>ii) General aversion of taxes</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>iii) Tendency to look to Government</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>iv) Lack of confidence in leaders</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>b) Too poor to pay</td>
<td>23</td>
<td>48%</td>
</tr>
<tr>
<td>c) Slackness of Panches and Sarpanches</td>
<td>10</td>
<td>27%</td>
</tr>
<tr>
<td>Because</td>
<td></td>
<td></td>
</tr>
<tr>
<td>i) the honorary nature of the job</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>ii) The fear of unpopularity</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>iii) Unsatisfactory agency of collection</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

1. Ibid, para 4.9.
Apart from the reasons adduced by the respondents, this writer feels that much depends upon the strength of the personality and the degree of devotion of the Sarpanch. It is his considered opinion that where the Sarpanches have taken a little initiative the rate of collection had increased; whereas in those villages where the command has remained in the same hands for the last few years, there has not been any appreciable progress towards the liquidation of the old arrears. The cases of Bajinath and Kothi Svar Gran Panchayats as compared to innumerable others, testify this observation. In the former case, the collection had increased from a paltry amount of Rs. 125 (for the whole year 1964-65) to Rs. 650.50 (the collection made during the first two months of the year 1965-66). In the latter village, the Gram Panchayat collected Rs. 633.50 (in 1964-65) as compared to Rs. 144.00 in the preceding year. The entire work of collection of the tax in that Gram Panchayat remained suspended during the following year and not a single 'paisa' could be credited to the Gram Fund from this source. The sole reason, as put forward by the non-official and the village elite, was that there was no Sarpanch (the old incumbent had died). This, to an extent, establishes the fact that the Sarpanch plays the central role even in the collection of taxes.

1. Demand and Collection (House-tax) Registers of the Kothi Svar and Bajinath Gram Panchayat for the years, 1964-65, and 1965-66.
In view of the poor performance of the Gram Panchayats in regard to the collection of the house-tax and its ever-mounting arrears, some of the respondents suggested that the Gram Panchayat being too small a body and having no efficient tax collecting machinery, should be completely relieved of the power of taxation. Such a step will not doubt save many a Sarpanch and Panch from this botheration, bordering on humiliation, but one feels that the Gram Panchayat in that case will become a beggar at the door of either the Government or the Panchayat Samiti, thereby losing even the shadow of power that it enjoys to-day. This very suggestion was also made by some people to the Study Team on Panchayati Raj Finances. It brushed it aside by saying, "We hold that a levy of at least a few compulsory taxes is essential not only to assure every Panchayat a small income from its own resources but also to emphasise the fact that it is a self-governing body."

Rajasthan Government's Study Team on Panchayati Raj also expressed itself in favour of vesting the Gram Panchayat with independent powers of taxation. Its observations are, "In the new set-up, we have recommended that all the three institutions, viz., Panchayat, Panchayat Samiti and Tila Parishad, will have executive functions. These institutions should, therefore, have some resources of their own besides the Government grants and assignment..."
of income. We, therefore, recommend that all the
three institutions should enjoy powers of taxation
in the prescribed spheres".

Hadfield and Mac Call, the authors of the book,
"British Local Government, also express themselves in the
same way. They remark "The truly local character of an
authority is in our opinion helped if it raises the bulk
of its own revenues. If it does not, it will sooner
or later cease to be a real focus of local feeling,
because it will dance to the tune of its paymaster".

As to the method of the collection of the house-tax
12 out of 16 Gram Panchayats perform this duty themselves,
whereas in the remaining four this task has been assigned
to the village headmen (Lambardars) who collect the tax
alongwith the land revenue and hand over the proceeds to
the Gram Panchayat after deducting their commission at the
rate of five percent.

The association of the village headman with
the collection of the house-tax may save the Panches and
Sarpanches from a huge botheration, and it may also lead
to an appreciable increase in the yield of the tax if the
headmen are pulled up by the higher authorities a little
bit. The Rajasthan Government's Study Team on Panchayati

1. Report of the Study Team on Panchayati Raj, (1964),

2. Hadfield, B.C.L, and Mac Call, James R., British Local
Government, London, Hutchinson's University Library,
Volume 14, p: 88.
Raj has also analysed this system by calling it "a step in the right direction, (which) will help the process of recovery". This writer feels that the system is bad in principle. It will, on the one hand, make the Panches and Sarpanches dependent upon the headmen and will, thus, destroy their spirit of independent action and confidence in themselves. On the other hand, it will instil in the villagers a sense of fear. To-day, they regard the Gram Panchayat an institution of the village, a sort of a co-operative venture. That is why they gladly and enthusiastically respond to the call of the Gram Panchayat for any Community work. But the association of a semi-government agency, as the village headmen, will give them a notion that the Gram Panchayat is also a semi-governmental organisation. All their love and confidence in it will shatter. This step may, ultimately, tell upon the democratic aspect of the functioning of the Gram Panchayat.

Projecting this opinion, the Programme Evaluation Organisations Fifth Evaluation Report remarks, "Tax collection is a difficult problem for the panchayats; they can neither afford to employ special collection staff nor exert great pressure on the tax payers, who do not as yet show a high sense of civic responsibility. Frequently Panchayats are assisted by revenue staff in collecting these taxes. . . . . . All this is a reflection

of the Panchayats' lack of confidence in themselves.
Moreover, reliance on the revenue staff to collect taxes
for them would tend to identify the Panchayat with the
executive arm of the Government in the eyes of the
villagers.

(b) 'Ahmat' tax.

Next to the house tax comes the 'Ahmat tax. It is
a sort of a market duty. All the incoming goods sold
in the market are subjected to this levy. It has been
imposed in four Gram Panchayats which either serve as
feeding markets to the surrounding villages, such as
Badaun and Sujampur Tira, or which grow fruits as Chineur
and Indora. This tax may either be auctioned or be col-
lected by the Gram Panchayat itself. But the prevalent
practice is that its collection is generally auctioned
to others. This tax is proving to be quite a lucrative
source of income to the Gram Panchayat. The villages of
Sujampur and Badaun, for instance, annually collect
Rs. 1,500/- and Rs. 677/- respectively. (Table No. 11).
Since it is leased out, the proceeds are assured and are
no longer left to the vagaries of the people or their
representatives.

(c) F.O.S.

A Gram Panchayat can levy three types of fees:
fee on services, such as cleaning and lighting of streets

1. A Study of Panchayats, the Fifth Evaluation Report,
and general sanitation, fee on the shop-keepers in the fairs for the use of the land they use to pitch up their tents (called the 'Teh. bazaar' fee), and the water-rate. As regards the Gram Panchayats covered in this survey, only three Gram Panchayats of the road-side villages, namely Nagrota, Sujanpur and Madanpur, have levied fees on the street cleaning and lighting services. The Gram Panchayats of other two road-side villages, namely Bajnath and Indora, have not levied them, because there these services are provided by the non-official bodies.

The Gram Panchayats which have levied these fees do not charge them from all the villagers. Only the beneficiaries, who are usually the shop-keepers (because the market places alone are cleaned and lighted) pay. The Nagrota Gram Panchayat is the only one of its kind which provides these services to the entire village and charges the fees from the whole village body. All those who are assessed for the house tax pay the sanitation fee which is equivalent to half of the house-tax. This feature again is a remnant of the past municipal administration.

The Gram Panchayats of the interior and interior-most villages have not levied any service fee at all, because they do not maintain any such services. As to the reasons for this, this writer was informally told by some of his respondents that they did not feel the necessity of such

civic amenities as paved streets, cleaning of the pathways or lighting them at night. The population of these villages, they added, was so scattered that it was financially difficult to either pave all the streets or to cleanse them regularly. The little paths which served the villagers isolated hamlets got automatically washed by the rain water which in the hilly district of Kangra came pouring down every now and then. Besides, the village housewives clean their surroundings early in the morning every day. Hence little need was felt for the Gram Panchayat to undertake to itself to cleanse the streets.

There may be some substance in what the respondents said. But it is felt that the villagers in these hilly areas are so much rooted in the traditional thinking of the past that they could not develop a consciousness for these services. They still remain steeped in ignorance and stuck up in the old ways of living. Hence there is little awareness for the values of better living.

The 'teh-bazari' fee has not been levied anywhere. The Gram Panchayats seem to have left the entire headache of the village fairs to the Panchayat Samitis who are empowered to levy the fee on fairs. The respondents when asked why they were not interested in the levy of the 'teh-bazari' fee, expressed two reasons. First, most of them said that either the fairs were not held within their areas or if held, these were too small to yield a substantial income. Second, the collection work was a difficult problem.

As far as the water-rate is concerned, Bagrota is the only Gram Panchayat where it is levied. The Gram
Panchayat maintains a piped supply of drinking water. It charges the water-rate from those beneficiaries who have been provided with private water connections. Their number is 39 and the total annual income from this source is Rs. 100/- or so (it was Rs. 103.50 in 1955-56). No other village maintains a piped system of water supply. They mostly depend upon the wells and natural springs. Hence there is little scope for the levy of the water-rate.

2. Grant-in-aid:

The second source of income of a Gram Panchayat is the grant-in-aid which it gets from the State Government. The grants are of two types. First, those which are given on an annual basis, and, second, those which are made available to the Gram Panchayats on an ad hoc basis. In the former category falls the land revenue grant. Every Gram Panchayat is given a grant equivalent to ten percent of the land revenue collected from the concerned panchayat area. This grant is too insignificant (Table No. 11). Its annual yield ranges from Rs. 95 (Rs. 285 for three years) in the case of Baroh to Rs. 17,47 in the case of Tira. The reason is that as much as 68 percent land in the district (i.e., 25,82,000 acres out of the total of 39,66,000 acres) is rendered waste by hills, rivers and ravines. Another 15

2. The Punjab Gram Panchayat Act, 1952, Section 81, Sub-section (1).
Grant-in-Aid

Item-wise Split-up.

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land Revenue</td>
<td>2.3</td>
</tr>
<tr>
<td>School Buildings</td>
<td>10.6</td>
</tr>
<tr>
<td>Irrigation</td>
<td>39.0</td>
</tr>
<tr>
<td>Drinking Water Projects</td>
<td>0.5</td>
</tr>
<tr>
<td>Children Parks</td>
<td>3.0</td>
</tr>
<tr>
<td>Community Centres</td>
<td>10.7</td>
</tr>
<tr>
<td>Street Pavement</td>
<td>0.9</td>
</tr>
<tr>
<td>Public Urinals</td>
<td>0.0</td>
</tr>
<tr>
<td>Miscellaneous</td>
<td></td>
</tr>
</tbody>
</table>
percent is covered by forests (i.e. 6,12,000 acres). Only 17 percent is available for cultivation and that alone is subject to the levy of the land revenue. Obviously, the share of the land revenue of the Gram Panchayat is too little. The situation in the 'Changar' highland and the Thiwlik zone is still worse because very few pieces of land are available for cultivation. That is why there occur marked variations in the share of the land revenue that the Gram Panchayats of the Nagrota, Baijnath and Indora blocks get, on the one hand, and, those of the Badam and Sujanpur blocks, on the other.

Since the beginning of the development work, a large number of grants are channelled to the Gram Panchayats for various development projects. These are purposive grants and are given on the matching basis, i.e. the recipient Gram Panchayats are supposed to contribute a part of the expenditure in the form of labour, cash, or material. The share of the Gram Panchayat is generally fixed at 12.5 percent, but is sometimes revised by the higher authorities.

It has been found that the minor irrigation projects have received the largest share of the grants-in-aid, i.e. 39 percent. The land in Kangra district is mostly irrigated by means of small water-channels called 'kuhls'. These are maintained by the beneficiaries. The Gram Panchayats are given substantial amount of money every year in order to enable them to keep these channels in proper

1. Ibid.
gear by affecting timely repairs and other necessary improvements. The Gram Panchayats also contribute a part of their share in the form of full labour and some money.

Next in order to priority come the drinking water projects. Although the number of the recipient Gram Panchayats is the largest, i.e., 13 out of 16, yet in respect of the quantum of the grant, it comes next to that of the minor irrigation (25 percent). The supply of the safe drinking water is a great problem in Kangra district in particular. The usual sources are the wells and natural water-springs. The Gram Panchayats have been given grants in order to sink new wells, or to repair the existing ones. In certain places, as for instance, Bajnath and Bagrota Bagwan, the Gram Panchayats have been assisted to augment the existing supply of tapped water.

Education is the third item on the list. Although education in all its phases is the concern of the Government in the Punjab, yet the Gram Panchayats have been assigned the function of maintaining the existing primary school buildings or to provide for the additional accommodation, if the school is to be upgraded to the higher standard. The Gram Panchayats of the interior and interior-most villages have evinced comparatively greater interest in building schools in their localities. They have, thus, been the major recipients of the grants-in-aid under this head. If the road-side villages have not received grants-in-aid for schools, the only possible of reason is that almost all/then have well established high or higher secondary Government or privately managed schools; hence their needs are little.
Nine Gram Panchayats have received grants-in-aid for the pavement of village streets or to provide culverts on the village paths. Two Gram Panchayats have been the recipients of the grants-in-aid for the construction of public latrines and urinals. In regard to these two activities, the road-side villages have been more enthusiastic as compared to those that are situated away from the roads. The greater consciousness for civic amenities, prevailing in the road-side villages, perhaps accounts for this.

The analysis of the figures, further, reveals that the Gram Panchayats of the road-side villages have been the recipients of the largest amount of grants-in-aid i.e. 42.7 percent. The Gram Panchayats of the interior have taken 36 percent, leaving only 21.3 percent to those of the interior-most villages. The only reason that appears to be responsible for this unequal distribution of the grants-in-aid is the greater voice and access of the road-side Gram Panchayats' representatives with the councils of the Panchayat Samiti, due to their higher levels of education and political consciousness. On the other hand, if the Gram Panchayats of the interior-most villages did not get enough, the reason is that they failed to get their interests duly recognised.

As regards the performance of the Gram Panchayats in the execution of projects and the utilisation of the grants-in-aid, their record is not unsatisfactory. Out of the total amount of Rs. 1,09,450.45 that was received as grants-in-aid by the various Gram Panchayats under various
Grant-in-aid Geographic Approach

Percentage

- Road-side villages
- Interior villages
- Interior-most villages
heads during the last three years, only Rs. 8,496 (8 percent) lies unspent. The rate of performance comes to 92 percent. A variety of reasons were cited to be responsible for not utilizing the whole grant. The most important was the irregular supply of cement. Another was the inadequate planning on the part of the Panchayat Samiti in the distribution of grants. One Sarpanch disclosed that they asked for three thousand rupees for the construction of a room for the school. The Panchayat Samiti sanctioned only one thousand. It was not possible to construct a road with that paltry amount and so the amount of rupees one thousand remained unutilised.

Government grants-in-aid have proved helpful to these bodies to an extent. Our villages had chronically suffered from lack of the financial resources. That was the reason why they presented such a miserable state of affairs. It is as a result of these grants that to-day we find as many as ten villages have provided additional accommodation to their schools and hospitals. The cases of the Nagrote, Jharath and Rainkwan Gram Panchayats are noted worthy in this respect. They have been able to construct beautiful buildings for their schools and hospitals. The inhabitants of thirteen villages to-day get supply of safe drinking water because their Gram Panchayat, with the help of Government grant-in-aid, have renovated the existing wells and springs. Two of them have even managed to have the piped supply of water. Eight Gram Panchayats have undertaken the task of improving the village paths. In four villages the streets have either been paved or the
work in hand. In this way, the Government's grant-in-aid has been helpful to them.

But, at the same time this system has done some harm as well. It has made the people inactive and inert to some extent. All the initiative and the spirit of self-help which they once possessed in abundance (a proof of which can still be witnessed to-day from the innumerable examples of the beautifully laid out 'pure' village paths, the culverts, the water-springs and the like, constructed by the people themselves without putting the slightest strain on the State exchequer) have now faded out. As for instance, it was learnt that at Sujumur a project of tapped water supply was prepared. It was estimated to cost rupees one lakh. The residents of the village were asked to contribute Rs. 12,500/- . But they are not prepared to do so, not because they cannot pay but because they do not wish to pay. In Nagrota, the Panchayat Samiti sanctioned Rs. 750 for the pavement of a street, the beneficiaries did not contribute their share of Rs. 250. Apart from these examples the Sarpanches complained almost everywhere that whenever they got a grant, it became awfully difficult for

1. Henry Maddick also makes a similar observation. He says, "The first is the temptation to rely all the time on money from the Central Government. The widespread failure by the public in all countries to realise the hard truth that services and projects have to be paid for by someone is more pronounced in developing countries where the common impression of central resources is that they are of infinite extent...... This attitude undermines self-reliance self-help and independent action which is one of the objectives of a local government system". Democracy Decentralisation and Development, Op. Cit., p. 141.
them to raise the matching share from the people. Some of them even said that they did not like to run after the grants because, these, later on, turned into self-invited problems. The general tendency on the part of everyone is to look to the Government for every type of assistance. The Study Team on Democratic Decentralisation in Rajasthan, appointed by the Association of Voluntary Agencies for Rural Development also makes the same complaint. It observes, "The tendency to look to Government for every type of initiative and assistance is coming in the way of local initiative and mobilisation of man power".

Some of the respondents interviewed also seem to hold this view. When asked why the contribution of the people towards the various schemes undertaken by the Gram Panchayats had been poor while three non-officials did not admit of this contention, as many as 15 (11 non-officials and 4 officials) were in favour of this view that too frequent doles of grants-in-aid had made them dependent upon the Government's generosity (Table No. 14).

During the informal discussions that this writer had with the respondents, another ill-effect of the system of the grants-in-aid came to light. It was disclosed that these grants had driven people to adopt unhealthy and dishonest practices. With a view to avoiding their share of the contribution, they quite often made

false entries on the muster-roll and inflated the construction bill. They also spared no efforts to corrupt the inspection staff in order to obtain the completion certificate. A rough idea of the degree of prevalence of these mal-practices can be had from two facts. First, out of the total number of thirteen Sarpanches either suspended or removed by the Government in the district of Kangra as many as eight had been found guilty of the misuse of funds or of forgery of accounts. Second, the study of the inspection and audit reports of such authorities as the District Development Officer, Sub-Divisional Officer (Civil) and the Examiner, Local Fund Accounts, reveal that the Gram Panchayats had quite often not done the measurements according to the prescribed schedule, had not maintained the muster rolls in the proper order, had not obtained the sanction letters and the completion certificates.

All this shows that the men at the helm of affairs of Gram Panchayats lacked integrity of character. But all that is not to suggest that the current practice of the State assistance be done away with. The current economic conditions of the countryside badly require these grants-in-aid to nourish the otherwise broken state of the local bodies finances. What is needed is that the authorities should take note of these problems.

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Table No. 14

1. Why has the contribution of the people towards the various schemes undertaken by the Gram Panchayat from time to time been poor? What do you think are the reasons thereof?

<table>
<thead>
<tr>
<th>No.</th>
<th>Nature of the reply</th>
<th>Non-officials</th>
<th>Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Poverty of the people.</td>
<td>14</td>
<td>2</td>
</tr>
<tr>
<td>2.</td>
<td>Lack of confidence in the leaders.</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>3.</td>
<td>Lack of enthusiasm on the part of the people.</td>
<td>22</td>
<td>2</td>
</tr>
<tr>
<td>4.</td>
<td>Factionalism and vested interests.</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>5.</td>
<td>Attitude of dependence on Government and lust for grants.</td>
<td>11</td>
<td>4</td>
</tr>
<tr>
<td>6.</td>
<td>No faith in Panchayati Raj.</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>7.</td>
<td>No such problem at all, people contribute liberally.</td>
<td>3</td>
<td>-</td>
</tr>
</tbody>
</table>

1. Common-land

The next source of income of the Gram Panchayat is the yield from their own property. Amongst the various items of their property the most promising and lucrative one is the common land. In the district of Kangra, as elsewhere, large pieces of land almost in every village have been traditionally set apart for the common use of the villagers. The proprietary rights in regard to the common-land previously vested in the entire community of the right-holders of the village and they were entitled to the various benefits which accrued from these lands. But
Recently, the Government transferred these rights to the Gram Panchayats with the hope that if these lands were put to some productive use, substantial amount of income would accrue to each Gram Panchayat. But so far as the Gram Panchayats under study are concerned, this hope, till now has not been realised. Out of the total number of sixteen Gram Panchayats, there are only five which can be said to earn some income (Table No. 15). The rest do not get any income from them. It is really surprising that Gram Panchayats like Kothi Chaw and an Jhareth, with a large/acreage of common land as 25,419 or 2,369, have no income whatsoever from this source.

A number of reasons account for this state of affairs. The first and foremost problem is of forests. The Amgra district, is hilly in nature and so 6,12,000 acres out of the total area of 39,68,000 acres, i.e. 15 per cent, is covered by forests. Five Gram Panchayats of the sample also grow thick forests on their common land. In the case of Kothi Chaw and Baroh Gram Panchayats, the whole common-land is under forests. In the rest, a substantial part of the land is covered by them.

The forests are a precious wealth and the Gram Panchayats owning them possess a very lucrative source of income. But at present they do not get anything at all.

2. As far as Kothi Chaw is concerned, its income from this source has been shown in the Table at Rs. 6,356.66. But as a matter of fact, it is not the income from the common land. It is a compensation that the Gram Panchayat gets from the Government by way of compensation for the anti-erosion measures.
The reason is that an old law categorised these forest into two classes, namely 'undeclared protected areas' and 'unenclosed areas'. This classification has created an anomalous situation. The entire income of these areas goes to the State Government. If somehow the forest withers away (which it will never do under the expert care of the forest department) the land can be put to any use by its 'de-jure' owners. But so long as the forest remains green, the Gram Panchayats cannot lay any claim either to its wood or to the income accruing therefrom. In this way, all these Gram Panchayats are being constantly deprived of the income of their own property. How grave the injustice is becomes clear when we consider the fact that there is, on one hand, the Gram Panchayats of Bari, (Kangra Block) which, it is learnt, earns twenty-five thousand rupees every year, by quarrying slates from the mines located in its common lands, and, on the other, there are Gram Panchayats such as Baroh, Lothi wear etc., whose entire area of the common land is covered with the forests and do not get even a penny of income from them (Table No. 15).

It was disclosed that only recently a representation was made to the State Government for the release of these forests but the suggestion was turned down on the plea that the Gram Panchayats will never be able

1. The Indian Forest Act, 1927, Section 11
maintain them properly. The Government on their part had reasons to turn down the request of the Gram Panchayat because of their sad experience of the way the 'Ban-Muafi' jungles (on which the villages had free lease) had worn out. But it appears very unreasonable that the Gram Panchayat be denied the benefit of the produce of their rightful property. So it is necessary that some method be devised under which a part, if not the whole, of the income of these forests be reimburced to the Gram Panchayat concerned.

Second, the Gram Panchayats of the district are further handicapped by the innumerable streams and rivers that intercept the valley. A fairly large portion of these lands is rendered waste by their vast expanse and their continuous erosion of the soil. The entire

1. The question of forests vis-a-vis their control and maintenance by the Gram Panchayats received the attention of the Government as early as 1959 when it cropped up for discussion in the Fifth Conference of the Central Council of Local Self Government Ministers. The Bihar Government in a note contained in the Explanatory Memorandum on Agenda Item No. XIV, recommended to the Council that all the forests (except the reserved ones) be transferred to the control of the Gram Panchayats. It commended the scheme on the basis of their own experience. They had transferred the control of the forests in Ranchi and Palamu districts. Relating their experience, the note said: "The experiment has yielded very encouraging results. The forests are being protected better than ever before. During this period, there has been no complaints against the forest staff. The people have themselves carried out small plantations in blank patches of the forest as they realise that surplus yield would finally come to them... Secondly, because of the feeling of joint ownership, the Panchayats and the right holders individually are vigilant that no body shall take from the common pool of the crop more produce than what he strictly needs. The result is that surplus is now left behind for sale in a number of cases instead of deficit with which the experiment was started". The Council commended the scheme to all the States. Report of the Proceedings of the Fifth Meeting of the Central Council of Local Self Government (Hyderabad) Oct. 1959, Part II
common-land of such Gram Panchayats as Indera or Chinar is covered by the river-beds (Table No. 15). Even in these unfavourable conditions, these lands did assure some monetary return to the Gram Panchayats. They possessed the mineral rights in such materials as sand and stone. The Gram Panchayats earned something from that source. As for example, Gram Panchayat Tharu earned about 1 Rs. 300 per annum. But, of late, the Government has taken over all those rights, presumably with the intention of protecting the soil from the menace of erosion which took place by the reckless extraction of sand and stone by the people. This step of the Government is undoubtedly a very beneficial measure. But it has, further deprived the Gram Panchayats of the little income that they got. The Government should have provided for some alternative compensatory measure.

The third obstacle in putting the common land to some profitable use is the heavy encroachment by the

1. The Immovable Property (Common-land) Register, Gram Panchayat Tharu.

2. There was a controversy between the Development and Panchayat Department and the Forest Department of the Punjab Government. The former asserted that the Gram Panchayats had mineral and mining rights over the common-lands. But the latter held the opinion that under the Indian Forest Act, 1927, section 64, it can debar the people from extracting sand and stone in the catchment areas in order to avoid the reckless erosion of the soil. The Government agreeing with the latter amended the Punjab Mines and Mineral Rules in 1955.
private individuals. Some have illegally raised structures on them while others have annexed them with their adjoining lands. The problem is acute in the thickly populated villages of Nagrota Bagwan, and Sujampur. In Nagrota as much as 11 percent (i.e., 110 kanals out of the total of 981.16 kanals) is under ill-possession. There some people have built shops and houses on the common land and from them they earn hundreds of rupees by way of rent every year. So much so that even the Government have not spared an opportunity and have constructed, on the common land, a P.W.D. Inspectors bungalows without paying any thing to the Gram Panchayat concerned for the land. Although the acreage thus illegally encroached upon in respect of these villages is very little, yet if we consider the location of these plots (all of them are centrally located, hence ideally fit for building purposes) and the high value of land there, the loss incurred by the Gram Panchayat is quite heavy.

The ejection of these unwarranted occupants poses a very formidable challenge. The Government have fully authorised the Gram Panchayats to secure the possession of the common land, may be with the help of law. But it was found by this writer that very little effort has been made to recover the possession. At Nagrota, Tharu and Sujampur the Gram Panchayats took some initiative in this

1. The Immovable Property (Common-land) Register, Gram Panchayat, Nagrota.
But all their efforts remained confined to the personal approach and unofficial entreaties to the trespassers. All these methods are ineffective to deter the hard-headed and stuborn villagers. The only alternative is to have recourse to the law-courts. But this would involve the Gram Panchayats in litigation for which they are seldom prepared, partly because the panches and Sarpanches would lose the goodwill of their co-villagers, when they would eject and partly because they do not have enough funds to meet the cost of litigation. In his informal discussion, this writer asked the panches and Sarpanches of these Gram Panchayats where the problem of illegal encroachment was acute, how those intruders could be removed. On their own part, most of them felt helpless and quite a few of them gave a suggestion, that, since the Government possessed a far sounder financial position and its hold on the people was also greater, it should undertake itself the unpleasant duty of recovering the possession of those lands and later on to pass on their possession, to the Gram Panchayats. These bodies would then be in a better position to put them to the best and the fullest use.

The suggestion apparently is quite a nice one. It will, no doubt, relieve the Gram Panchayats of much of their botheration and will also go a long way in toning up their financial health. But it will mean an encroachment on their autonomous jurisdiction by the State Government on the one hand, and will affect their capacity to function independently on the other.
Finally, the hilly nature of the tract and the acute scarcity of the means of perennial irrigation is another obstacle in the way of deriving a sizeable income from the common land. In the plains of the Punjab, the bulk of these lands is cultivable and well-irrigated. Wherever canal water is not available it is easy to put up a tube-well. The Gram Panchayat there, very conveniently lease them out to the individuals for cultivation at a handsome bid. In this way, they earn a lot of money and, at the same time, they are not to exert themselves much. But the Gram Panchayats of the district of Kangra are doubly handicapped. Firstly, very little of the common land is cultivable and, secondly, wherever there are available a few acres of cultivable land, there does not exist any suitable system of irrigation. If substantial return is to be had from them, the Gram Panchayats will have to labour hard for a couple of years because the only purposeful use to which they could be put is the growing of fruit-gardens, mulberry plantations and the like. This requires both money and sustained efforts for a long time for which the Panches seldom have the patience.

In this respect, the cases of a few villages are worth mentioning. The Gram Panchayats of Tharu and Nangiota as their Sarpanches revealed, have very ambitious plans to put their common land to productive use. They propose to set up fruit gardens. As the land is full of stones, their plan can only mature when the stones have been extracted. After that work is accomplished, they
will plant trees and will have to wait for a couple of years before the full benefit is had. Compared with these efforts are the measures undertaken by the Gram Panchayats of Patter Kalan and Mariana (Jullundur West) Block. They have respectively thirty and twenty-nine acres of common land. When they got the possession of these land, they at once leased that for cultivation. In the initial year the return was comparatively less. But in the year following, i.e., 1963-64, the lease money they fetched was in the order of Rs. 3,485 and Rs. 3,366 respectively. The Social Education and Panchayat Officer of the Panchayat Samiti concerned disclosed that these were not solitary cases. Almost everywhere in the plains the income from the common-land was appreciable. Wherever it was not, the fault lay with the Gram Panchayats which due to village factions did not take interest.

The Annual Administrative Report of the Development and Panchayat Department, Punjab, 1964-65, mentions that the Government has created a Land Development Division in the Panchayati Raj Public Works Circle. As a result of the efforts of that Division, the Gram Panchayats have been successful in purchasing 103 tractors, sinking 482 percolation wells, and installing 109 tube wells.

1. The Common-land income file of the Social Education and Panchayat Officer, Jullundur West.
All this refers to the work in the plains. The land in the Kangra district, as stated in the foregoing paragraph, is totally unfit for either tractor cultivation or sinking wells. These figures, further certify the restricted position of the Gram Panchayats of this district in regard to the common land.

To sum up, the problem of the common-land is quite a delicate one. In view of the wide-spread forests (whose interests cannot be sacrificed without ensuring adequate measures for their proper maintenance), and the huge wastage of the land due to rivers and ravines, the common-land is unable to render substantial financial aid to the Gram Panchayats. The Government shall have to chalk out a long range programme of developing orchards there.

4. Miscellaneous sources of income:

So far as other sources of income are concerned, these are practically non-existent. Three Gram Panchayats have constructed fish tanks and one has built shops and flats. Apart from these four Gram Panchayats, the others have nothing else to fall back upon except taxes and grants-in-aid. But there is noticeable a happy trend and that is that the Gram Panchayats are becoming increasingly conscious of the need for improving their resources. The construction of shop-cum-flats has become quite a popular project. As many as six more Gram Panchayats have drawn somewhat comprehensive plans in this behalf.
5. **Loans.**

Stressing the vital role that the Gram Panchayats can play in the reconstruction programme of the country-side the Second Five Year Plan desired the State Governments to help these bodies with increasing monetary assistance. It is in keeping with the spirit of that wish of the Planning Commission that the Punjab Government initiated the Programme of Financial Assistance to Panchayats for expenditure on Revenue Earning Schemes.

Under this programme, the Government puts at the disposal of the State Director of Panchayats a certain fixed amount of money every year which is to distribute among Gram Panchayats in the form of loan. The projects for which the loans are sought by the Panchayats are first examined and approved by the Deputy Commissioner. This loan is interest-free and is to be paid in easy instalments in the course of the next thirty years.

In the district of Kangra, as Table No. 16 indicates, a sum of Rs. 5,09,500 has so far been distributed and as many as 116 Gram Panchayats have drawn benefit out of this programme.

The Table No. 16 indicates that the amount of loan advanced during the Second Five Year Plan period (i.e. between 1957-58 and 1960-61) stood at Rs. 3,62,500.

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*3. Second Five Year Plan, Chapter VII, para 16.

2. The Programme was announced vide Memo No. 1941-P011-37/3951, dated May 22/23, 1957, from the Planning and Development Commissioner, and Secretary to Government, Punjab, Planning Department.*
Table No. 16

Showing the details of the Financial Assistance given to the various Gram Panchayats in Kangra District for expenditure on Revenuearning Schemes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
<th>Number of Gram Panchayats</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957-58</td>
<td>60,000</td>
<td>19</td>
</tr>
<tr>
<td>1958-59</td>
<td>43,000</td>
<td>9</td>
</tr>
<tr>
<td>1959-60</td>
<td>64,000</td>
<td>13</td>
</tr>
<tr>
<td>1960-61</td>
<td>2,15,500</td>
<td>49</td>
</tr>
<tr>
<td>1961-62</td>
<td>43,000</td>
<td>7</td>
</tr>
<tr>
<td>1962-63</td>
<td>75,000</td>
<td>8</td>
</tr>
<tr>
<td>1963-64</td>
<td>48,000</td>
<td>8</td>
</tr>
<tr>
<td>1964-65</td>
<td>49,000</td>
<td>8</td>
</tr>
<tr>
<td>1965-66</td>
<td>8,000</td>
<td>1</td>
</tr>
<tr>
<td>Total:</td>
<td>5,99,500</td>
<td>116</td>
</tr>
</tbody>
</table>

Sources:— Records of the Office, Director of Panchayats, Punjab, Chandigarh.

whereas in the third Five Year Plan period, it was Rs. 2,77,000 only. A similar fall is noticed in the number of the recipient Gram Panchayats (i.e. from 84 to 32).

Two reasons, according to the district and State authorities, account for this. First, the budgetary allotment under this head, as under so many others, were drastically curtailed due to the tight financial position resulting from the Chinese and Pakistan conflicts with India.

Second, the interest of the Gram Panchayats also were cut gradually and that provided an additional ground for
the authorities to axe the allotments under this head more than anyone else.

This trend is quite a discouraging one, particularly when one views that in the year 1965-66 only one Gram Panchayat got benefit out of the Scheme whereas in 1960-61, their number stood at 49. It is especially so, first, because it makes credit available in abundance, and, second, the terms of the loan are quite easy, and, finally, it inspires initiative and confidence among the Gram Panchayats for independent action. A number of Gram Panchayats have derived immense benefit from this scheme by creating good income yielding resources. The Baijmath Gram Panchayat, for example, took a loan of Rs. 14,500 and constructed shops-cum-flats. Its annual earning from their rent is Rs. 9,000. It and many others, propose to set up motor stands by obtaining loan under this programme and hope to earn Rs. 10,000 per annum each. The programme, thus, needs to be augmented instead of being gradually wound up.

The foregoing analysis reveals that the Gram Panchayats of the Kangra district put their main reliance on three sources of finance, namely, the house-tax, the common-land and the grants-in-aid. The per capita

income of the Gram Panchayats from the house-tax comes to Rs. 0.15 (while computing it, the case of the Nagrota Gram Panchayat, which as stated earlier, being an exceptional one was not considered) and that from the common-land comes to Rs. 0.29. The Government's grants-in-aid accounts for Rs. 1.00 per capita. It can, thus, be safely remarked that the Gram Panchayats are exclusively depending upon the government charity. Their own sources are practically nil.

This is quite a disappointing feature in view of the fact that the Gram Panchayat is to be the basic foundation upon which is to rest the whole structure of our democracy. Unless it gives a good account of itself the democracy at the top will get weak. Among the various factors that go to make the institutions of local government effective and strong, finance is perhaps the most important one, which, in respect of the Gram Panchayats, is, unfortunately, too bad.

This writer tried to find out from the respondents the ways and means by which the financial health of the Gram Panchayats can be improved. Several suggestions were put forward (Table No. 17). A very large number of respondents suggested that the village common-land should be developed by putting up fruit gardens, mulberry plantations, forestation, and by growing grass (if nothing else was possible) and by leasing out those patches which were, or could be made, fit for cultivation. Those who belonged to such villages as had their whole or major portion of the common lands enclosed
Table No. 17

The financial health of the Gram Panchayats is too bad. How can it be improved?

<table>
<thead>
<tr>
<th>No</th>
<th>Nature of the reply</th>
<th>Non-officials</th>
<th>Officials</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Residential Houses be built.</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>2.</td>
<td>Dus-stands be constructed.</td>
<td>12</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>Development of fisheries.</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td>4.</td>
<td>Development of common-land</td>
<td>21</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>a) by horticulture.</td>
<td>10</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>b) by growing grass</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>c) by growing forests</td>
<td>5</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td>d) by leasing for cultivation</td>
<td>10</td>
<td>-</td>
</tr>
<tr>
<td>5.</td>
<td>Land Revenue share be increased</td>
<td>-</td>
<td>4</td>
</tr>
<tr>
<td>6.</td>
<td>Liberal Government Grants</td>
<td>-</td>
<td>6</td>
</tr>
<tr>
<td>7.</td>
<td>Marriage tax be imposed</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>8.</td>
<td>Construction of Tourist huts</td>
<td>4</td>
<td>-</td>
</tr>
<tr>
<td>9.</td>
<td>Octroi be imposed</td>
<td>8</td>
<td>2</td>
</tr>
<tr>
<td>10.</td>
<td>Profession tax be given to Gram Panchayats.</td>
<td>2</td>
<td>-</td>
</tr>
<tr>
<td>11.</td>
<td>Composting of village refuse</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>12.</td>
<td>Tax on Gram Panchayat roads</td>
<td>1</td>
<td>-</td>
</tr>
<tr>
<td>13.</td>
<td>No reply.</td>
<td>4</td>
<td>-</td>
</tr>
</tbody>
</table>
in the forests, demanded compensation for the same.

The next important suggestion was that there existed a vast scope for the development of fisheries. They wanted the construction of small tanks for the purpose. But the opinion on this point was divided. Some of the respondents opined that the return from this source was not very appreciable and, moreover, there was involved in it an element of theft and mass-scale destruction. Hence they disapproved this suggestion.

The respondents residing in the road-side bigger villages, such as Nagrota, Baijmath, Sujampur, etc., suggested that the bus-stands be constructed by the Gram Panchayats. It was estimated that the Gram Panchayats of the first two named villages would earn to the tune of Rs. 10,000 per annum each. The suggestion is really worth considering. Some of the respondents pleaded that the share of the land-revenue be increased from 10% to 25% and even 50%. One person went to the extent of proposing that the whole of it be passed on to the Gram Panchayat. The official block was more vocal in regard to this suggestion. A section of the respondents (though a smaller one) suggested that the Gram Panchayats should construct the residential houses for the teachers and other outsiders, who reside in the villages. That would fetch them some rent and would also solve the accommodation problem of the employees. Besides, these important and widely held suggestions, a variety of other ideas were put forward. These ranged from the vesting of the professional tax
in the Gram Panchayats to the digging of the composts for the dumping of the village refuse. It is also worth mentioning that as many as 8 respondents had no suggestion to put forward. They either did not feel the pinch of the financial hardship or did not ever care to give a thought to this problem.

The Study Team on the Panchayati Raj Finances set up by the Government of India in 1969 went deep into the question of how to gear up the financial health of the Gram Panchayats. It recommended that each Gram Panchayat should compulsorily levy the house tax, profession tax and the vehicle tax. The house-tax is already a compulsory affair in the Punjab. But so far as the other two taxes are concerned, they fall in the revenue jurisdiction of the Panchayat Samiti. Since the village is too small a community and the Gram Panchayat lacks both the will to tax and the mechanism to collect it, this writer feels that it is not wise to transfer these taxes to the Gram Panchayat. The status-quot is worth maintaining. The Study Team has further recommended the levy of a tax comparable to the local 'Ahrit tax', i.e. on the village produce sold in the local market. This tax is already in vogue in those places where it is feasible.

Among other suggestions of the Study Team,

2. Ibid, paragraph No. 4, 16 (a).
important ones are those of the pilgrim tax, and the animal tax. The district of Kangra has a number of famous shrines such as those at Kangra proper, Jawalasamhi, Baba Deodasida, 'Gaga', etc. These attract thousands of pilgrims every year. The pilgrim tax can, thus, fetch a huge yield. If this tax is left to the Gram Panchayats only a few will derive benefit and their income will be so large that their coffers will overflow with money. It is, therefore, better if this tax is also levied by the Panchayat Samiti. As for the tax on animals, Kangra district does not have much animal wealth. Moreover, there are not held many animal shows or 'malas'. It is, therefore, not a profitable suggestion.

The best source of income and which can really go a long way in strengthening the Gram Panchayats funds is the one made by the Study Team in regard to Stamp Duty. The Punjab Gram Panchayat Act, 1952, also empowers the Gram Panchayats to levy a 2½ levy by way of Stamp Duty on all the sale and mortgage deeds of the movable and immovable property of the village. Since the provision in the Punjab Act makes it a discretionary affair, the Gram Panchayats which are already unwilling to levy and to collect the House-tax will certainly

1. Ibid, para 4.16 (c).
2. Ibid, para 4.16 (d).
3. Ibid, para 4.27.
4. The Punjab Gram Panchayat Act, (1952), Section 82, Sub-section 11, claus (c).
not like to impose this duty. Nowhere in the district has it been imposed. Besides, 2 percent is too low to fetch a substantial income. Hence the suggestion of the Study Team is a nice one, namely that surcharge on Stamp Duty not exceeding five percent be levied by the State Government and be collected by it along with the State’s stamp duty. It, further, recommends that the duty so collected within the area of a Panchayat Samiti be distributed in an equitable manner between the Samiti and its Panchayats. But this suggestion of the equitable distribution is not good in view of the plea of this writer for the continuance of the status-quo in regard to the profession and vehicle taxes and further allowing the Panchayat Samitis to levy the pilgrim and ‘mala’ taxes. The surcharge on the Stamp Duty should be wholly distributed among the Gram Panchayats.

To sum up, one feels that the financial health of the Gram Panchayats of the district of Kundra can be improved if the following steps are taken.

a) The bigger villages, such as Nagrota, Baijmath, Paprola, etc., should be allowed to impose the octroii duty. Although the study team have expressed themselves against this levy calling it a “regressive tax”, yet there is not suitable and equally lucrative alternative. It is thus a ‘must’.

2. Ibid, 4.16, (b).
(b) The road-side villages be encouraged to construct motor stands.

(c) The Government should make a provision for the reimbursement of a sizeable portion (if not the whole) of the income of the forests, grown in the village common-lands. Where there are the forest co-operative societies the whole of their income and all other benefits available to the members of the same, be made over to the Gram Panchayats.

(d) The Government should encourage the Gram Panchayats to take loans in an increasing measure out of the 'revenue earning scheme' and enthuse them to set up orchards, mulberry and coconut tree plantations, and to construct residential houses (preferably hostels) and shops.

(e) The Government should also reimburse a part of the vehicle tax of those vehicles which are plied on such roads as have been constructed by the Gram Panchayats. That will not only add something to the Sarva funds, but will also give an indirect inducement to these bodies to construct more and more roads.