SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

Report of the Comptroller and Auditor General of India on Implementation of 73rd Constitutional Amendment Act

Government of Karnataka

Report No. 10 of 2024

(Performance Audit - Civil)

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PREFACE

This Report of the Comptroller and Auditor General of India for the year ended 31 March 2022 has been prepared for submission to the Governor of Karnataka under Article 151 (2) of the Constitution to be tabled in the State Legislature.

The Report contains the results of Performance Audit of 'Implementation of 73rd Constitutional Amendment Act' covering the period 2017-22.

The instances mentioned in the Report are those, which came to notice in the course of the Performance Audit conducted during July 2022 to February 2023. Matters relating to the periods outside the audit period have also been reported in places where they were found necessary.

The Audit was conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.

Audit wishes to acknowledge the cooperation received from Rural Development and Panchayat Raj Department at each stage of audit process.

EXECUTIVE SUMMARY

Executive Summary

Why did CAG do this Audit

In line with the 73rd Constitutional Amendment Act (CAA 1992), Karnataka Gram Swaraj and Panchayat Raj Act (KPR Act) 1993 was enacted. This created a uniform three-tier system of Rural Local Governments at the District, Taluk, and Village levels, providing transfer of responsibilities and taxation powers from the State to the Panchayat Raj Institutions (PRIs) to function as institution of Local Self-Government for the implementation of plan for economic and social justice listed in the Eleventh Schedule.

The Audit objectives of the Performance Audit (PA) of the implementation of the 73rd Constitutional Amendment Act was to assess whether adequate provisions were made in State Legislation towards Devolution of Functions, accessibility of the PRIs to the entitled funds and powers to raise their own financial resources to commensurate with their functions. *i.e.*, Devolution of Funds. Further, Audit also examined whether PRIs have powers to mobilize and manage functionaries commensurate with their functions *i.e.,* Devolution of Functionaries. The focus of this PA is to assess the extent of the efficacy in the devolution of 3Fs *i.e.,* Functions, Funds and Functionaries and the impact of the State Legislation since the period of enactment. The transactions with respect to above devolutions were covered for the period 2017-18 to 2021-22.

Major Audit Observations

Devolution of Functions

Out of the 29 functions, 26 functions, have been devolved to Zilla Panchayats, 28 functions to Taluk Panchayats and 28 functions to Gram Panchayats under KPR Act. While the function of 'Land improvement, Land Reforms and Land Consolidation' was not devolved to any tier of the PRIs, functions of 'Public Distribution System', 'Community Asset Management' have not been devolved to ZPs. Audit observed that the PRIs had significant role in implementation of two functions only, in remaining 27 functions, PRIs have either no or minimal role. KPRA though mandated specific role for PRIs in certain functions, the State resorted to dual operation of both decentralized and centralized modes of programme- or service- delivery, wherein, they are still largely being provided by the State Government with limited role of PRIs.

The functional devolution is not supported by adequate financial assistance from the budgeting stage as the State has retained the major expenditure powers for the PRI sector functions. The major expenditure under devolved funds to PRIs involved salary component and funds towards development were skewed in respect of significant functions. While the PRIs functions kept on increasing, the core functions showed a reducing trend.

Ineffective functioning of Taluk Planning and Development Committees and District Planning Committees impacted the integration of planning process at all levels of PRIs. Standing Committees which were to be instrumental in implementation of developmental plans are not functioning as envisaged. Grievance Redressal Authority has been formed in four out of 31 Districts only. Gram Panchayats are yet to adopt Model Panchayat Accounting System of accounting for preparation of annual accounts and hence could not be certified by Karnataka State Audit and Accounts Department.

While the Social Audit is limited to few schemes, the responsibility and activity mapping are incomplete and ineffective. Elections to TPs and ZPs Councils due in February 2021 were yet to be conducted.

Devolution of Funds

The sources of revenue devolved to PRIs is in the quantum of 98.46 *per cent*, 0.06 *per cent* and 1.48 *per cent* through Government grant, assigned revenue and own sources respectively. There was shortfall in release of grants to the tune of ₹ 609.69 crore under 14th Central Finance Commission (CFC) and ₹ 370.95 crore under 15th CFC. Delayed constitution of second, third and fourth State Finance Commissions (SFC) affected the financial resources of PRIs.

State budget allocations to PRIs are made through Link Document, which revealed that the vertical share of funds is not in accordance with the recommendations of the SFC, wherein, it ranged from 25.67 *per cent* to 28.36 *per cent* against the recommended 35 *per cent* during audit period (2017-22). The untied funds to PRIs were skewed to the extent of 10 to 50 *per cent* during the period 2017-18 to 2021-22, restricting the freedom of PRIs towards discretionary works as per local needs. There was a shortfall (2017-19) in transfer of stamp duty and was not assigned (2019-22) by the Government.

The State Government neither constituted Property Tax Board nor revised market guidance value at regular intervals impacting own sources of revenue of GPs. Karnataka Industrial Area Development Board/Electronic City Industrial Township Authority collected property tax in contravention of KPR Act and are yet to transfer the same to GPs. The State Government has not handed over the productive assets like fish tank, horticulture nurseries and playgrounds to PRIs.

Devolution of Functionaries

The PRIs neither had the powers to assess the staff requirement nor recruit the required staff except GP own Staff, as the powers to recruit are vested with the State in respect of ZP and TP.

The shortage of staff is impacting sectoral services/delivery of services. Though the functionaries of various line departments are brought under the purview of the respective PRIs, control over recruitment, transfer and major penalties rested with State Government.

Annual training plans are being prepared without conducting of Training Need Analysis, resulting in non/short utilization of training slots. Non-conducting of activities approved under Rajiv Gandhi Panchayat Shasaktikaran Abhiyan resulted in under-utilization of available grants and loss of Central assistance to the extent of ₹ 260.80 crore. There was a shortfall in physical progress under various training programmes *viz.,* Sustainable Development Goals , Grama Panchayath Development Plan *etc.,* and the training institute failed to conduct impact assessment despite availability of funds.

Summary of recommendations:

Devolution of Functions: The State Government may devolve functions to PRIs in phased manner instead of existing dual control system by enhancing the capacity building activities and infrastructure of PRIs. GPs may be made the first point of contact for scheme/programme delivery of all services with suitable grievance redressal mechanism so as to make third tier of Rural Government more accountable to people and hence strengthening the grass root democracy. The respective mandatory Sabha/Committees in GP, TP and ZP must be formed, made functional and monitored as per the framework of the KPR Act 1993. State Government should prepare and implement the detailed function and activity wise responsibility matrix of PRIs *vis-à-vis* State sector for clarity of roles in dual functional discharge.

State Government should direct the GPs to prepare the annual accounts in MPAS format for certification by competent authority. State Government should ensure that Social Audits are conducted as per the prescribed scheme guidelines.

Devolution of Funds:

The State Government should put in place the duly constituted elected bodies in PRIs in time to avoid loss of CFC grants. The State Government may constitute the SFC on time and submit the Action Taken Reports to the Legislature within specified time. State Government may consider adoption of plinth area for levying property tax as recommended by CFCs with reasonable periodical incremental taxation. State Government may consider assigning the revenues from betterment tax, professional tax to PRIs as done in other States and allow them to collect service charges on Government properties along with handing over the potential revenue generation areas *viz.,* nursery farms, lakes/tanks. State Government may take necessary steps to provide opportunity to PRIs for generation of revenue through issuance of NOCs as detailed vide Entry 24 of Schedule I of KPR Act 1993.

Devolution of Functionaries*:*

The State Government should provide adequate functionaries to all tiers of PRIs to enable them to discharge their assigned duties and recruit the personnel through Karnataka Panchayat Services Board as per the local needs and prescribed criteria. The State Government should ensure that the capacity of resource centres are utilised to the full extent so that the Central assistance is not lost and State share is released on time.

CHAPTER I
INTRODUCTION

Chapter- I
Introduction

The 73rd Amendment Act (1992) of the Constitution (73rd CAA), created a uniform three-tier system of Rural Governments at the District, Block and Village levels, providing transfer of responsibilities and tax powers from the State Government to the Rural Bodies.

As per Article 243 G of the Constitution authorised State Governments to endow panchayats with necessary powers and authority to function as institutions of Self-Government with reference to preparation of plans for economic development and social justice and implementation of schemes for economic development about matters listed in Eleventh Schedule. 73rd CAA authorised Panchayats (Article 243 H) to levy, collect, and appropriate taxes, duties, tolls, and fees apart from giving Grant-in-Aid from the consolidated fund of the State. Further, the Constitution (Article 243 I) provided formation of the State Finance Commission every five years to review the financial position of the Panchayats and to recommend ways to improve the financial position.

To fulfil the spirit of the 73rd CAA, three tier Panchayat Raj system with the elected bodies at Village, Taluk and District levels were established in Karnataka through enactment of 'The Karnataka Gram Swaraj and Panchayat Raj Act' (KPR Act) 1993, for greater participation of the people to function as units of Grama Swaraj (the Local Self-Government) and effective implementation of rural development programmes.

1.1 Profile of Rural Local Bodies

The KPR Act provided formation of three-tier Panchayat structure *viz.,* Grama Panchayat (GP) at the village level, Taluk Panchayat (TP) at the block (Taluk) level and Zilla Panchayat (ZP) at the district level. The details of three tier PRIs in the State of Karnataka are given in **Table 1.1**:

Table 1.1: Statement showing details of PRIs in Karnataka

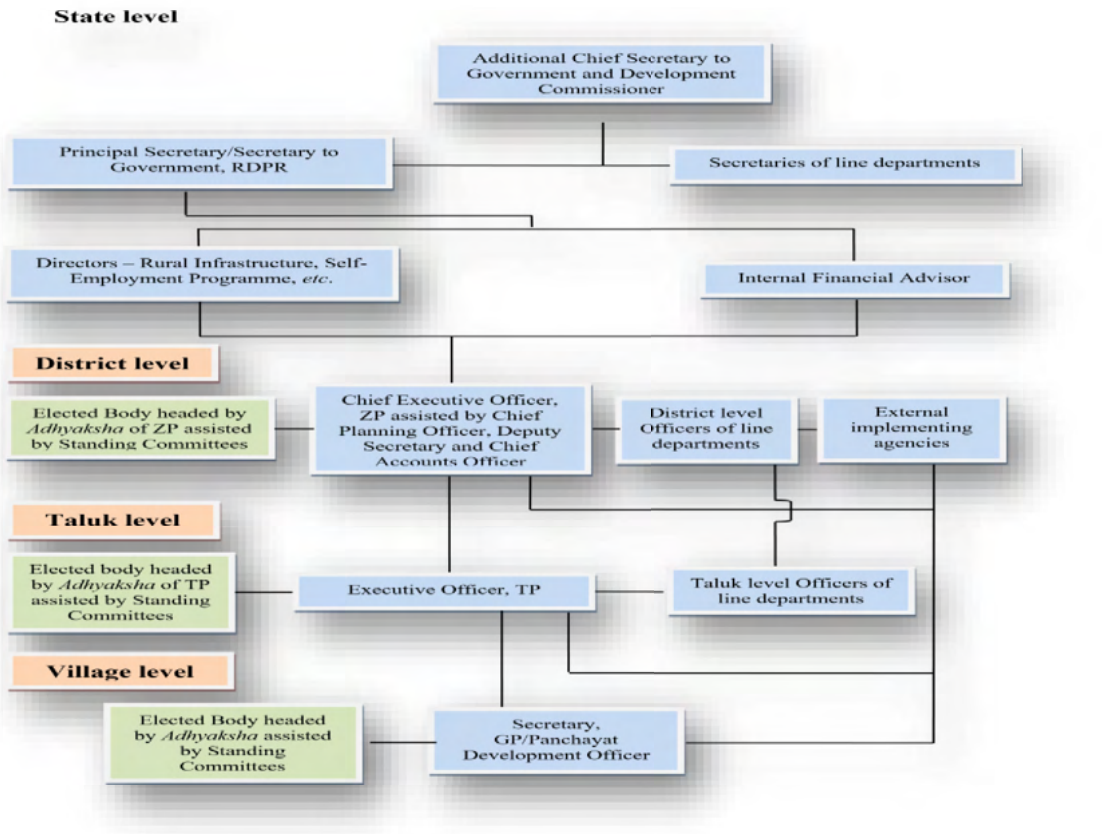
Particulars	ZPs	TPs	GPs
Number of units	31	226	6,022

Source: SFC Report

1.2 Organisational Structure

The **Chart 1.1** shows the organisational structure of three tier of Panchayats and their interrelationship.

Chart 1.1: Organisational Structure



1.3 Devolution of Funds, Functions and Functionaries

The KPR Act 1993 provides for Devolution of Funds, Functions and Functionaries along with institutional mechanism and detailed governance framework as envisaged in the 73rd CAA.

1.3.1 Devolution of Functions

The State of Karnataka through enabling provisions of Article 243G and Eleventh Schedule, devolved the functions to Panchayats vide Schedule I, II and III of the KPR Act, which strengthens bottom to top planning with Grama Panchayats, Grama Sabha's, Ward and Habitation Sabha's playing a greater role in delivery of services to the rural people. The KPR Act accorded powers to Chairpersons of the PRIs to allocate resources, prepare and implement development plans along with supervision/monitoring controls for effective utilisation of financial resources. Audit findings are discussed vide **Chapter II**.

1.3.2 Devolution of Funds

The financial resources to PRIs are derived from:

i. Central Finance Commission (CFC) constituted under Article 280 of the Constitution;

ii. State Finance Commission (SFC) constituted under Article 267 of the Constitution and

iii. Own sources and assigned revenue would include power to levy and collect from specific revenue streams.

Expenditure powers refer to reasonable financial delegation limits that allow the PRIs to utilise their financial resources effectively. **Table 1.2** shows the source of funds for three tiers of Panchayats in the State.

Table 1.2: Source of Funds of three tiers of Panchayats

Source of funds for ZPs	Source of funds for TPs	Source of funds for GPs
Establishment Grant, Discretionary Grant, Finance Commissions Grants, Loans and contributions by the Government, Rents from lands or other properties of the ZP, all proceeds of land, securities and other properties sold by the ZP, all sums received by or on behalf of the ZP by virtue of this Act.	Establishment Grant, Discretionary Grant, Finance Commissions, Grant, Rents and fees Duty on transfers of immovable property, the rent or other income from, or sale proceeds of any immoveable or movable property owned by or vested in the TP, all other sums received from any source whatsoever.	Discretionary Grant, Finance Commissions Grants, Levy of taxes, Levy of local cess, all sums received by the GP by way of loans or contributions; the rent or other income from, or sale proceeds of any immoveable or movable property owned by or vested in the GP.

Source: KPR Act and Recommendations of Finance Commissions.

Audit findings on devolution of funds are discussed vide **Chapter III**.

1.3.3 Devolution of Functionaries

The CEO, ZP is the administrative head of the PRIs in the District and has power and control over executive staff of all PRIs in the District. The State has deputed nearly 3.50 lakh personnel (staff) from various departments to serve in the PRIs. This excludes the staff appointed by GPs on ad-hoc basis such as Bill (tax) Collector, Watermen, Attenders and Sweepers. The staff of the departments are also discharging the duties pertaining to State/District sectoral functions. Audit findings are discussed vide **Chapter IV**.

1.4 Audit Objectives

The Audit objectives of the Performance Audit is to examine whether;

- Provisions of the 73rd CAA have been adequately covered in State Legislation and Devolution of Functions have taken place (Devolution of Functions);
- PRIs have access to entitled funds and powers to raise their own financial resources in commensuration with their functions (Devolution of Funds) and
- PRIs have powers to mobilize and manage functionaries commensurate with their functions (Devolution of Functionaries).

1.5 Audit Criteria

The sources of audit criteria include:

a. 73rd Constitutional Amendment Act,

b. The Karnataka Grama Swaraj and Panchayat Raj Act 1993,

c. Recommendations of 14th and 15th CFC and fourth SFC.

1.6 Audit Scope and Methodologies

PA covering the period 2017-18 to 2021-22 focused on the extent of devolution of funds across the three tiers of PRIs (CFC/SFC, scheme receipts, assigned revenue, own resource) which are in commensuration with the devolution of functions. The financial autonomy of PRIs, extent of the dependence and constraints in raising own source revenues to provide basic amenities to rural population were also assessed.

In respect of Devolution of Functions, audit focused on efficiency and effectiveness of Village Development Plans and their convergence in Taluk level and District level plans. The adequacy and efficiency of Taluk and District level Planning Committee, Karnataka Development Programme meetings with the line departments were assessed along with outcomes of mapping and responsibility matrix. Audit analysed and recommended Devolution of Functions in phased manner in short term and long term.

The adequacy and extent of autonomy of the functionaries in execution of the devolved activities of the PRIs and accountability of line departments were also assessed.

An Entry Conference was held on 04 July 2022 with the Additional Chief Secretary, Rural Development and Panchayat Raj Department (RDPR), in which the audit methodology, scope, objectives and criteria were explained. Mid Term Conference was conducted with the State Government on 14 December 2022 wherein audit findings were discussed and response of the Department was documented. Exit Conference was conducted on 24 April 2023 and the response of the State Government was obtained and included in the Report.

1.7 Audit Sampling

The selection of ZPs, TPs and GPs was done through IDEA with Random Sampling. Accordingly, eight ZPs, 16 TPs, and 55 GPs (**Appendix 1.1)** were selected to ensure 25 *per cent* of ZPs from each of four Revenue Divisions, 25 *per cent* of TPs and 10 *per cent* of GPs were selected under their respective jurisdictions.

1.8 Acknowledgement

Audit acknowledges the cooperation extended by the Department of Rural Development and Panchayat Raj and field units covered.

CHAPTER-II
DEVOLUTION OF FUNCTIONS

Chapter- II

Devolution of Functions

The State Legislature did not devolve the function of 'Land Improvement' to any tier of the PRIs. Further, 'Public Distribution System' and 'Community Asset Management' were not devolved to ZPs.

KPR Act though mandated specific role for PRIs in certain functions, the State resorted to dual operation of both decentralised and centralised modes of programme or service delivery.

The functional devolution is not supported by adequate financial assistance from the budgeting stage as the expenditure for the major functions of the PRIs is met by the State. While the major functions such as Education, Health, Family Welfare, Agriculture and Watershed Development including Soil Conservation were transferred to PRIs, the budget provided to them was mostly expended towards salaries rather than development works. The salary expenditure ranged from 70 to 90 *per cent* of the allotment.

The role of the PRIs in implementation of CSS/SSS was minimal, while the role of State has steadily increased. Beneficiary identification was largely being carried out by the State departments.

The institutional mechanism *viz.,* Taluk Planning and Development Committee and District Planning Committee was found to be ineffective as the required Committees were neither formed nor active.

The non/partial conduct of Social Audits impacted the Accountability of PRIs towards citizen centric services. The recommendation to address the issue data deficiency in RDPR is yet to be implemented.

The rural citizens continued to approach different State departments for availing eligible benefits, as Gram Panchayat failed to deliver the services of different departments.

The 73rd CAA, 1992 vide Part IX of the Constitution empowered 'The Panchayats' (Article 243 to 243(O)) read with Eleventh Schedule) to prepare and implement schemes for economic development and social justice in relation to 29 functions. The State Government accordingly promulgated the KPR Act. Subsequent amendments through suitable legislations empowered the PRIs to function as instruments of Local Self Government (**Appendix 2.1**).

2.1 Status of Devolution of Functions under provisions of Karnataka Panchayat Raj Act

The Devolution of Functions to PRIs, with reference to the Constitution *vis-à-vis* KPR Act is given below in **Table 2.1.** Details are further given in **Appendix 2.2.**

Table 2.1- Status of Devolution of Functions in the State

Sl.no.	PRIs	Functions to be devolved as per 11th Schedule	Devolved as per the KPR Act	Functions not devolved as per Legislation
1	ZP	29	26	Land Reforms, Public Distribution System, Community Asset Management
2	TP	29	28	Land Reforms
3	GP	29	28	Land Reforms

Source: 73rd CAA and KPR Act.

Land Reform is not devolved to any tier of PRIs. In addition, Community Asset Management (CAM) and Public Distribution System (PDS) have not been devolved to the ZPs **(Appendix 2.2)**. Audit observed (test checked units) that the functions of PDS and CAM have not been handed over to PRIs.

The State Government replied that circulars/guidelines were issued, and steps would be taken for effective implementation of CAM and PDS activities. In respect of Land Reforms, the State Government replied that 'SVAMITHVA' scheme is being implemented and property cards have been issued. The reply is not acceptable as the property cards are being issued by the Revenue Department.

While functions may be devolved to Local Self-Governing institutions by means of laws and statutes, essential financial and human resources must be allocated substantially to enable independent discharge of these functions. Failure to do so, defeats the intent and purpose of the 73rd CAA. The audit findings on these issues are discussed below:

2.2 Actual Devolution of Functions

The devolved functions are not exclusive to PRIs and largely executed by the State. Audit analysed whether the PRIs were supported by Devolution of Funds and observed that both State departments and PRIs carry out the devolved functions under State and District Sector respectively. The analysis is based on mapping of the 29 functions with relevant Head of Account wise allocations. The six-tier 15-digit classification of Government Accounting System is mentioned in **Table 2.2**.

Table 2.2: Six-Tier Government Accounting System

Heads of Account	Denotes
Major Head	Function
Sub-Major Head	Sub-Function
Minor Head	Programme
Sub-Minor Head	Scheme
Detailed Head	Sub-Scheme
Object Head	Final unit of Expenditure

Source: Government Accounting Rules, 1990.

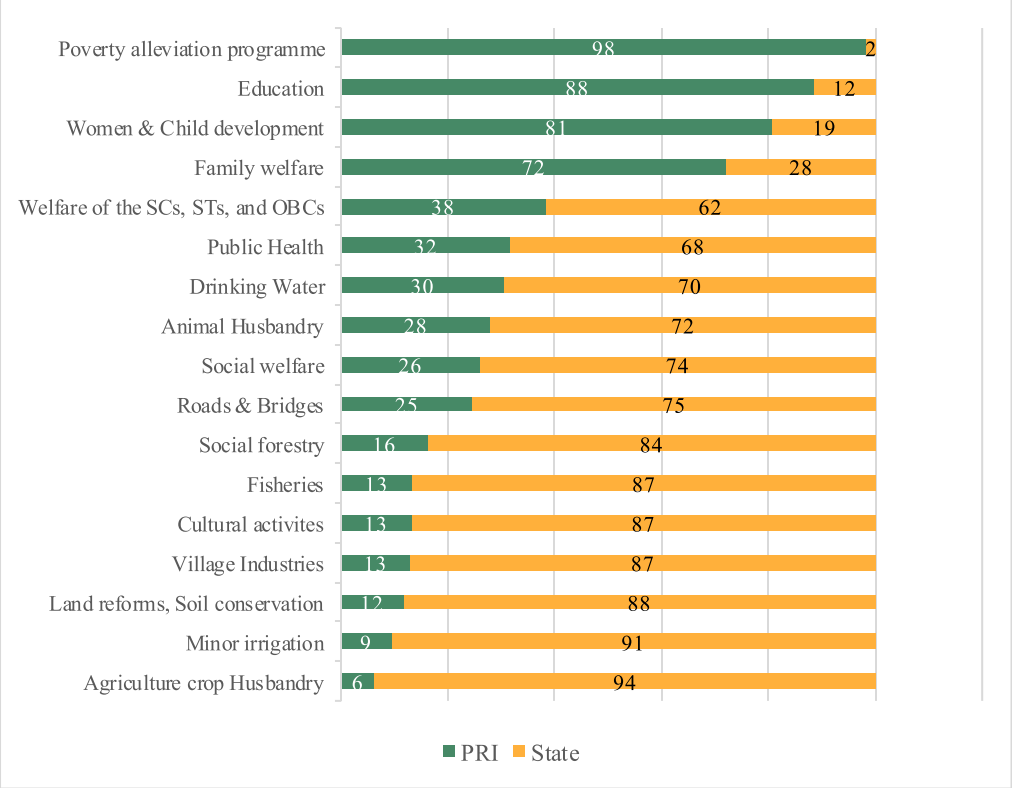
Out of the various Minor Heads, 196, 197 and 198 are exclusively earmarked for transactions relating to PRIs, wherein devolved functions are carried out by

PRIs under the respective Major Head. The rest of the transactions under Minor Heads other than 196, 197 and 198 are carried out by the State Sector. **(Appendix 2.3)**.

2.2.1 Extent of Devolution of Functions

The extent of Devolution of Functions to PRIs was assessed by way of functional discharge through the funds[1] made available exclusively to PRIs in respect of all 29 functions. While eight[2] out of 29 functions are not financially backed, four functions[3] are funded under Major Head of other functions. Audit analysed the extent of devolution in 17 Major Heads indicating 21 functions **(Chart 2.1)** and as detailed in **Appendix 2.4 (a).**

Chart 2.1 Extent of Functional Devolution to PRI (in *per cent*)



Source – VLC data and Budget link documents for the period 2017-18 to 2021-22.

Audit observed that most of the functions are implemented by the State Sector, as the PRI sectoral expenditure ranged from 22.54 *per cent* to 19.17 *per cent* of total State revenue expenditure for the period 2017-18 to 2021-22. Further, the

[1] For such audit analysis, the VLC data was used which captures the final expenditure against State budget. The validation for selection of such data and the methodology of data analysis was obtained from the State Government.

[2] Rural Housing, Rural Electrification, Non-Conventional Energy Resources, Technical Training and Vocational training, Adult and Non-formal Education, Market and Fair, Public Distribution System and Maintenance of Community Asset.

[3] Audit observed that the corresponding Major Heads of Minor Forest produce function is merged in Social Forestry. Fuel and fodder function merged in Animal Husbandry, Library function merged in Cultural activities and Small Industries merged in Village Industries.

share of PRIs is less than 10 *per cent* allocation for Agriculture and Minor Irrigation. The allocation towards Drinking Water supply reduced from 37.85 to 8.33 *per cent*[4] during the audit period. Audit of test checked units revealed that the unfunded/inadequate funded mandates are being carried out by the State Sector, limiting the role of PRIs. Thus, the local requirements which would have been identified better by the PRIs cannot be fulfilled due to lack of finances at the local level.

As the functions are not exclusive to PRIs and largely executed by the State, the role of PRIs is undermined in planning, executing and monitoring over the functional discharge and also resulted in loss of potential revenue due to them. One such case on Rural Market which is not financially devolved is given in **Illustration-1** below:

Illustration 1

KPR Act has enumerated various activities to Gram Panchayats regarding markets for rural produce, the departments/implementing agencies are executing the functions as detailed below:

Statement showing provisions of KPR Act *vis-à-vis* implementing agency

Provisions as per KPR Act (Schedule I, II)	Implementing Department
Establishment and Management of public markets, market facilities at Gram Panchayat	Line Departments such as Animal Husbandry and Cooperation Department
Management of Market and Promotion of rural farm produces, craft produces	Animal Husbandry and Agriculture Produce Market Committee (APMC)
Facilitate farmers for direct marketing and e-marketing of agriculture produce	APMC/ Agriculture Department/ Fisheries Department/ Sericulture Department/ Horticulture Department
Construction and maintenance of rural fish and meat markets	Animal Husbandry Department

Audit observed that Department of Agriculture Marketing collected market fee in APMC[5] areas to the tune of ₹1,744.25 crore for the period 2019-20 to 2021-22. Due to management of these markets by line departments, the PRIs had to forgo these revenues. The State Government stated (May 2023) that revenue generated by markets other than 'Halli Santhe' are governed by APMC Act. The reply is not acceptable as KPR Act provides for such revenues be collected by Gram Panchayats. Due to collection of the revenue from Rural Markets by APMC, Panchayats are losing the revenue on this account.

2.2.1.1 Dual role of State and Panchayat Raj Institutions

In the absence of clearly demarcated roles, the State and PRIs are performing same functions resulting in dual role of State and PRIs instead of functions being exclusive to PRIs as intended under 73rd CAA and KPR Act. Illustrative case of

[4] Appendix 2.4(a): Drinking Water Supply.
[5] from this activity which are the domain of the Gram Panchayats.

dual role in respect of Roadside Block Plantations under 'Social Forestry' is given below:

Illustration 2

Audit of test checked units revealed that the activity 'Roadside Block Plantations' under 'Social Forestry' were executed at three levels, *i.e.,* by State departments in rural areas and urban areas and by PRIs under District Sector through MGNREGA funds. This indicates implementation of the same function both by State and PRIs and hence creating dual role in discharge of the function largely with the State Sector.

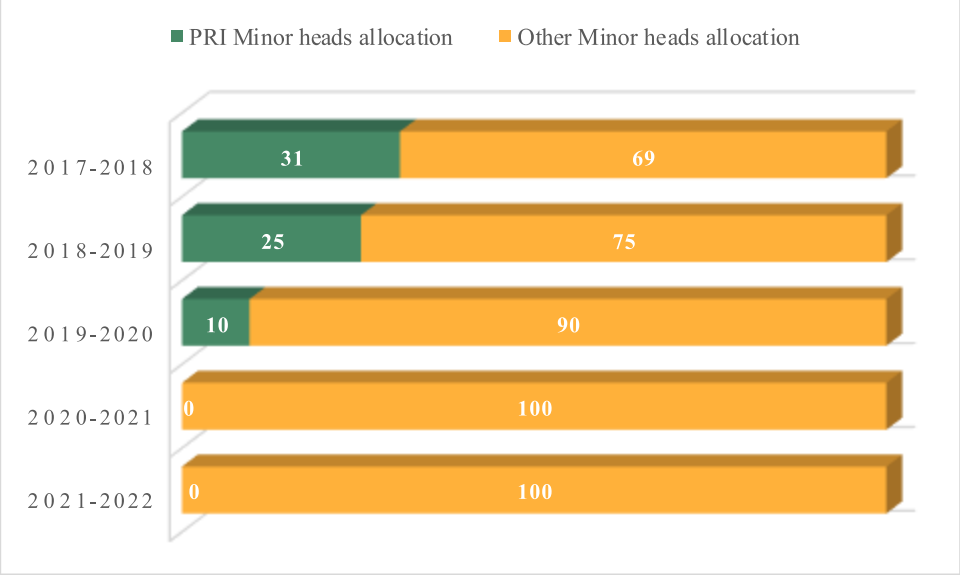
2.2.1.2 Reversal in devolution

Audit observed that the functions such as Rural Housing and Non-Conventional Energy which were partly devolved to PRIs under District Sector were later transferred to State Sector resulting in reversal of devolution. In these functions, funds devolved under the State Sector kept on increasing with corresponding decrease in District Sector undermining the role of PRIs. Illustrative cases of Rural Housing and Non-Conventional Energy are shown below:

Illustration 3: Rural Housing and Non-Conventional Energy

The Rural Housing function under Gram Panchayats being operated under Major Head 2216 now stands transferred to Rajiv Gandhi Rural Housing Corporation Limited (RGRHCL) since 2020-21, thereby shifting the role of Rural Housing from the scope of PRIs.

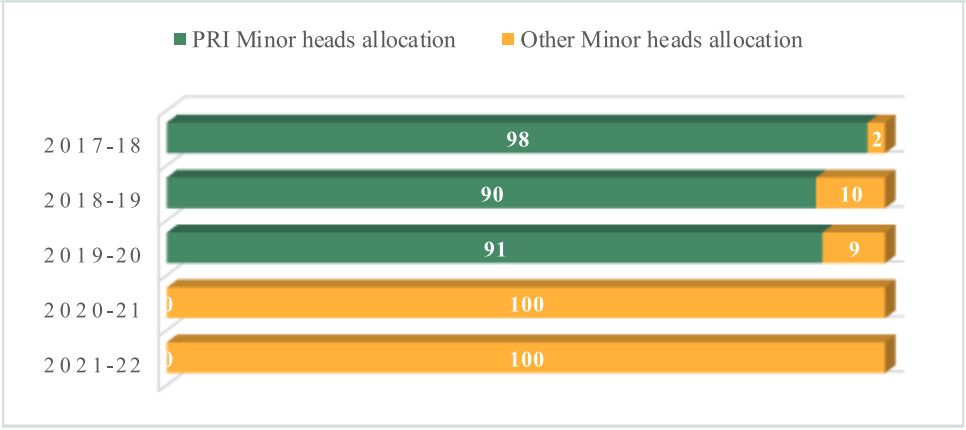
Statement showing Flow of funds from State sector to District sector on Housing sector (in *per cent*)



Although the scheme is executed at the PRI level, the role of GPs is limited to identification of beneficiaries and the execution of rural housing is carried out by RGRHCL since 2020-21 curtailing the role of PRIs.

Similarly, 'Non-Conventional Energy' function was operated under Major Head 2810 now stands transferred to State Sector since 2020-21, this resulted in taking away the role of PRIs from the implementation of this function.

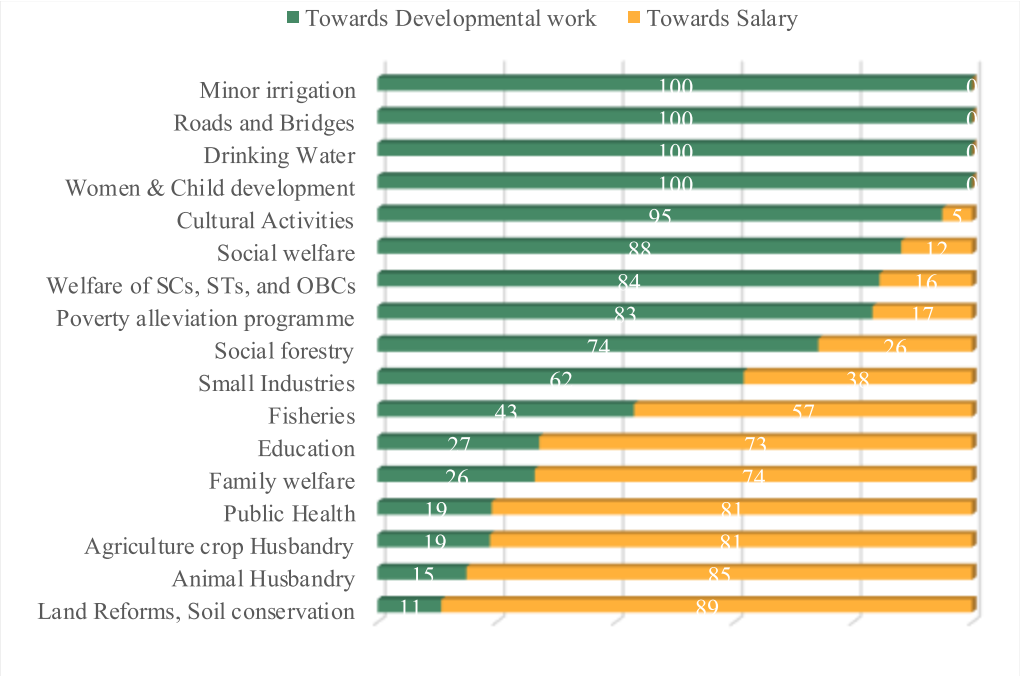
Statement showing flow of funds from State sector to District sector on Non-Conventional Energy (in *per cent*)



2.2.2 Fund allocations towards development

Out of the funds devolved to the PRIs as brought out in **Chart 2.1,** Audit further quantified the funds allotted for development work in functional areas as depicted **Chart 2.2** and details are brought out in **Appendix 2.4 (b)**.

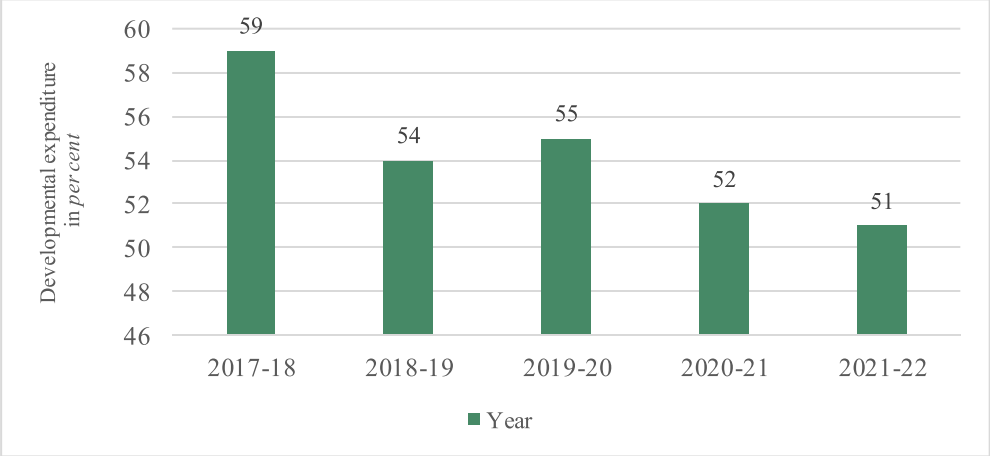
Chart 2.2- Financial allocation towards devolved functions



As could be observed from the above, the financial allocation for devolved functions such as Agriculture, Watershed management including soil and water conservation, Minor Irrigation, Fisheries, Small Industries, Animal Husbandry,

Public Health is less than 10 percent and largely for salary component which limits the role of PRIs in development activities making devolution ornamental. Audit also observed that there was decreasing trend of expenditure of PRIs towards development activities as depicted in **Chart 2.3** below:

Chart 2.3- Decreasing trend of expenditure of PRIs towards development activities (in *per cent*)



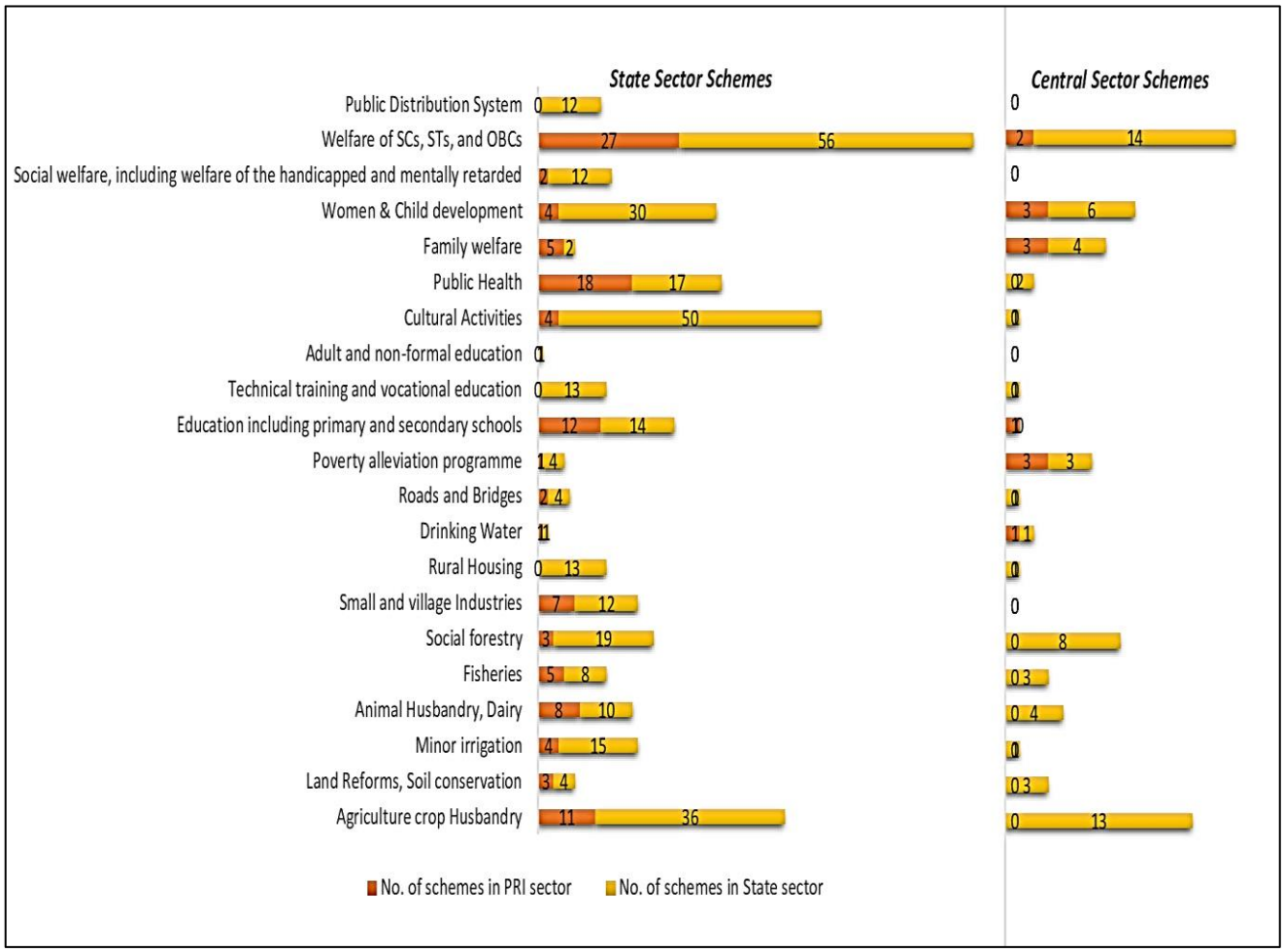
The State Government stated (May 2023) that due to expansion in volume of work, the workforce to meet the functionalities have increased resulting in enhanced salary component. The reply is not acceptable as increase of workforce arising out of increase in volume of work should be in line with the increased funding of the developmental work.

2.2.3 Minimal role of Panchayat Raj Institutions in implementation of Centrally Sponsored Schemes and Central and State Schemes

As discussed above, the devolved functions are carried out by both State Sector and PRIs. The increasing trend of large fiscal transfers in the functional domain of the PRIs through Centrally Sponsored Schemes (CSS), other Central Schemes and other State Sector Schemes necessitates delineation of role and responsibilities in planning, implementation, and monitoring. Appropriate mechanism (Taluk Level Planning Committee (TDPCs), District Planning Committees (DPCs)) exist for convergence and better outcomes in implementation of schemes.

The number of CSS and State Sector schemes implemented by PRIs and the State related to each of the 29 functions are indicated in **Chart 2.4** below:

Chart 2.4: State Sector Schemes and Central Sector Schemes in the State and PRI sectors



In respect of 79 Centrally Sponsored Schemes, (across 29 functions) across 13 schemes[6] pertaining to six functions are implemented through PRI sector *viz.,* MGNREGA, Samagra Siksha Abhiyan, ICDS *etc.* Audit observed that 66 schemes pertaining to 29 functions though devolved to PRIs are being implemented by the State Sector instead of PRIs *viz.,* Poshan Abhiyan, PMGSY, National Livestock Mission, National Horticulture Mission, National Food Security Mission *etc.* Details are indicated vide **Appendix 2.5.**

The State is implementing 450 State Sector Schemes across 29 functions devolved to PRIs, of which only 117 schemes are implemented by PRIs and other 333 schemes are implemented by State Sector. The beneficiary identification, disbursement of subsides, complaint mechanism, public services are being carried out by respective departments under State Sector. One such State Sector Scheme 'Bhagyalakshmi', which aims to eradicate social evils such as child labour, female foeticide, child marriage and child trafficking. Two girl children born in a Below Poverty Line family are eligible for a fixed amount that will be paid to them at the maturity. The entire scheme is implemented by

[6] 12 Centrally Sponsored Schemes and one Central Sector Scheme.

the State. However, components such as beneficiary selection, disbursement of amount, complaint mechanism can be handled by PRIs.

The Central/State sector schemes are being implemented in the jurisdiction of PRIs concerned and due to minimal/no role, PRIs are kept out of formulation, planning and implementation and monitoring of schemes. Further, the data of beneficiaries of various schemes within the jurisdiction of State Departments was neither shared with PRIs nor authenticated by them undermining the role of PRIs, in carrying out the functions effectively.

The State Government stated (May 2023) that District Planning Committees will be strengthened to further empower the Panchayat Raj System and for the purpose of formulating schemes as per requirements of the people. The responsibility of mapping will be done at various stages and guidelines/orders/notifications for effective participation of PRIs is under issue. Government further stated that the funding towards mandated functions of PRIs will be enhanced in future thereby increasing their roles.

2.3 Devolution of Functions to Panchayat Raj Institutions in phased manner

To overcome the partial/dual and limited decentralisation to PRIs, audit analysed the activities under a particular devolved function which can be handed over to PRIs in phased manner.

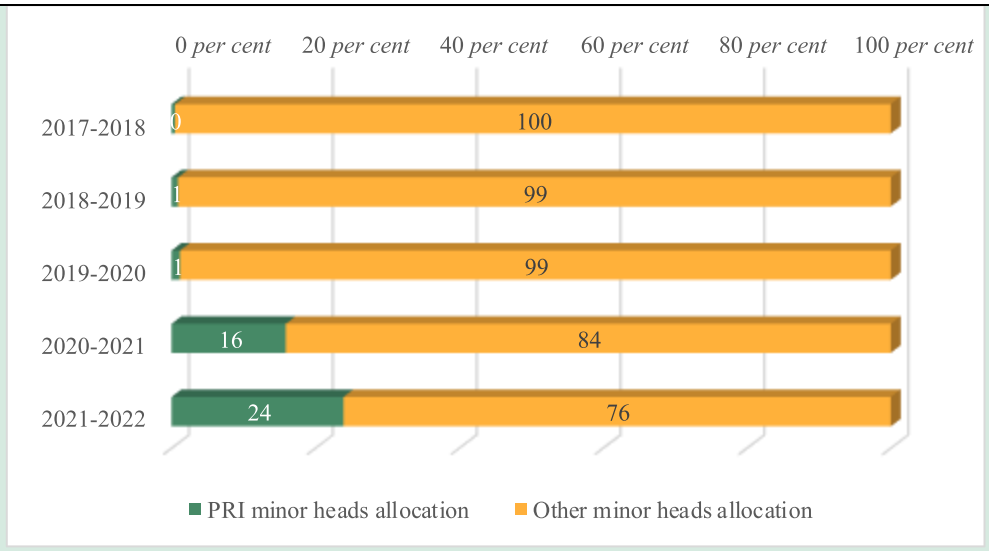
Audit identified Minor Heads under devolved function that can be handed over to PRIs in phased manner. The financial allocations under such Minor Heads were reviewed relating to 29 functions that were devolved to PRIs during 2017-18 to 2021-22 and arrived at the portion of funds that can be routed through PRI sector so that formulation, planning and implementation thereof rests with PRIs.

Audit observed that 'Public Library' function was gradually devolved to PRIs by handing over operating Minor Head 198 (2020-21) from State Sector to PRIs indicating clear true devolution of functions **(Illustration 4).**

Illustration 4: Gram Panchayat level libraries

The Libraries under Gram Panchayats were operated under Major Head 2205 i.e., Art & Culture State Sector with relevant Minor Head 105. The function relating to 'Libraries' were devolved to Gram Panchayats in the State since 2019-20 and operated under Minor Head 198. Field visits of the library also revealed such transfer of the function to GPs had the impact of progressive development *viz*., digitization of libraries since the enhanced role of PRIs in their maintenance.

Flow of funds under the Major Head 2205 from State sector to district sector (PRIs) on account of libraries (in *per cent*)





Digital Libraries in Sidiginamola Gram Panchayat, Ballari District

As could be seen from above, the funds devolved under the State Sector kept on reducing with corresponding increase in PRI Sector indicating true devolution of functions from State to PRIs. The State Government should identify such Minor Heads and devolve the funds to PRIs to empower them.

Similar to devolution of Library function to GPs, Audit recommends that State Government should explore and devolve the other functions in the manner as indicated above.The successful delivery of Preventative Health Care services during COVID pandemic is described below:

Illustration 5: Preventive Health Care

The function of 'Public Health' though devolved to PRIs, through legislation 'preventive health care' was not carried out by them as the operative minor heads were not transferred to PRIs. State sector machinery provides preventive health services along with emergency drugs, emergency equipment, campaigns for communicable diseases, outbreaks, *etc.*
However, GoK ensured the participation of Gram Panchayats by establishing Gram Panchayat Covid Task Force to address the immediate challenges posed by COVID 19 under Gram Panchayat Amrut Arogya Abhiyaana (GPAAA) which provided preventive health services in rural areas to control

the pandemic. The preventive health care is executed well when placed under the PRIs. The handing over the preventive health care to GPs may be mainstreamed on a larger scale covering all the grassroots level preventing health care services.

Similar to devolution of 'Preventive Health Care Services' to PRIs, the 'Disaster Management' is such function that can be devolved to the PRIs as bottom-up approach and can result in better management and delivery of services as indicated in the KPR Act and National Disaster Management Guidelines 2006. The details are illustrated below:

Illustration 6: Disaster Management

The KPR Act devolved Disaster Management (DM) to Panchayats defining the roles of each level of PRI right from conducting survey to creating infrastructure as detailed below:

Details showing provisions for PRIs as per KPR Act

Unit of PRI	Provisions as per KPR Act (Schedule I, II)
GP	Assisting in conducting survey to identifying disaster prone localities
	Assistance in creation and maintenance of DM facilities at local level
	Identification of local and outside experts in DM area
	Assistance in providing relief
TP	Providing Training to GP and TP level staff in DM Programmes.
ZP	Creation of DM infrastructure

National Disaster Management Guidelines reiterated that the capacities of the rural bodies be strengthened in the sphere of Disaster Management to enable them to handle types of crisis, Disaster Preparedness and DM assessment.

Though disaster management is devolved to Panchayats through the legislation, the provisions were not given effect as observed in 79 test checked units. Disaster preparedness was not observed in GPs, TPs and ZPs. The role of PRIs is not featuring in entire process of Disaster Management in the rural habitations.

Recommendation 1: *The State Government may devolve functions to PRIs in phased manner instead of the existing of dual controls system by enhancing the capacity building, infrastructure of PRIs to enable them to carry out the devolved functions.*

2.4 Panchayat Raj Institutions - Centre of Service Delivery and Public Grievances

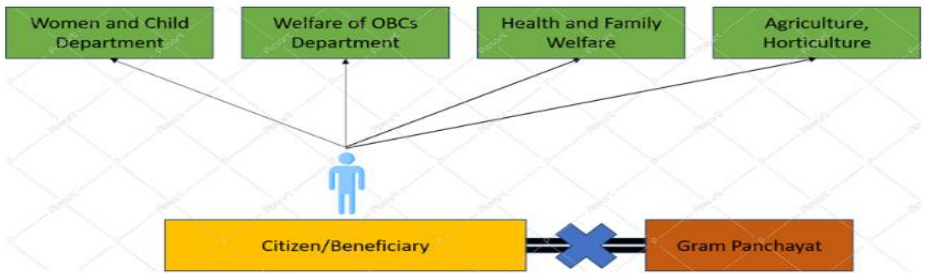
The GoI/GoK devised rural citizen centric schemes to assist them in their sphere of employment and other activities. Majority of the rural population rely on agriculture activities and the Central and State Governments focused on strengthening them by way of providing financial assistance in the form of subsidy to farmers, nutrition incentives, education incentives, health sector requirements *etc.* The eligible beneficiaries approach different departments to avail scheme benefits and for grievance redressal as detailed below:

Table 2.3: Statement showing departments implementing the schemes

Sl. No	Scheme Name	Department responsible to service the beneficiaries
1	Poshan Abhiyan (National Nutrition Mission), Stree Shakti, Maatrushree Yojana (Janani suraksha Yojana)	Women and Child Development
2	Pre-Matric and Post-Matric Scholarship to Backward Classes Students	Welfare of OBCs
3	PMKSY-National Mission on Sustainable Agriculture	Horticulture
4	Ayushman Bharata - Pradhan Mantri Jana Arogya Yojana (PMJAY)	Health and Family Welfare
5	PM-KISAN, Raithasiri Scheme, NFSM	Agriculture

The rural women farmers are required to approach four different departments *viz.,* Women and Child Development, Horticulture, Health and Family Welfare and Agriculture departments apart from collecting PDS deliverables to avail the eligible benefits, making it complex and time-consuming affair. The GPs have minimal role in assisting the rural beneficiaries and failed to serve as one stop solution for the above schemes as they are implemented by respective State departments as depicted in **Chart 2.5**.

Chart 2.5: Existing system of providing citizen centric services and Grievances



The Comptroller and Auditor General of India vide *Performance Audit on 'Direct Benefit Transfer' (DBT)* brought out the deficiencies such as DBT being crediting into incorrect accounts along with the cases of failed, pending

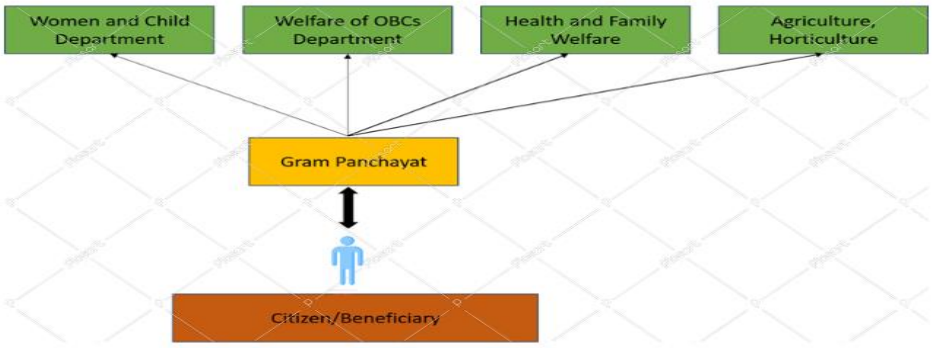
and rejected transactions. In such cases, the beneficiaries are required to approach various departments instead of getting the redressal as one stop solution at Gram Panchayats.

Further, Audit observed that Grama One services (around 500 services) by Seva Sindhu under e-Governance is also being provided to the rural citizen of Gram Panchayats. However, Gram Panchayat have no control over 'Grama One Services' as they are operated under the State Sector.

The State failed to leverage the PRI machinery for effective delivery of various programmes and schemes and to minimise the complexity of running the sectors parallelly. Rural citizens/beneficiaries continued to approach different agencies for different services instead of PRIs, which could have been the one stop solution.

The model of convergence of GPs as one stop solution for implementation of devolved functions right from identification, authentication of eligible beneficiaries for different schemes with suitable service level agreements between the Panchayats and the departments will entail a greater role of GPs in successful service delivery of schemes/programmes and emergence of GPs as a focal point in the implementation of the same. The role of GPs in the model of convergence of GPs as one stop solution is depicted in **Chart 2.6** below.

Chart 2.6: Model of convergence of GPs as one stop solution



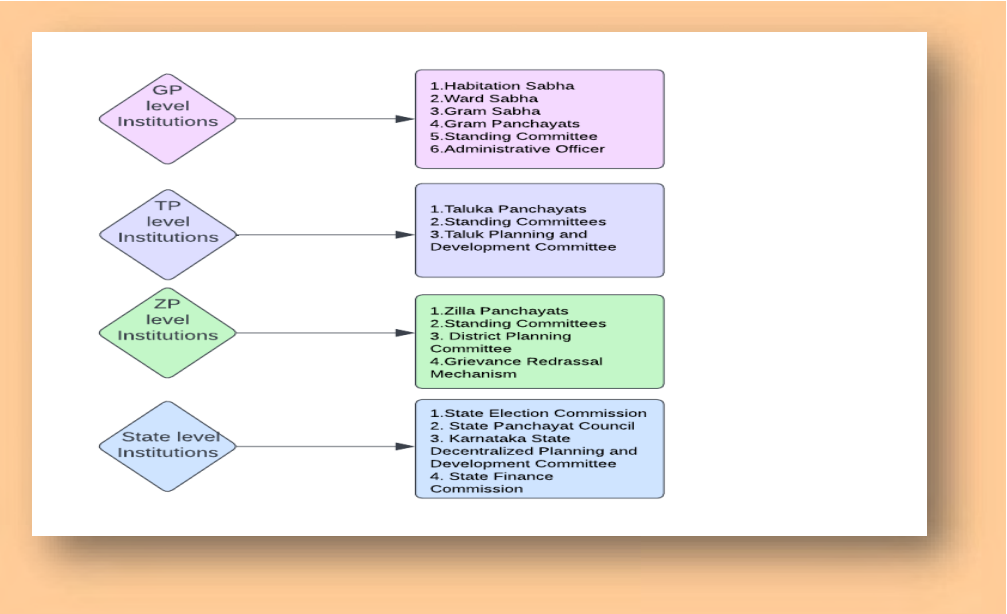
The State Government replied that 61 sectoral services are being provided by Bapuji Seva Kendra in GP limits and Sakala services were also integrated which is providing essential services to citizens. The reply is not tenable as Bapuji Seva Kendra are providing services mostly related to panchayats like property tax, building license, activities and discharges few of other services like Rights, Tenancy and Crops Certificate and Unique Disability Identity card only. Other department level services like DBT services being major part, scholarships activities pertaining to Agriculture, Women and Child development, horticulture, rural markets are being offered only by State Departments wherein role of GP is not there.

Recommendation 2: *State Government should make GPs as first point of contact for scheme/programme delivery of all services with suitable grievance redressal mechanism.*

2.5 Institutional framework of Rural Local Government

The successful decentralisation can be achieved when appropriate institutional framework is established, adequately empowered and capacities to handle the devolved functions are developed. The 73rd CAA provided establishment of such institutional framework and their capacities which are depicted below:

Chart:2.7: Institutional Framework for PRIs



Institutional framework can be categorised in four segments for audit analysis accordingly as follows:

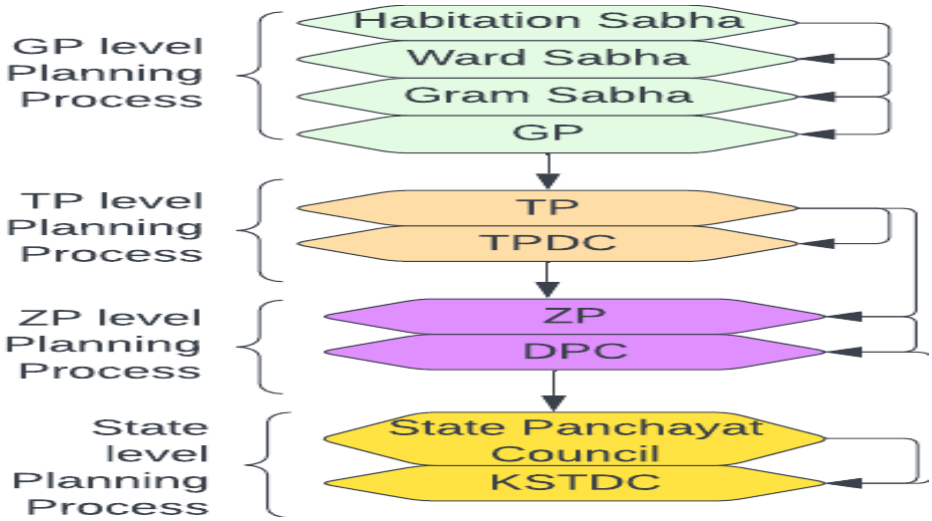
a. Institutions of Decentralised Planning for Development.
b. Institutions of Accountability and Transparency.
c. Institutions of Elections and Elected bodies.
d. Institutions relating to financial devolutions.

Audit has examined these institutions and adequacy, efficacy, efficiency, and effectiveness of these institutions are commented accordingly in the subsequent paragraph.

2.6 Institutions of Decentralised Planning for Development

KPR Act provides for initiation of the planning process starting from Habitation (Janavasti) and their integration to Taluk, District and State level Planning and Development Committee which is depicted as below:

Chart:2.8: Planning and integration of activities



Audit analysis revealed issues which have resulted in lacunae in the planning process as given below:

2.6.1 Gram Panchayat level planning process

2.6.1.1 Habitation Sabha (Janvasti Sabha)/Ward Sabhas/Gram Sabha

Article 243A recognised the Gram Sabha as a body consisting of persons registered in the electoral rolls. Further, KPR Act empowers the Habitation Sabhas (first unit of planning)/Ward Sabha and Gram Sabhas to assist the Gram Panchayat in planning to identify and include eligible beneficiaries in their jurisdiction, identify works, along with poverty alleviation/ welfare programmes and to suggest development activities for inclusion in the vision plan/ annual development plans of GPs. As per KPR Act, Habitation Sabha, Ward Sabha, and Gram Sabha are required to meet once in six months and Gram panchayat is required to meet once in a month for the purposes as mentioned above. The details of meetings conducted by Habitation Sabha, Ward Sabha, Gram Sabha and Gram Panchayats during the years 2017-18 to 2021-22 in respect of test checked 55 GPs are indicated in **Table 2.4**.

Table 2.4: Details of meetings conducted by test checked GPs during the period 2017-18 to 2021-22

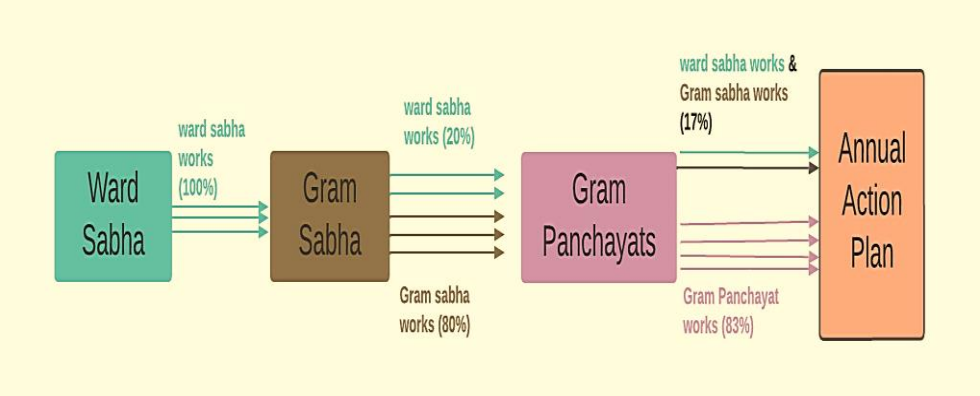
Name of the Sabha	No. of GPs conducted meetings as prescribed	No. of GPs conducted less than prescribed meetings	No. of GPs did not conduct any meeting
Habitation Sabha	0	2	53
Ward Sabha	10	37	8
Gram Sabha	8	47	0
Gram Panchayat	0	55	0

Audit observed that the minimum prescribed meetings of Habitation Sabhas and Gram Panchayats did not take place in any GP, wherein, only ten and eight GPs could conduct minimum prescribed Ward Sabha and Gram Sabha meetings respectively. Further, the role of these Sabhas were limited to identification of beneficiaries for housing and MGNREGA Schemes only while the beneficiaries for other schemes are identified by the State Departments. Audit also observed that the demands generated by people in Ward Sabha and Gram Sabha did not adequately feature in the final annual action plans rendering them of limited utility as evident from the case given below.

Case Study-Planning Process

The Habitation Sabhas are non-functional in most of the GPs, therefore the planning process starts with the identification of works by Ward Sabhas and forward the same to Gram Sabhas. Gram Sabhas also identify their works and converge them with the consolidated works of all the Wards under it. Further the Gram Sabhas furnish such consolidated works to Gram Panchayats. Similarly, Gram Panchayats identify their own work and converge them with the consolidated works of Gram Sabhas under it and accordingly Annual Action Plan is finalised.

The chart below indicates one case at Gram Panchayat, Amachwadi in Chamarajanagar District wherein audit analysed the participation of Habitation Sabha, Ward Sabha, Gram Sabha and Gram Panchayat in Planning Process as to what extent their identified works are actually integrated and converged in the final list of works or services selected at Gram Panchayats:



As could be seen from the above that the convergence of activities proposed by Ward Sabha, Gram sabha and GP for MGNREGA Scheme in the Annual Action Plan of Gram Panchayat is 17, 20 and 80 *per cent* respectively indicating least prioritization of works proposed by Ward sabha and Gram Sabha, making the participation of these grassroots level institutions inadequate.

Audit Observed that except for eight GPs out of test checked 55 GPs, which prepared vision plans, none of the GPs prepared annual plans/visions plans/GPDP (integration of all schemes *viz.* Agriculture, Social Forestry, Horticulture *etc.)* for all the devolved functions indicating lack of long-term planning at the grass root level. The action plan prepared by GPs is limited to 15th CFC Grants, MGNREGA (identification of works/beneficiaries) and works funded by their own sources.

Government provided for constitution of GPLCC[7] (Gram Panchayat Level Core Committee) to monitor the works of the Community Volunteers, identify the

[7] Para 3 of the GoK (Circular No. RDP 90 ZPS 2015, 22.09.2015)- GPLCC.

resources available with the GP, conduct Ward Sabha and Gram Sabha, prepare the vision[8]/annual plan and GPDP[9] (Gram Panchayat Development Plan) document for the GP for onward transmission to Taluk Core Committee/TPDC[10] and DPC. Audit observed that GPLCC was not constituted in all test checked GPs resulted in absence of coordination and monitoring in the matters of planning as indicated above.

Though guidelines of GPDP prescribe holistic approach in preparation of action plan deliverables in association with rural citizens, Self-Help Groups and NGOs for good governance, PRIs failed to establish such integration.

The State Government replied that templates were developed in respect of subjects to be discussed in GP meetings and provision made under Panchatantra 2.0 to capture all the details and available in public domain.

The State Government did not reply to the shortcomings in the planning process as identified in audit.

2.6.2 Taluk Panchayat Level Planning process

2.6.2.1 Taluk Panchayat

73rd CAA and Section 119 of KPR Act provides for constitution of Taluk Panchayat with an elected body to discharge the devolved functions, including drawing up a Vision Plan and Annual Development Plans by consolidating the plans of the Gram panchayat along with own requirements. Such plans are to be presented to the Taluk Planning and Development Committee and Taluk Level Core Committee (TPLCC) with a copy to the ZP and District Level Committee for finalising and monitoring the activities under PRI/State Sector.

Audit observed that the function wise action plans *viz.,* Agriculture, Education *etc*., were not prepared by the TPs. The actions plans are limited to 15th CFC grants and untied grants only. Audit also observed that TPs did not hold required monthly meetings as envisaged in the Act. The TPLCC was not constituted resulting in non-finalizing of activities under TP schemes and State Sector Schemes.

2.6.2.2 Taluk Planning and Development Committee

As per the provisions of the KPR Act, the TPs shall be responsible for consolidating the plans in digital form of all GPs at the Taluk level to place them before the Taluk Planning and Development Committee (TPDC). The TPs shall also be required to send a digital copy of this plan to the ZP. Further, TPDC consolidate the sector-wise draft annual plans submitted by all the panchayats and the urban Local Self-Governments by identifying the priorities of each sector at the Taluk level.

[8] The vision plan shall form the basis of constructing need based annual plans for each year for the next five years of its term.
[9] GPDP to be prepared as per GPDP Guidelines.
[10] Taluk Planning and Development Committee.

Audit observed that out of 16 selected TPs, TPDC was constituted only in three TPs[11]. Further, none of the TP has consolidated the GP plans into Taluk Plan for the Taluk as a whole. The non-formation and functioning of the TPDCs resulted in non-integration of local plans with Central and State sector plans as envisaged in the KPR Act.

The State Government did not offer any comments.

2.6.3 Zilla Panchayat Level planning process

2.6.3.1 Zilla Panchayats

As per Section 159 of KPR Act, a ZP elected body, is required to discharge functions such as drawing up a vision plan and annual development plans by consolidating the plans presented by the TPs adding their own requirements containing the components of the plans and the estimate of funds required and presenting the same to the District Planning Committee. Further, the ZP is required to meet at least once in two months as envisaged in the Act.

Audit observed that selected eight ZPs did not prepare annual plans and the number of minimum meetings prescribed in the Act were not being followed. Further, Action Plans were prepared only for untied grants and CFC works and function-wise planning was absent.

The State Government did not offer any comments.

2.6.3.2 District Planning Committee

Article 243ZD of the Constitution requires District Planning Committees 'to consolidate the plans prepared by the Panchayats and Municipalities in the district and to prepare a draft development plan (DDP) for a district as a whole'.

The DDP was to be forwarded to the State Government through the Decentralised Planning and Development Committee (DPDC) for integration into the State plan. Further, the DPC was to conduct meetings regularly. Funds for the DPCs were to be mobilised through annual contribution from the rural and urban local bodies.

Audit observed that DPC[12] was not functioning in any of the districts and no meetings were being conducted resulting in non-preparation of consolidated DDP for the district. The sectoral plans are not prepared as the DPCs were non-functional.

The State Government replied that DPC meetings were not conducted due to COVID pandemic and the same will be conducted in due course. The reply is not acceptable as non-constitution and non-function of DPCs were observed even during the pre-pandemic period. Such non-formation and non-conduct of

[11] TP Bagalkote, Hungund, and Tumakuru.
[12] Out of the selected eight districts, only five districts have constituted DPC.

DPCs to prepare DDP is not explainable despite having the resources at their disposal. One illustrative case is indicated below-

Illustration 7

In case of Kalaburgi ZP, DPC was constituted in July 2017 but no meeting was held till date (February 2023). Further, ZP has received ₹6,25,000/- during the period from 2017-18 to 2021-22 from TPs and GPs and has closing balance of ₹27,24,917 as on 31.03.2022. Hence, a huge amount was kept idle in the bank account of DPC and DPC didn't function at all.

2.6.3.3 Standing Committees

As per the KPR Act, all the tiers of PRIs need to have subject specific Standing Committees (GPs and TPs to have three and ZPs to have five numbers of Committee)[13]. These Standing Committees helps the GPs, TPs and ZPs in planning and discharging the activities related to budget and planning, social matters and other activities related to Functions devolved to these institutions. Further, the Act provides for the drafting of regulations for the functioning of these committees.

Audit observed that the Standing Committees were not functional in all the test checked units for the period 2017-18 to 2021-22. Audit also observed that no regulations were drafted by any of the PRIs rendering them non-functional.

State Government did not offer any comments.

2.7 Planning at the State level

2.7.1 State Panchayat Council

Though the Government has constituted a State Panchayat Council to act as a forum for elected representatives for better implementation of Panchayat Raj System, audit could not assess the performance of SPC due to lack of documentation in this regard.

2.7.2 Karnataka State Decentralized Planning and Development Committee (KSDPDC)

KSDPDC shall link the plans of districts and other planning units to provide for mutual consultation and negotiations between them and also provide the framework for integrating the sectoral and spatial aspects of urban and rural plans. Soon after the process of consolidation and integration is completed, the committee shall forward the consolidated plan to the Government. The committee shall also look after formulation of policy matters related to local development and regional development, co-ordination of districts and state plans and designing policies to strengthen local bodies.

[13] GPs, TPs and ZPs-General Standing Committee, Budget Finance and Planning Standing Committee and Social Justice Committee. ZPs have additional two committees-Agriculture and Industry and Education and Health Committee.

Audit observed that as the district plans are not consolidated and prepared by DPC, KSDPDC is unable to carry out its intended function.

The State Government did not offer any remark.

2.8 Reverse Feedback Mechanism

Section 309H of the KPR Act prescribes that all PRIs shall prepare half yearly Action Taken Report indicating resource availability, implementation, or reasons for inability to implement or projects/schemes outlined in the annual plan against set targets using the outcome indicators. The Gram Panchayats shall submit their reports to the concerned TP, which shall consolidate including their own report and present to the ZP. The ZPs shall consolidate the reports of all the TPs and include their own report and present the same to the District Planning Committee.

The consolidated report of the GPs shall be presented to the Gram Sabha at their next meeting. Similarly, the reports of the Taluk and Zilla panchayats shall be made available to the Gram Panchayats for presentation to the Gram Sabhas. Further, Section 300 of KPR Act makes provision for Annual Administrative Reports to be prepared by all the units of PRIs to highlight the status of work and services at the local level and aggregated at the State Level.

Audit observed that Action Taken Reports were not prepared by these local bodies. In the absence of DPC, the consolidated work in progress was not generated for analysis, assessment, follow-up, and course correction. This resulted in lack of monitoring of developmental activities taking place among the three tiers of the PRIs. Further audit observed that Annual Administrative Reports were not prepared by the PRIs, limiting the transparency and accountability to that extent.

State Government did not offer any comments.

Recommendation 3: *The respective mandatory sabhas/committees in GPs, TPs and ZPs shall be formed, made functional, monitored as per the framework of the KPR Act 1993.*

2.9 Institutions of Accountability and Transparency

2.9.1 Grievance Redressal Authority.

As per Section 296A of the KPR Act, each district should have Grievance Redressal authority to register the complaints and grievances from the people, to investigate and submit the action taken report to the Government in respect of ZPs and to ZPs in respect of GPs and TPs.

Audit observed that these authorities were not formed in selected districts and only four such authorities were formed in other districts. Lack of Grievances Redressal System is an impediment preventing citizens from getting their complaints redressed.

The State Government stated (May 2023) that Grievance Redressal Authority has been formed in all Districts. However, documents in support of the claim were not furnished to audit.

2.9.2 Audit and Accounts

Article 243J of Constitution states that the Legislature of a State may, by law, make provisions with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts. In this connection, Section 243, 250, 259 of KPR Act stipulated that GP, TP and ZP shall, within a period not exceeding three months after the close of the financial year, pass the accounts for that year. The accounts of every Grama Panchayat shall be audited each year by such officer as may be authorised by the Director General, Karnataka State Accounts and Audit Department (Section 246). The accounts of the TP (Section 253) and ZP (Section 262) shall be audited by the Comptroller and Auditor General of India (CAG).

The audit observed deficiencies in the maintenance of the accounts by PRIs and certification of accounts by concerned authorities which are detailed below:

2.9.2.1 Maintenance of Accounts

The Model Panchayat Accounting System (MPAS) prescribed by GoI envisages availability of accounting information in respect of the PRIs in uniform format across the country since 2011-12. MPAS format includes the information about Receipt and Payment Account, Consolidated Abstract Register, Reconciliation Statement, Statement of Receivable and Payables, registers of movable and Immovable Property, Inventory register and Demand Collection and Balance Register.

Audit observed that GPs are not preparing their accounts in the prescribed MPAS format as the GoK had issued orders only for TPs and ZPs to prepare the accounts in MPAS format. This resulted in non-certification of GP's accounts by the statutory body.

2.9.2.2 Status of Certification and submission of Accounts by Panchayat Raj Institutions

In terms of provisions of KPR Act 1993, responsibilities of certifications of Accounts of GP lies with the Karnataka State Accounts and Audit Department (KSSAD) and certification of account of ZP and TP lies with Accountant General (Audit). The status of furnishing of initial Annual Accounts of TPs and ZPs to Accountant General (Audit) are detailed below in **table 2.5**:

Table:2.5 Status of submission of Annual Accounts of PRIs to Audit

Year	Total number of PRIs		Non-Certification of accounts of PRIs	
	ZP	TP	ZP	TP
2017-18	30	176	0	2
2018-19	30	176	0	3
2019-20	30	176	0	4
2020-21	30	176	0	20
2021-22	30	176	1	87

Source: KSAAD[14] and SARs of ZP/TPs

The Gram Panchayats accounts were not certified by the competent authority as their accounts were not in the prescribed format. Further, it was noticed that there was shortfall in certification due to non-submission of annual accounts by TPs to Accountant General (Audit).

The State Government replied (May 2023) that the issues are being addressed with respective ZPs.

2.9.2.3 Social Audit

Social audit is a process of reviewing official records and determining whether State reported expenditures reflect the actual fund spent on the ground. The 4th SFC recommendation accepted by the State Government envisage to conduct social audit for all funds allocated to GPs. Further, Schemes guidelines prescribe Social Audits for Mahatma Gandhi National Rural Employment Generation Act (MGNREGA), Pradhan Mantri Awas Yojana (PMAY), Mid-Day Meal (MDM), National Social Assurance Programme (NSAP), Public Distribution System (PDS), National Rural Livelihood Mission (NRLM), Swachh Bharat Mission (SBM), Pradhan Mantri Gram Sadak Yojana (PMGSY), National Rural Health Mission (NRHM) *etc*., as detailed vide **Table 2.6**:

Table 2.6: The status of Social Audit in the State

Sl. no.	Year	Schemes for which Social Audits were conducted during the year
1	2017-18	MGNREGA (5,902)
2	2018-19	MGNREGA (6,008), CFC works (5,935)
3	2019-20	MGNREGA (5,881), CFC works (5,958), NSAP (2,631)
4	2020-21	MGNREGA (5,862), CFC works (5,446), PMAY (5,679)
5	2021-22	MGNREGA (5,868), CFC works (5,916), MDM (3 schools in each district)

Source: KSAD, State of Karnataka. Number of GPs covered indicated in the brackets.

As could be seen from the above table, though the Social Audit is being conducted for MGNREGA, Social Audits for NSAP, MDM, PMA were not conducted regularly, and their coverage was partial. Further, Social Audit for schemes such as SBM, PDS, NRLM, PMGSY and NRHM were not conducted.

[14] Karnataka State Audit & Accounts Department.

Non/partial conduct of Social Audits impacted the accountability of PRIs towards citizen centric services.

The State Government replied (May 2023) that adequate steps such as amendment of the rules, preparation of accounts in MPAS format for GPs would be taken in this regard.

2.9.3 Deficient Activity and responsibility mapping

KPR Act prescribes for Responsibility and Activity Map in respect of GPs, TPs and ZPs. This is to ensure clarity on the roles and responsibilities of the PRI bodies at different tiers.

The Government notified the activity mapping (2016) within the three tiers of PRIs i.e., GPs, TPs and ZPs for the devolved functions. However, Audit noticed the deficiencies, wherein, the functions were not drawn down to services, activities and sub-activities.

The State Government stated (May 2023) that detailed responsibility mapping is being developed by the Department in consultation with other departments to meet the current needs.

2.9.4 Non-implementation of SFC recommendations for database management

The Fourth State Finance Commission vide its report observed data deficiency in RDPR and made recommendations (December 2018) to address the issues. Audit observed that these recommendations are yet to be implemented (February 2023). The recommendations and its implementation status are given in **Table 2.7.**

Table 2.7: Status of Recommendations of SFC relating to database management

Para No.	SFC Recommendation	Status
12.1.8(a)	Adopt the 13th FC's suggestions and formats for ensuring a proper data base.	Not Implemented
12.1.8(b)	Decentralization Analysis Cell (DAC) with regard to each tier of PRIs should be further be empowered as the nodal agency for maintaining and updating data.	Implemented. However, DAC does not have a dedicated and reliable database.
12.1.8(c)	Local bodies will continue to need funding support for building capacity, data base and maintenance of accounts.	Not implemented.
12.1.8(d)	It is desirable that the local bodies should digitize and put in place all data on their programmes and projects (including historical and legacy data) and make it available in the public domain.	Not implemented.
12.1.8(e)	Information and data availability on the performance and operations on real time basis is critical for effective governance.	Real time data for the performance and operations of PRIs not available.

Source: Fourth SFC Report.

Illustration 8

Unreliable statistics

The Demand, Collection and Balance (DCB) statistics of Panchatantra application and basic records of GP, RDPR data and data provided to audit are at variance as show below:

	Item	As per RDPR/Panchatantra	As per information provided to audit	Difference
GP Koppa	DCB Balance (F.Y. 2019-20)	64,42,010	68,70,611	4,28,601
GP Kowdley	DCB Balance (F.Y. 2019-20)	33,74,440	25,14,146	8,60,294
RDPR	OSR (F.Y. 2017-18 to 2020-21) (₹ in cr)	2,168.14	2,287.92	119.78
RDPR	Formation of DPC (selected sample)	8	5	3
RDPR	Formation of TDPC (selected sample)	16	3	13

Due to existence of different sets of data in RDPR/Panchatantra and data provided to audit, the same was unreliable.

State Government did not offer any comments.

Recommendation 4: *State Government should:*

i) prepare and implement the detailed Function and activity wise Responsibility matrix of PRIs vis-à-vis State Sector for clarity of roles in dual functional discharge.

ii) issue orders for the preparation of annual accounts in MPAS formats to the GPs to facilitate their accounts certification by competent authority i.e., KSAAD.

iii) ensure conducting of Social Audit for all the schemes prescribed in the respective guidelines.

2.10 Institutions of Elections and Elected Bodies

The State Election Commission conducts direct elections to all the three levels of PRIs.

2.10.1 Elections and formation of Panchayat Raj Institutions.

The details of elected bodies and number of elected representatives in three tiers of Rural Local Government is as follows:

2.10.1.1 Zilla Panchayats, Taluk Panchayats and Gram Panchayats

Zilla Panchayats: The first tier of rural local governance in the State and consisting of two-third of total members as elected members and remaining are the members of the Lok Sabha and the members of the State Legislative Assembly, Council of States and State Legislative Council.

Taluk Panchayats: The middle tier of the rural local governance and consisting of two-third of total members as elected members and the remaining are the members of the House of People, the members of the State Legislative Assembly, Council of States and State Legislative Council.

Gram Panchayats: The last tier of the rural local governance and the last mile service providers to its citizen. The GPs consist of such number of elected members as notified from time to time by the State Government.

The details of elected representatives of all the tiers of PRIs are provided in the **Table 2.8.**

Table 2.8: Details showing elected representatives

Tiers of PRIs	Total units of PRIs	Total No. of Wards	President of PRIs				Members of PRIs			
			Women	SC	ST	OBC	Women	SC	ST	OBC
ZP	31	1,089	15	6	3	6	539	212	95	223
TP	233	3,659	88	26	11	50	2,018	771	387	744
GP	5,692	45,000	3,011	1,029	471	1,876	48,335	18,395	10,527	16,068

Source: RDPR. SC-Scheduled caste ST-Scheduled Tribe OBC-Other Backward Caste

2.10.1.2 Non-conduct of Taluk Panchayat and Zilla Panchayat elections for two years resulting in breakdown of democratic processes in rural governance.

The foundation of an effective Panchayat system is the conduct of regular elections to Panchayats every five years. The Constitution provides establishment of State Election Commission under Article 243K. Article 243E (1) and (3) (a) stipulate those elections to each term of Panchayats shall be completed before the completion of the earlier term, so that the next Panchayat can take over on the completion of the term of the sitting Panchayat.

The power of delimitation, reservation and rotation of the seats pertaining to various elected institutions of PRIs and rotation policy of seats for the posts of President, Deputy/Vice-Presidents and elected members of these institutions were vested with the State Election Commission. Accordingly, the elections are being conducted in all three tiers of PRIs from 1995 onwards. However, the delimitation powers were withdrawn[15] from State Election Commission (SEC) and vested with the State Government by constituting of the Karnataka

[15] vide Sections 308-E to 308-M Act no. 25 of 2021, w.e.f. 18.09.2019.

Panchayat Raj Delimitation Commission. The details of the elections of different tiers is given below:

Table 2.9: Status of elections of PRIs

Elections		Gram Panchayats	Taluk Panchayats	Zilla Panchayat
Panchayat elections conducted by SEC.	1st Election	1995	1995	1995
	2nd Election	2000	2000	2000
	3rd Election	2005	2005	2005
	4th Election	2010	2010	2010
	5th Election	2015	2016	2016
	6th Election	2020	Not conducted	Not Conducted

Source: RDPR.

Audit observed that though SEC carried out the delimitation process for elections of 233 TPs and 31 ZPs, the power to delimit was withdrawn from SEC w.e.f. September 2021. The Karnataka Panchayat Raj Delimitation Commission constituted (October 2021) is yet to finalise the delimitation as a result the elections of all ZPs and TPs due in 2021 were not conducted till date (February 2023).

Though the Hon'ble High court directed the State Government (August 2022) to complete the exercise of delimitation in 12 weeks for holding Taluk and Zilla panchayat polls, the same is still pending (February 2023). The Hon'ble High Court imposed a fine of ₹ 5.00 lakh for the inordinate delay by the State Government and Karnataka Panchayat Raj Delimitation Commission in conducting elections. The State Government is yet to conduct elections for PRIs, as a result, the PRIs are being administered by the non-elected body.

The State Government stated (May 2023) that Karnataka Panchayat Raj Delimitation Commission finalised reservation policy and elections will be conducted shortly.

2.10.1.3 Reservation of seats

Article 243 stipulated reservation of seats for SC/ST, Women and Backward classes for direct election. Further, Article 243D provides that seats and offices of chairpersons reserved for SCs, STs and OBCs shall be allotted by rotation irrespective of their population in a Panchayat/Ward. The KPR Act also provide for allotment of reserved seats to different constituencies as per the rotation policy adopted by the Government. The Second ARC recommended for constituencies to be reserved for at least two terms, so that the elected representatives under reserved category can get adequate opportunity to nurture and grow themselves as leaders.

While the Constitution did not mandate rotation of seats after one election cycle, Audit observed that the rotation of seats every five years is the practice in the State across the tiers of PRIs.

State Government stated that seventh and final report of the Karnataka Second State Administrative Reforms Commission, which was submitted to Government (February 2024) is under examination.

CHAPTER-III
DEVOLUTION OF FUNDS

Chapter- III
Devolution of Funds

The revenue resources of the PRIs include CFC/SFC grants, assigned revenue and own sources of revenue. Lack of devolution of funds to the PRIs, especially to GPs has rendered them financially unsustainable as their own sources of revenue were less than two *per cent* of overall financial requirement. They were thus more reliant on the Government grants for their sustainability.

The actual implementation of CFC/SFCs recommendations was partial as evident from short fall in committed releases of 14th and 15th CFC to the tune of ₹ 611.19 crore and ₹ 43,782.04 crore on account of SFCs recommendations respectively. The Government did not implement its committed release of untied grants to PRIs, wherein, the PRIs received only ₹ 4,235.38 crore against ₹ 5,826.50 crore restricting the freedom of PRIs towards discretionary works as per local needs and their legitimate allocations.

Further, there was a delay in acceptance and implementation of the recommendations of SFCs. This resulted in a delay in the formation of the Fifth and Sixth SFC. The 13th Finance Commission recommended one time alignment of SFC and CFC, which is yet to be implemented. The institutional measures to consolidate the financial and accounting aspect were not fully implemented.

The constraints in levying and collecting property tax and other taxes were not addressed by the Government as the right to levy and collection of property tax by GPs in the industrial areas was transferred to KIADB/ELCITA. The concerned GPs depended upon these agencies for release of property tax/building licence fee of ₹ 30.03 crore collected by them.

The potential revenue avenues of PRI limits were not transferred to PRIs and requisite NOCs from GPs were not insisted upon. Some State functionaries did not transfer the revenues to the PRI which rightfully belonged to the PRI.

Fiscal decentralisation is key for effective implementation of PRIs roles and responsibilities as envisaged in the 73rd CAA, mandated by Article 280 of the Constitution (division of resources between the Union (Centre) and the States) and Central Finance Commission (CFC) formed there under. The distribution of finances (net proceeds of the taxes, duties, tolls and fees, determination of taxes, duties, tolls, and fees to be assigned to Panchayats, grants-in-aid to the Panchayats) between the State and rural local bodies is under the purview of the SFC constituted under Article 243 I of the Constitution, to govern measures needed to improve the financial position of the Panchayats. The State Governments were to authorize the Panchayats (Article 243H) to levy, collect and appropriate such taxes, duties, tolls, and fees apart from giving Grant-in-aid from the Consolidated fund of the State.

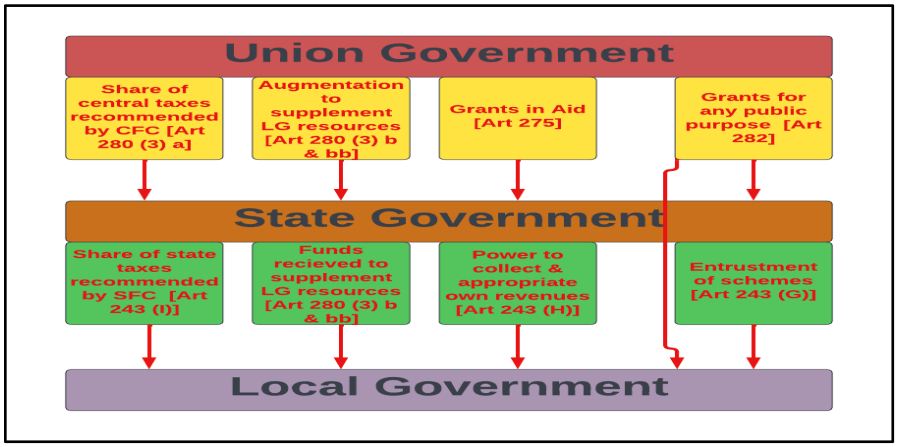
Furtherance to devolution of finances to PRIs, the Government of Karnataka vide KPR Act and 4th SFC recommendations assigned revenues *viz.,* stamp duty to TPs and royalty levied on sand to certain GPs as follows:

- Section 205: Duty on transfer of immovable properties in the form of surcharge at the rate of three *per cent* of the duty imposed by Karnataka Stamp Act, 1957 for TPs.
- GoK vide 4th SFC recommendations and Karnataka Minor Mineral Concession Rules 1994, GoK has assigned 'royalty levied on sand to certain Gram Panchayats', where sand is being extracted.

Apart from the above, the GPs are vested with the power to levy, collect and appropriate such taxes, duties, tolls and fees as decided by the State Government from time to time. Accordingly, the GPs in the State are levying tax on land/buildings, water charges, licence charges, fees for various services and issuance of certificates by Gram Panchayats.

The devolution of funds to the panchayats is illustrated below:

Chart 3.1: Flow of funds to PRIs



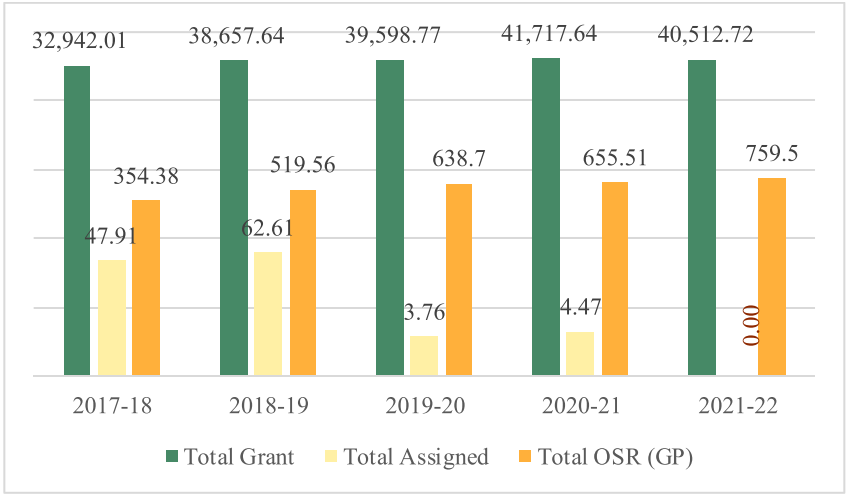
Source: Niti Ayog

3.1 Status of Sources of Revenue for Local bodies (GPs, TPs and ZPs)

The overall resource of the PRIs for the years 2017-18 to 2021-22 is given below vide **Chart 3.2**:

Chart 3.2: Overall Resource of PRIs

(₹ in Cr)



Source: -VLC data, Data of IGR and Mines and geology, Own Source Revenue (OSR) data of RDPR

As evident from above, that the own sources of the PRIs contributed to less than two *per cent* to total fund requirement. The details of grants received, assigned revenue and own source of revenue to PRIs is detailed below vide **Table 3.1**.

Table 3.1: Overall resources of ZP, TP and GPs

(₹ in Cr)

Year	Grant (ZP)	Grant (TP)	Grant (GP)	Assigned Revenue (GP)	Assigned revenue (TP)	OSR (GP)	*Per cent* of OSR to GP revenue envelope
2017-18	10,674.82	16,062.75	6,204.44	3.47	44.44	354.38	5
2018-19	12,314.55	20,017.05	6,326.04	3.74	58.87	519.56	8
2019-20	12,380.85	21,780.70	5,437.22	3.76	0	638.70	11
2020-21	13,013.38	23,313.83	5,390.43	4.47	0	655.51	11
2021-22	13,011.78	23,332.38	4,168.56	0	0	759.50	15
Total	**61,395.38**	**1,04,506.71**	**27,526.69**	**15.44**	**103.31**	**2,927.65**	**10**

Source: RDPR Karnataka and VLC data.

While the TPs and ZPs are vested only with the powers to exercise supervisory roles in implementation of PRI schemes, GPs are vested with the powers to levy taxes and collect fees and implement GP sector schemes. Though assigned revenue is being collected by GPs and TPs, there is no such provision for ZPs.

It can be seen from the above that the sources of revenue devolved to PRIs in the quantum of 98.46 *per cent*, 0.06 *per cent* and 1.48 *per cent* through CFC/SFC grants, assigned revenue and own sources respectively. With meagre OSR, the PRIs are unable to prioritize the local needs and demands as envisaged in the Act.

State Government stated (May 2023) that there is an increase in OSR of GPs and attempts of increasing revenue by capital value method and reassessment of properties along with identification of new tax sources such as industries, solar, windmill, mobile tower *etc.,* will reduce dependency of GPs on Government grants.

The sufficiency of the resources and legitimate discharge of constitutionally devolved funds to PRIs are detailed below:

3.2 Central and State Finance Commission Grants

The Constitution of India has placed PRIs in a legitimate position regarding devolution of funds they deserve to discharge the assigned functions. Further, the CFC and SFCs has mandated certain portion of the revenues to the PRIs for their effective functioning. The devolution by way of budgetary allocations, actual releases and shortfall are discussed below:

3.2.1 Central Finance Commission grants

Article 280(3)(C) of the Constitution mandated the CFC to recommend measures to augment the Consolidated Fund of a State to supplement the resource of PRIs based on the recommendations of the respective SFCs. While the 14th CFC recommended basic grant and performance grant to PRIs, 15th CFC recommended tied[16] and untied[17] grants. Details of grants allocated and releases to Karnataka during the year 2017-18 to 2021-22 is detailed below in **Table 3.2**.

Table 3.2: Central Finance Commission Grant-in-aid

(₹ in cr)

Year	Allocation			Released			Short Release
	Basic	Performance /Tied	Total	Basic	Performance/ Tied	Total	
2017-18	1,604.42	206.13	1,810.55	1,555.60	204.08	1,759.68	50.87
2018-19	1,856.02	234.08	2,090.10	1,841.54	0	1,841.54	248.56
2019-20	2,507.88	306.51	2,814.39	2,504.13	0	2,504.13	310.26
2020-21	1,608.50	1,608.50	3,217.00	1,608.50	1,608.50	3,217.00	0.00
2021-22	950.80	1,426.20	2,377.00	949.30	1426.20	2375.50	1.50
Total	**8,527.62**	**3781.42**	**12,309.04**	**8,459.07**	**3,238.78**	**11,697.85**	**611.19**

Source: GoI Operational Guidelines and release orders, RDPR data.

As per the Operational Guidelines of 14th and 15th CFCs, the Basic Grants/Tied Grants are linked to the constitution and formation of the elected bodies. There was shortfall in release of grants to the Gram Panchayats to the tune of ₹ 611.19 crore during the period 2017-18 to 2021-22 under the tenure of 14th CFC (₹609.69 crore) and 15th CFC (₹ 1.50 crore) and the Gram Panchayats were deprived of the funds to that extent. Accordingly, the short release of CFC Basic grants in respect of Gram Panchayats for an amount of ₹ 67.05 crore for the period 2017-20 was on account of the fact that the Government of India released grants on pro-rata basis only for the duly constituted PRIs[18]. Further, the State Government had submitted the proposal (July 2021) for release of Performance Grants for the period 2018-19 to 2019-20 to GoI.

[16] Grants given for specific purpose and not intended for any other purpose.
[17] Discretionary grants.
[18] A duly constituted GP means a GP where elections have been held and an elected body is in place as provided in Part IX and IXA of the Constitution.

In addition to the loss of funds as referred in above table, previous audit paragraph vide 2.10.1.2 of this report mentioned that the elections are not held in respect of Taluka Panchayats and Zilla Panchayats since 2021 that led to the loss of funds to the tune of ₹ 369.45 crore towards 15th CFC. This loss of 15th CFC would increase until the elections of Taluka and Zill Panchayats are conducted and would result in substantial loss of CFC funds to the State of Karnataka. The State Government did not offer any comments for such short and non-release of grants to PRIs.

3.2.2 State Finance Commission

As per Article 243-I of the Constitution, it is mandatory for the State Government to constitute a Finance Commission within one year of the commencement of the 73rd CAA, and thereafter on expiry of every five years. Section 267 of KPR Act 1993, empowers State Government to constitute SFC, which was mandated to review the financial position of the local bodies and to make recommendations to the Governor for devolution of funds.

Audit observed that there were delays in constitution, acceptance and implementation of the recommendations of SFCs, as detailed below:

3.2.2.1 Delay in constitution and implementation of the State Finance Commission's recommendations

The due dates for constitution, acceptance and implementation of recommendations of SFCs vis-a-vis actual dates of such constitution acceptance and implementation of recommendations with delays thereon indicated below:

Table 3.3: Details of constitution of SFCs

SFC	To be constituted as per Constitution	To be constituted with reference to previous SFC	Actually Constituted	Delay in days	Date of submission of recommen-dation	Date of acceptance of recommen-dation	Delay in days	Period covered
1st	By 31 May 1994	Not applicable	10.06.1994	10	05.08.1996	31.03.1997	238	1997-98 to 2001-02
2nd	1999-2000	June 1999	25.10.2000	474	23.12.2002	29.06.2006	1,284	2006-07 to 2010-11
3rd	2004-05	October 2005	28.08.2006	327	December 2008	31.10.2011	669	2011-12 to 2015-16
4th	2009-10	August 2011	21.12.2015	1,600	May 2018	07.12.2018	190	2018-19 to 2022-23

Source: CAG Report (No.2 of 2020, Karnataka) on 74th CAA and 4th SFC Report.

Audit observed that there were delays in constitution of 2nd SFC by 474 days, 3rd SFC by 327 days and 4th SFC by 1,600 days respectively. The State Government accepted the recommendations of respective SFCs with a delay ranging from 190 days to 1,284 days. The intervening period between the two SFCs *viz.,* 2002-03 to 2005-06 and 2017-18 were covered under respective previous SFCs recommendations. Due to delay for more than six and half years in the constitution of respective SFCs, the State lagged behind two SFCs,

wherein, the State is still under 4th SFC regime instead of 6th SFC (Four states[19] are under 6th SFC regime).

Delay in implementation of SFCs affected the financial resource of PRIs due to non-discharge of incremental assigned grants/revenues during the intervening period. Further, an Action Taken Report (ATR) on the recommendations of the SFCs which was required to be placed in the legislature within six months, indicating the modification or acceptance and implementation was not placed.

Recommendation 5: *The State Government should put in place the duly constituted bodies in Panchayat Raj Institutions in time to avoid loss of CFC grants. The State Government may constitute the SFC on time and submit the Action Taken Reports in the legislature within specified time.*

3.2.2.2 Nonsynchronous State Finance Commission's with Central Finance Commission's

Article 280(3) (bb) and (c) of the Constitution states that Central Finance Commission grants for local governments should be transferred to PRIs 'on the basis of the recommendations of the Finance Commission of the State'. To address the gap, 13th FC recommended a one-time alignment of all SFC terms with that of the CFC and to truncate the current SFC with constitution of respective SFCs for a synchronous implementation across the country. It further recommended that Article 243-I of the Constitution be amended to include the phrase 'or earlier' after the words 'every fifth year'.

Audit observed that the SFCs were not constituted on time as required under the Constitution, wherein the SFCs are not concurrent with the relevant CFC and are not in sync with each other.

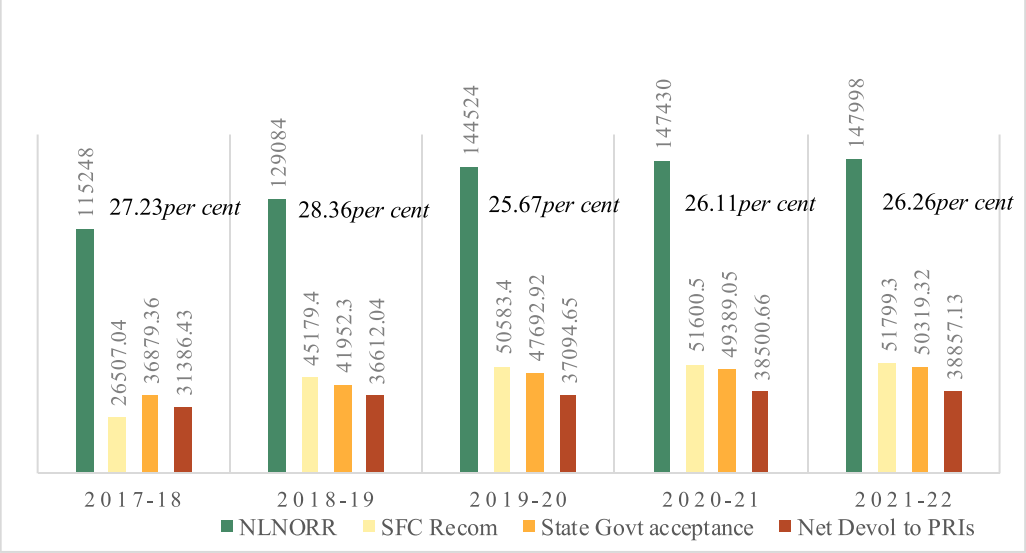
The State Government stated that as per Article 243(I) and (Y), the State Finance Commission has to be constituted once in five years. Hence, the 13th CFC recommendation to synchronize SFC with that CFC was not acted upon.

3.2.2.3 Status of allocation as per State Finance Commission's recommendations

The respective SFCs has recommended ₹2,25,669.64 crores be devolved to PRIs during the period 2017-18 to 2021-22, of which Government has accepted to devolve ₹2,26,232.95 crores and released only ₹1,82,450.91 crore with a shortfall of ₹43,782.04 crore **(Chart 3.3)**.

[19] Assam, Bihar, Punjab and Rajasthan.

Chart 3.3: Details of devolution of funds to PRIs during the year 2017-22 (₹ in crore)



Source: Medium Term Fiscal Plan (2020-24), and (2022-26), VLC data.

The Fourth SFC recommended 35 *per cent* of Non-Loan Net Own Revenue Receipt (NLNORR) of the State be devolved to PRIs from 2018-19, however, the actual devolution stood at 25.67 to 28.36 during the audit period. Audit observed that the State Government implemented few of the recommendations with modifications[20], and action was not initiated on other recommendations. The SFC wise important recommendations and their modifications with reference to transfer of funds are given in **Appendix 3.1(a), 3.1(b)** and **3.2**.

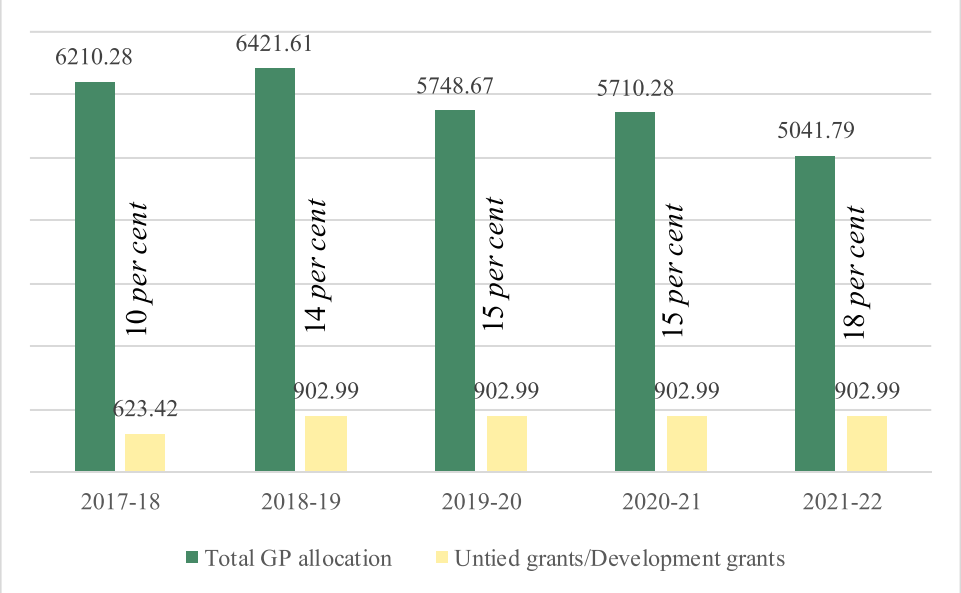
3.2.2.4 Short fall in Untied Grants to Gram Panchayats

Section 206(2) of the KPR Act, 1993 stipulates that the Government shall allocate such percentage of grants to the Panchayats as may be determined by State Finance Commission out of which twenty *per cent* shall be Untied Grants. Untied grants could be expended at the discretion of PRIs to carry out the local community developmental works, which creates a sense of ownership and accountability from the elected representatives and officialdom in the Gram Sabha.

Review of allocation of untied funds to PRIs revealed that it accounted for 10 to 18 *per cent* against 20 *per cent* of total funds allocation during 2017-18 to 2021-22. The untied funds were skewed to the extent of 10 to 50 *per cent*, as the PRIs received only ₹4,235.38 crore against ₹5,826.50 crores restricting the freedom of PRIs to allocate funds towards discretionary works as per local needs and their legitimate allocations (**Chart 3.4**).

[20] Devolution of funds in a phased manner from 32.5 *per cent* to 36 *per cent* over period of 5 years.

Chart 3.4: Details of Untied Grants allocation to GPs during 2017-22(₹ in crore)



Source: Budget link documents.

3.2.2.5 Status of Implementation of SFC's recommendations

The 4th SFC recommended certain institutional strengthening measures towards consolidating the financial and accounting aspects of PRIs. The status of implementation of such recommendations are:

- The Constitution of Property Tax Board, which was supposed to be formed to address the issues related to property valuation, assessment, coverage, collection efficiency, and indexation of property values, exemptions, enforcement, assets *etc.,* was not constituted.

The State Government did not offer specific reply.

- Model Panchayat Accounting System of PRIs, which was to adopt eight formats of accounts prescribed by the Comptroller and Auditor General of India to record the transactions for transparency and accountability at GP level was not adopted, there by rendering the GP accounts inaccessible online and could not be certified by Karnataka State Audit and Accounts Department.

The State Government stated that the rules are being amended and MPAS formats shall be introduced.

- Digitization of programmes/projects for transparency/ accountability in transactions for decision making, audit trail and its availability in public domain was partially implemented.

The State Government did not offer specific reply.

- Earmarking of budget towards inventory management of all land/ immovable assets of PRIs within two years was not done as observed in test checked units.

The State Government did not offer specific reply.

- Further, other recommendations *viz.,* formation of audit wings of RDPR and appointing Chief Information Officer (MIS) for maintenance and updation of data in local bodies, were not implemented.

The State Government stated that the process to establish the Internal Audit wing is in process but due to shortage of staff, it was not convenient enough to frame the Internal Audit wing. The appointment of Chief Information Officer (MIS) will be considered.

3.3 Status of transfer of assigned revenue to Panchayat Raj Institutions

Furtherance to 4th SFC recommendations and as per Section 205 (1) of KPR Act, 1993, the 'Stamp duty' and 'Royalty levied on sand to certain Gram Panchayats' were assigned to TPs and GPs respectively.

Audit observed that:

- ZPs were not assigned any revenues.
- ₹15.44 crore being the royalty on sand extracted in GPs was transferred in full by the Government.
- TPs though assigned with 'Stamp duty' revenue, the same was not fully transferred to TPs during 2017-19. As against collection of ₹114.95 crore, the Government transferred an amount of ₹103.31 crore only with a short transfer of ₹.11.64 crore. In addition, Stamp duty collected was not assigned by the Government for the period 2019-20 to 2021-22 affecting the planning and implementing of the activities in TPs.

State Government in its reply stated (May 2023) that the Finance Department would be directed to release the assigned stamp duty to TPs.

3.4 Status of generation of Own Sources of Revenue (Tax/Non tax) in Gram Panchayats

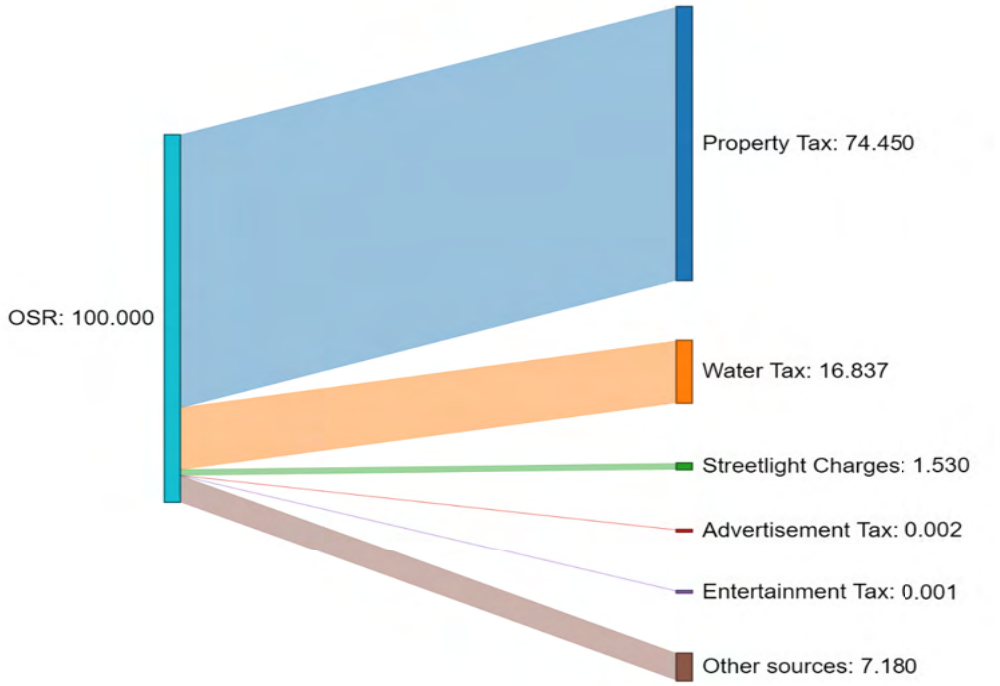
Section 199(1) KPR Act stipulates that 'Every Grama Panchayat shall in such manner and subject to such exemptions as may be prescribed and not exceeding the maximum rate specified in Schedule IV levy tax upon buildings and lands based on capital value of the property which are not subject to agricultural assessment, within the limits of the panchayat area'.

Further Section 199 (A) states that the Gram Panchayat may revise the taxes and rates leviable at least once in two years in respect of building and lands and at least once in a year on other items.

Audit observed that the GPs have the power to levy tax on properties which is limited to 'not less than 0.05 *per cent* but not more than 0.10 *per cent* on capital value of the property, wherein, the capital value is fixed by the State Government from time to time.

The own source of revenue of Gram Panchayats included tax on land, buildings, water charges, licence charges, fess for various services and issuance of various certificates by Gram Panchayats. The contribution of various taxes in generation of Own Sources of Revenue (OSR) of Gram Panchayats is indicated below in **Chart 3.5:**

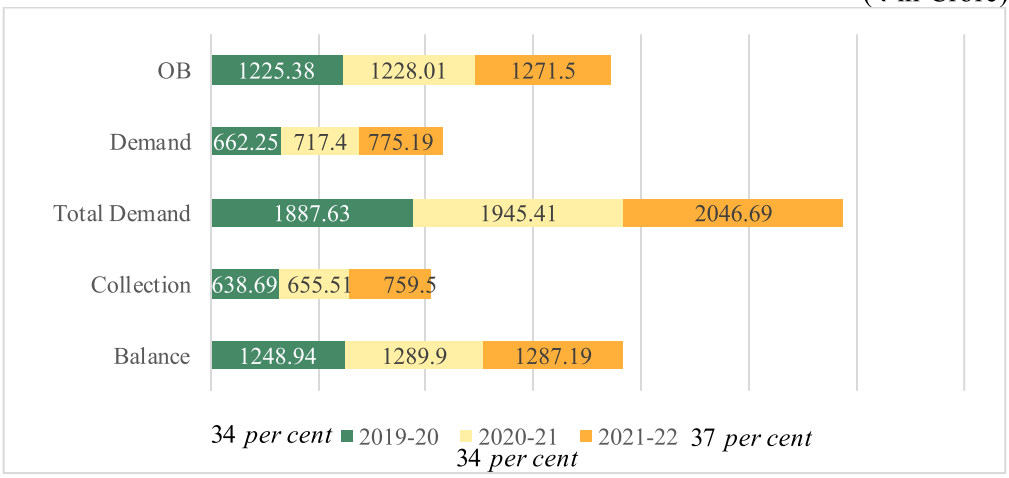
Chart 3.5: Details showing share of all kinds of own sources of revenue of GPs (in *per cent*)



Audit observed that the property/building tax is the major source of revenue among various sources which contribute around 74.45 *per cent* followed by water tax (16.84 *per cent*), streetlights (1.53 *per cent*), other sources (7.18 *per cent*) *etc*. Review of demand, collection and balance of various taxes levied and collected indicated poor tax recoveries which accounted only 35 *per cent* of the total as indicated in C**hart 3.6**. The GPs failed to mop up at least 50 *per cent* of the annual demand, wherein, the arrears at the end of March 2022 stood at ₹1,287.19 crore. Further, the O and M cost of water supply for three years (2019-22) in GPs was ₹869.32 crore, against which the water tax collection was ₹347.27 crore, indicating poor collection and financial resources are burdened towards providing basic infrastructure facilities in the GPs.

Chart 3.6: Statement showing details of demand collection and Balance during the year 2019-20 to 2021-22

(₹ in Crore)



Source:RDPR Karnataka.

Audit observed that there were various restrictions and limitations on tax mobilisation as detailed in the subsequent paragraphs, wherein, the augmentation of potential tax and non-tax resources are affected. The limitations of GPs in collecting potential property tax are:

3.4.1 Tax Revenue of Gram Panchayats

3.4.1.1 Non-remittance of property tax on properties vested with Karnataka Industrial Area Development Board (KIADB)

KPR Act (Section 202) empowered the GPs to collect property tax from industries located in the jurisdiction of the Gram Panchayat. In contravention to the Act, RDPR (March 2020) directed that the property tax would be collected by KIADB and passed on to respective GPs.

Audit observed that though KIADB has allotted land to 10,025 industrial units in 23 districts, the respective GPs did not conduct any joint survey with KIADB in their jurisdictions and build any database of such industrial units. KIADB, though collected ₹19.65 crores as on 31 March 2022 (**Appendix 3.3**) did not remit the same to respective GPs. The responsible authorities vide KPR Act[21] *viz.,* EOs of TPs, CEOs of ZPs, and the RDPR, did not initiate any action in monitoring the remittance of property tax to GPs by KIADB.

Apart from non-remittance of property tax by KIADB, audit observed that 776 building licence were issued by the KIADB instead of GPs (five out of eight test checked districts) and revenue of ₹8.96 crore (license fee and property tax thereon) did not reach the corpus of GPs. The action of RDPR in contravention of the KPR Act resulted in depriving the revenue to GPs with consequential impact on action plan activities of concerned GPs.

The State Government stated (May 2023) that outstanding dues from KIADB will be reconciled with respective GPs and stated that the Department is in the process of withdrawing the above order.

[21] Sec 145(d), 234(1)(c),202 (1) and (2).

3.4.1.2 Non-remittance of property tax by Electronic City Industrial Township Authority (ELCITA)

Section 364-J (2) of KMC Act, stipulated that 30 *per cent* of the property tax collected by the ELCITA shall be passed on to local authority (GPs), wherein, industries were carved out to form ELCITA. ELCITA has passed on property tax only to the extent of 25 *per cent* to the concerned two GPs[22] over a period of five years resulting in the loss of property tax to the extent of ₹1.43 crore (**Appendix 3.4**).

The State Government accepted (May 2023) the audit observation by stating that the matter would be taken up with the ELCITA for settlement of the issue as pointed by audit.

3.4.1.3 Non-consideration of plinth area for levy of property tax

The recommendations of consecutive CFCs (14th and 15th) reiterated that the property tax be levied on plinth area basis for certainty and consistency in the assessment of property tax by the GPs. However, Government of Karnataka adopted capital value of the property[23] with depreciation[24] at the time of assessment for levying of property tax.

Audit assessed the impact of adoption of capital value in respect of 776 properties with allowable depreciation (0.60 *per cent* to 1.75 *per cent*) based on the age and type of the building per year. It was observed that the property tax got reduced to the extent of ₹ 2.27 crore, as the market guidance value of the property was not revised since 2017-18 by the competent authority due to depreciation effect.

Audit, further observed that while Karnataka Municipal Corporations Act (Section-102A) empowered the ULBs to enhance the property tax rates at 15 *per cent* every three years to ensure the augmentation of their resources however such quantum of increase in tax rates for Rural Local Bodies were not indicated in the KPR Act.

Lower tax collections coupled with non-revision of market guidance value at regular intervals rendered the GPs financially more dependable on other sources of revenue impacting their activities.

The State Government stated (May 2023) that enhancing the property tax rates at 15 *per cent* every three years is under examination.

Recommendation 6: *State Government may consider adoption of plinth area for levying property tax as recommended by CFCs with reasonable periodical incremental taxation.*

[22] Dodda Thoguru and Konappana Agrahara.
[23] Section 199 (1) KPR Act,1993.
[24] Explanation to Schedule-IV of KPR Act 1993, the taxable Capital value of the property is the market value guidelines of the property published under Section 45B of the Karnataka Stamp Act, 1957.

3.4.2 Revenue raising capacity of Panchayati Raj Institutions.

Based on the provisions of KPR Act, recommendations of SFCs and CFCs, Audit assessed the revenue raising capacity of Gram Panchayats which can augment their scarce revenue as enumerated below:

3.4.2.1 Betterment tax/developmental charges

Betterment Tax (Developmental Charges) is levied for the improvements of community services such as construction of roads, bridges and culverts, protection of trees *etc.,* 14th CFC[25] recommended that the States should review the position and prepare a clear framework of rules for the levy of betterment tax.

Audit observed that neither such framework was prepared by the Government, nor such provision existed in the KPR Act. However, Audit noticed that such provision exists in KMC Act empowering the ULBs to levy and collect such tax**.** In line with ULBs, PRIs also can be handed over this source of revenue.

3.4.2.2 Professional Tax

14th CFC[26] stipulated that the professional tax may be major sources of income for the local bodies and also recommended to assign this tax to the rural local bodies. Further, 15th CFC has also emphasized increasing the limits of Professional Tax by amending Article 276(2) of the Constitution.

Audit observed that the State Government neither assigned this revenue (Professional Tax) to PRIs nor enhanced the limits. However, Audit noticed that States such as Tamil Nadu, Kerala, Haryana, Andhra Pradesh, Telangana, and Orissa have assigned this revenue to PRIs. Non- assignment of this revenue in the State led to loss of revenue to that extent.

The State Government (May 2023) accepted the audit observation and stated that recommendations would be examined for implementation.

3.4.3 Potential Non-Tax areas for Gram Panchayats

3.4.3.1 Market fee of Agriculture Produce Market Committee yards

Section-69 of the KPR Act prescribes that no place within the jurisdiction of a Grama Panchayat shall be used as a shop whether permanently or temporarily, other than a shop referred to in section 68 and 69 under a license granted or renewed by the Grama Panchayat by collection of license fee.

On audit of test checked units, audit observed that GPs had not collected trade licence fee during the audit period. On scrutiny, audit observed that such license fee was collected by the State department under rule 76(1) of Karnataka Agricultural Produce Marketing (Regulation and Development) Rules, 1968. Consequent upon the enactment of the KPR provisions, the APMC, 1968 was not amended resulting in the loss of revenue for the Gram Panchayats.

[25] Para 9.92.
[26] Para 9.95 and 9.97.

Illustration 9

APMC Singenaagaraha situated in the GP limits of Muthunaluru with 219 vendors were running without obtaining any trade licence fee from GP. Considering trade licence fee at ₹ 1,500 per year, the GP incurred a loss of revenue to the extent of ₹ 21.90 lakh per year.

The State Government in its reply (May 2023) stated that matter would be taken up with Agriculture department for collection of trade licence fee in the APMC area.

3.4.3.2 Collection of E-Khata charges by Karnataka Housing Board

Section-199 3(J) of the KPR Act, empowers Gram Panchayat to levy tax and fee at such rates as the Gram panchayat may bye-law determine but not exceeding the maximum specified in Schedule IV and in such manner and subject to such exemptions as may be prescribed. Further, Rural Development and Panchayat Raj Department (RDPR), Karnataka is issuing E-khata of the properties through Bapu Ji Seva Kendra portal and E-Swathu portal after collecting prescribed application fee from the applicants.

Scrutiny of balance sheet of Karnataka Housing Board (KHB) for the year 2018-19 to 2020-21 revealed that KHB has collected E-Khata charges amounting to ₹ 23.34 lakh towards the layouts formed in rural areas. Failure of RDPR in issuing suitable instructions to KHB in remitting the E-Khata charges to GPs resulted in forgone revenue of respective GPs.

3.4.3.3 Service charges on Government property

The 11th CFC and 14th CFC[27] reiterated that the local bodies should be properly compensated by levying user charges for the civic services provided by them and take necessary action, including enacting suitable legislation.

However, PRIs of Karnataka are not collecting service charges on Government properties for providing civic services.

3.4.3.4 Issue of No Objection Certificate (NOC)

Entry no-24 of Schedule-I of KPR Act, 1993 stipulates that 'No Objection Certificates' will be issued by GPs to enable them to enhance their resource envelope in respect of land conversions, mines and geology activities, electrification, excise, biodiversity and license for liquor shops.

Audit observed that State Government has undermined the role of the GPs in issuing these NOCs, as they are issued by the State Departments and also not insisted upon by GPs to carry out such activities in their limit. This has resulted in revenue loss to GPs.

3.4.3.5 Handing over productive local assets

14th CFC vide para 9.98 recommended that State Governments should assign productive local assets to the panchayats and put in place enabling rules for collection and institute systems so that they can obtain the best returns while leasing or renting common resources. However, the following productive local

[27] Para 9.102

asset have not been handed over the GPs:

Fish Tanks: Only small tanks/lakes are being auctioned by the GPs and revenue generated on big tanks/ lakes was retained by fisheries department without assigning the same with respective GPs.

Horticulture Nurseries and Playgrounds: Though PRIs are providing funds for development of nurseries and playgrounds, the revenue collected by the State Department was not shared with PRIs.

Failure to augment the above resources resulted in non-moping of such revenues by GPs.

The State Government replied (May 2023) that the matter would be taken up.

Recommendation 7: *State Government should:*

i) consider assigning the revenues from betterment tax, professional tax to PRIs as done in other states.

ii) allow them to collect service charges on Government properties along with handing over the potential revenue generation areas viz., nursery farms, lakes/tanks.

iii) take necessary steps to provide opportunity to PRIs, to generate the revenue through issuance of NOCs as detailed vide Entry 24 of Schedule I of KPR Act 1993.

CHAPTER-IV
DEVOLUTION OF FUNCTIONARIES

Chapter- IV

Devolution of Functionaries

The PRIs were not assigned powers to assess, recruit, define cadre and recruitment rules, regulate pay and allowances, initiate disciplinary action and transfer functionaries except in the case of Group C and D posts.

Though the PRI functionaries of various line departments were brought under purview of RDPR, control over functionaries *viz.,* recruitment, transfer and disciplinary proceedings still lie with the State Government. Thus, there exists dual source of control over PRI functionaries.

Shortage of functionaries (25 to 100 *per cent*) amongst various cadres/ categories impacted the efficient delivery of services. The grass root level posts are severely understaffed as 851 GPs (14 *per cent*) are functioning without Panchayath Development Officers (PDOs) and 3,442 GPs (57 *per* cent) working without Second Division Accounts Assistants (SDAAs). The shortage in other GP core functionaries ranged from 6 to 18 *per cent.*

As against the required 226 Taluk Planning Officer (TPOs), the Government sanctioned 146 TPOs impacting planning and implementation of Taluk level development plans. Overall shortage of functionaries are to the tune of 60 and 44 *per cent* respectively at District and Taluk levels and 86 *per cent* of the GPs are functioning without any technical staff.

The recommendations of SFC were not implemented by the Government as the C&R rules did not include the posts of Extension Officers and Field Extension Officers.

The capacity building of PRI staff was not satisfactory as the trainings are being conducted without any Training Need Analysis (TNA). The funds provided by Government of India (GoI) and Government of Karnataka (GoK) were not fully utilized as the training slots were not used to the full extent. Under-utilization of slots led to loss of central assistance of ₹260.80 crore.

Along with transfer of functions and funds, adequate functionaries are crucial for effective functioning of PRIs as full-fledged units of self-governance. The broad framework of functions to be carried out by the three tiers of PRIs for which the Government was to provide required staff as per the provisions of KPR Act[28].

[28] Section 184 for ZP, 145 for TP and 58 for GP.

4.1 Control of State Government over the Panchayat Raj Institutions functionaries

The appointment, disciplinary and other controls over the staff is being exercised both by the State Government and PRIs. The clear and unambiguous empowerment allowing PRIs to take decisions and enforce them, within their legitimate sphere of action cannot be practiced unless the public servants entrusted with the discharge of these responsibilities are permanently under the control of the Local Government.

It was observed in audit that in respect of TP and ZP the staff is recruited and posted by State Government and the GPs are given power to recruit their own staff excluding Panchayat Development Officer is the bureaucratic head of GP. The appointing and disciplinary authorities in respect of PRIs staff are vested with the State Government as detailed in **Table 4.1** below.

Table 4.1: Control of the State Government over the functionaries of PRIs

<table>
<tr><th>PRI</th><th>Designation</th><th colspan="4">Authority</th></tr>
<tr><th></th><th></th><th rowspan="2">Appointment</th><th colspan="2">Disciplinary Action</th><th colspan="2">Control over staff</th></tr>
<tr><th></th><th></th><th>Minor penalty</th><th>Major penalty</th><th>Leave</th><th>Transfer</th></tr>
<tr><td>GP</td><td>PDO</td><td rowspan="6">State Government</td><td>CEO ZP</td><td rowspan="6">State Government</td><td>EO TP</td><td>CEO ZP</td></tr>
<tr><td rowspan="2">TP</td><td>EO</td><td rowspan="3">State Government</td><td rowspan="4">State Government</td><td>State Government</td></tr>
<tr><td>Group B Staff</td><td>CEO ZP</td></tr>
<tr><td rowspan="3">ZP</td><td>CEO</td><td rowspan="3">State Government</td><td rowspan="3">State Government</td></tr>
<tr><td>CAO, CPO</td></tr>
<tr><td>Group B Staff</td></tr>
<tr><td colspan="2">Line Department for all the tiers of PRI-Group-B, C and D</td><td>CEO ZP</td><td>CEO ZP</td><td></td></tr>
</table>

It can be observed from the above table that the appointment of the PRIs staff is made by the State Government only. In case of disciplinary proceedings Group A and B Officers, the power rests with the State Government and in case Group C and D staff of TPs/ZPs, the power rest with the CEO of ZP. The power to recruit and transfer line department functionaries vested with State Government only. Appointment and disciplinary controls are retained by the Government leaving the PRIs with meagre control over the functionaries.

The State Government did not furnish the reply to this audit comment.

4.2 Powers of Panchayat Raj Institutions over assessment of functionaries

The assessment of manpower should be based on the functions undertaken by PRIs with a view that majority of them are service oriented and need to be discharged within a reasonable time. This assessment could be done best by PRIs considering various criteria such as the extent of geographical area to be covered, population, the number of properties existing *etc*.

Audit observed that PRIs neither have the powers to assess the staff requirement nor to recruit the required staff except GP own staff. The State Government assessed the requirement of staff based on population and without seeking the actual requirement from PRIs and recruitment controls were retained with Government itself.

The GoK constituted (July 2021) a separate PRI service cadre involving 22 different cadres for ZP and TP. However, it was noticed that assessment of the required strength and posts sanctioned was not in consonance with the actual requirements as observed in the case of TPO. As against the recommendations of SFC, only 146 posts of TPOs were sanctioned by the Government against the actual requirement of 226 TPOs (one TPO for each Taluk), thereby leading to shortage of 80 TPOs in the State. Due to lack of required number of TPOs, the plan preparation, programme implementation, evaluation and collection of basic village statistics was impacted in the remaining Taluks.

The State Government did not offer any comments.

4.3 Recruitment of functionaries

The Second Administrative Reforms Commission (ARC) vide its Report[29] recommended that the Panchayats should have power to recruit personnel and to regulate their service conditions subject to such laws and standards as laid down by the State Government. Further, Karnataka Panchayat Raj Act Amendment Committee (AC) made certain recommendations, the status of which is depicted in **Table 4.2**:

Table 4.2: Status of implementation of recommendations of AC

KPR Act Amendment Committee Recommendations	Status of implementation of recommendations
The Government shall constitute a 'Karnataka Panchayat Administrative Service' (KPAS) and prescribe such category of posts from the Rural Development and Panchayat Raj Department, the number of posts, scale of pay, method of recruitment and minimum qualifications for such posts. Accordingly, Section 232B was inserted in the Act.	Among the staff of the three tiers of the PRI, only the posts of PDO and Secretary were brought under the 'Karnataka Panchayat Administrative Service' and the remaining cadres are being recruited from the Karnataka Civil Services i.e. by State Sector.
To establish an independent board to be called the 'Karnataka Panchayat Services Board' for defining the policy governing the human resource, regulate administration and control of staff in the PRIs in keeping in view with the principle of subsidiarity and the spirit of the devolution.	The State Government has not initiated any action in this matter. It is also noticed that Section 232B of KPR act does not specify the authorities for appointment and staffing pattern of PRIs. The other provisions[30] of KPR Act do not provide the power to appoint the staff required to the respective PRIs and the recruitment of functionaries[31] for ZP, TP and GP (except Group C and D of ZP/TP and GP own staff) are being carried out by the State Government.
The GoK has notified the Karnataka Grama Swaraj and Panchayat Raj (Staffing Pattern, Scale of Pay, Method of Recruitment and other Conditions of service of Employees of Grama Panchayat) Rules 2020. As per notification there shall be a Selection Committee at District level for recruitment of GP Staff under the Chairmanship of Chief Executive Officer (CEO) of the ZP.	Establishment of the board as recommended by the committee was not set up by the State Government and the PRIs were not empowered with adequate powers to recruit the needed staff.

State Government replied that draft KPAS is under consideration by the Finance Department. The reply is silent on constitution of selection board.

[29] 6th Report, 'Local Governance – an inspiring journey into the future'.
[30] 196 (2), 196 (3), 155 (2) of KPR Act.
[31] CAO, CPO, Group B, Executive officer, PDO and technical staff to GP.

4.4 Filling up of Panchayat Raj Institutions cadre on temporary/deputation basis from Karnataka Civil Services

Section 196(5) of the KPR Act provides that the Government may as from the specified day constitute such services for each ZP as may be prescribed. The State Government (July 2021) constituted a separate PRI service cadre for ZP and TP involving 22 different cadres.

Audit observed that though GoK framed Karnataka General Services (Panchayat Raj Department) (Cadre and Recruitment) Rules 2020, it relied on filling up 10 cadres[32] out of 22 cadres on temporary/deputation basis from other Government departments[33] without framing permanent cadre within PRIs.

Further, the Third SFC highlighted the necessity of including in the cadre of Extension Officers/Field Extension Officers in the C&R Rules, which will guide and work at Taluk/GP level for better implementation of various Government schemes.

However, audit observed that the Karnataka General Services (Panchayat Raj Department Cadre and Recruitment) Rules 2020 notified in July 2021 did not include the posts of Extension Officers and Field Extension Officers which was not in conformity with the SFC recommendation. The permanent cadre to function within the purview of the PRI was not constituted by the Government.

The State Government accepted the audit comment (May 2023).

4.5 Shortage of functionaries

There was shortage of manpower at all the levels of PRIs. The shortage in manpower was ranging from 25 to 100 *per cent* as detailed below in **Table 4.3**:

Table 4.3: Details showing shortage of functionaries

Category	Sanctioned Strength	Person-in-Position	Vacancy (*per cent*)
A	10,618	6,797	3,821(36)
B	13,203	8,117	5,086(39)
C	3,22,650	2,40,720	81,930(25)
D	50,052	17,481	32,571(65)
Others	15	0	15(100)
Total	**3,96,538**	**2,73,115**	**1,23,423**

Source: Information furnished by RDPR

Audit also observed that out of 6,022 GPs, only 5,170 GPs were provided with full time PDOs and 851 GPs are functioning without PDOs and 3,442 GPs (57 *per* cent) working without Second Division Accounts Assistants (SDAAs). The shortage in GP core functionaries[34] ranged from 5.85 to 18.45 *per cent* in various cadres. It was noticed in the test checked units that there was shortage

[32] CAO, Accounts/Audit Officer, Assistant Accounts Officer, Accounts Superintendent, FDAA, CPO, Planning Officer, TPO, Assistant Statistical Officer and Planning Assistant.

[33] State Audit and Accounts Department, Department of Treasury and Department of Economics and Statistics.

[34] PDO (Panchayat Development Officer), Secretary Grade -I & II and SDAA.

of functionaries in both ZPs (60 *per cent*) and TPs (44 *per cent*) impacting effective discharge of devolved functions.

The State Government did not offer any comments.

4.5.1 Lack of technical staff for Gram Panchayats

Section 113A of KPR Act stipulates that Government may, if required, pool the officers and officials of the State Civil Service including engineering or technical staff and post them to one or more GPs. Further, the third SFC recommended that technical staff should be made available for executing technical works, which was endorsed by Ministry of Rural Development (Sumit Bose Report[35] (January 2017)).

It was observed in audit that the State Government has pooled one technical staff to one or more GPs. In test checked ZPs it was seen that only 203 GPs were having technical staff against the requirement of 1,458 posts, wherein, 1,255 GPs were functioning without a technical staff as detailed in **Table 4.4**

Table 4.4: Details showing technical staff of GPs

Sl. No.	Name of ZP	No of GPs	No of Technical Staff	GPs with Technical Staff	GPs without technical staff
1	Bagalkote	196	1	1	195
2	Ballari	100	25	42	58
3	Bengaluru urban	86	3	10	76
4	Chamarajanagara	130	27	91	39
5	Gadag	122	0	0	122
6	Kalaburagi	261	0	0	261
7	Mandya	233	26	59	174
8	Tumakuru	330	0	0	330
	Total	**1,458**	**82**	**203**	**1,255**

Source: RDPR

The State Government did not furnish any comments.

4.5.2 Non-providing of functionaries to District Panchayat Resource Centre (DPRC)

Ministry of Panchayat Raj, Government of India, aided the States for construction of DPRC under Rajiv Gandhi Panchayat Shasaktikaran Abhiyan (RGSA) in all the districts. Further, the DPRC was to undertake capacity building activities of functionaries of PRIs and Elected Representatives (ERs). Towards these activities, funds to the tune of ₹10.00 lakh were ear marked for each District by the Government (September 2020). The Government had accorded approval for creation of various posts[36]. However, these posts were not filled up which resulted in shortage of human resources to that extent and further burdened the functionaries of PRIs, as they themselves

[35] Performance based payments committee for better outcomes in rural development programmes.

[36] Administrative Assistant-1, Accounts Assistant-1, multi-tasking workers-3.

undertook capacity building activities of functionaries along with their regular duties.

The State Government replied (May 2023) that the DPRC were formed in all the districts. However, the reply is silent on deployment of required staff at DPRC as observed in audit.

***Recommendation 8**: The State Government should provide adequate functionaries to all tiers of PRIs to enable them to discharge their assigned duties and recruit the RDPR personnel through Karnataka Panchayat Services Board as per the local needs and prescribed criteria.*

4.6 In-charge arrangements of Executive Officer in Taluk Panchayats instead of regular posting

Audit observed that in contravention to Section 155 of KPR Act, the post of EO was held by functionaries on in-charge basis due to non-filling up of posts in time. The duration of in-charge arrangement during the period 2017-18 to 2021-22 (60 months) ranged from four to 60 months in 11 out of 16 test checked units as detailed below in **table 4.5**:

Table 4.5: Details of EO post held by in-charge/on deputation basis.

Sl No	Name of the TP	Period of in-charge/deputation
1	Bagalkot	12
2	Hungund	41
3	Bengaluru North	4
4	Chamarajanagar	4
5	Gadag	60
6	Ron	33
7	Aland	43
8	Jewargi	6
9	Kalaburagi	21
10	Srirangapatna	14
11	Turuvekere	53

The State Government stated (May 2023) that due to shortfall of workforce, in-charge/temporary arrangements were resorted to.

4.7 Non formation of District Selection Committee and recruitment of Gram Panchayats own staff in excess of requirement

Audit observed that in test checked districts the District Selection Committee was not formed, and functionaries are being recruited by GP itself as and when vacancies arise in a specific cadre. Further, as per the information furnished by RDPR, it was seen that the GPs had recruited excess staff over the sanctioned posts in the following cadres as shown in **Table 4.6**:

Table 4.6: Recruitment of various functionaries in excess of sanctioned posts

Sl. No.	Name of the Cadre	No. of Sanctioned Post	Person in position	Excess staff (*per cent*)
1	Bill Collector	5,962	6,427	465(8)
2	Waterman	5,962	24,037	18,075(303)
3	Sweeper	5,962	6,106	144(2)
4	Pump Operator	5,962	7,573	1,611(27)
	Total	**23,848**	**44,143**	**20,295**

Source: Information furnished by RDPR.

The deployment of excess staff had additional burden on the already financially crunched GPs.

The State Government replied (May 2023) that the Government of Karnataka notified the Karnataka Grama Swaraj and Panchayat Raj (Staffing Pattern, Scale of Pay, Method of Recruitment and other Conditions of service of Employees of Grama Panchayat) Rules 2020. As per notification there shall be a selection committee at district level for recruitment of GP Staff. The reply is silent about the formation of District Selection Committee at district level and recruitment of excess staff.

4.8 Capacity building of functionaries of Panchayat Raj Institutions

The Administrative Reform Commission recommended (October 2007) that the capacity building efforts in rural and urban local self-governing institutions must attend to the professional and skills up-gradation of individuals associated with these bodies, whether elected or appointed.

To undertake capacity building activities for functionaries of PRIs and ERs, Ministry of Panchayati Raj (MoPR) is providing aid to the States under RGSA erstwhile Rajiv Gandhi Panchayat Shasaktikaran Abhiyan (RGPSA) under various components[37]. The Abdul Nazir Sab State Institute of Rural Development and Panchayat Raj (ANSSIRDPR) is the nodal agency to function as State Apex Training Institute, impart training and capacity building aimed at strengthening the PRIs. The important findings regarding capacity building are discussed in subsequent paragraphs.

4.8.1 Non-conduct of Training Needs Analysis (TNA)

As per RGSA Framework, the States are required to prepare detailed Annual State Capacity Building Plans for PRIs in accordance with the Guidelines and submit them to the Ministry of Panchayat Raj (MoPR) for appraisal and approval. Such annual plans are required to be developed by the State following a need assessment and a process which must include extensive consultation with Elected Representatives, Panchayat Functionaries and other stakeholders concerned.

Audit observed that ANSSIRDPR did not conduct Training Needs Assessment (TNA) annually and relied on TNA of 2015-16 for conducting trainings till 2020-21

[37] Capacity building and training, institutional infrastructure, e-enablement, innovative activity, IEC *etc.*

State Government (May 2023) accepted that TNA was not conducted annually. Non conducting of TNA on annual basis and non-preparation of perspective plan defeated the objective of capacity building exercise.

4.8.2 Submission of annual action plan without approval by the Governing Council

As per the Byelaw of ANSSIRDPR, the Governing Council (GC) of the society shall meet once in a year and to forward the budget proposals to the Government for approval of annual training calendar. Further, the Executive Committee (EC) of the ANSSIRDPR shall meet at least once in three months to decide all matters relating to financial transactions, borrowings, applying for grants, purchase of equipment *etc.*

Audit observed that the annual action plans did not bear the approval of the GC as the meetings were not conducted during the past three years. EC met only four times against the required 20 meetings during the audit period.

The State Government accepted the audit observation (May 2023) and stated that the annual action plans would be placed before the next GC for ratification and in future timely ratification would be ensured.

4.9 Flow of Funds

The Institute has received the following funds from GoI and GoK towards conducting various capacity building programmes to the advantage of functionaries in PRIs and elected representatives as detailed in **Table 4.7.**

Table 4.7: Details of Funds received from GoI and GoK and expenditure.

(₹ in Crore)

Year	Total available funds	Expenditure incurred	Unspent balance
2017-18	87.07	24.50	62.57
2018-19	66.28	10.19	56.09
2019-20	57.33	36.67	20.66
2020-21	31.78	28.52	3.26
2021-22	50.80	42.33	8.47

Source: Information furnished by ANSSIRD.

It could be seen from the above that during the audit period an amount of ₹42.33 crore has been incurred towards capacity building activities for functionaries of PRIs. There was an unspent balance of ₹8.47 crore as of 31 March 2022.

The Institute during the years transferred ₹88.98 crore from the RGSA account to other subsidiary bank accounts (six bank accounts) thereby diverting the funds.

Audit observed that though funds for approved 49 activities under RGSA/Grama Panchayath Development Plan (GPDP) were available, the Institute did not conduct the same resulting in un-utilization of funds to the tune of ₹94.77 crore.

State Government replied (May 2023) that the topics may have been combined and common for all the training programmes. The reply is not tenable as the training calendar needs to be prepared based on TNA and accordingly training programme are to be conducted.

4.10 Under-utilisation of training slots

The PRIs are key players in localisation of Sustainable Development Goals adopting thematic approach through identified nine themes[38] at grassroot level to achieve them by 2030.

However, scrutiny of approved action plans and their implementation revealed that there was shortfall in utilisation of slots ranging from 10 *per cent* to 31 *per cent* as indicated in the **Table 4.8**.

Table 4.8: Details showing shortage in utilisation of training slots under RGSA, MGNREGA, NRDWP, KSRLP etc.

Year	Available slots	Utilised slots (*per cent*)	Un-utilised slots (*per cent*)
2017-18	4,88,259	3,38,695 (69)	1,49,564 (31)
2018-19	1,67,680	1,50,715(90)	16,965 (10)
2019-20	3,77,452	3,08,755(82)	68,697 (18)
2020-21	4,25,564	3,43,061(81)	82,503 (19)
2021-22	5,19,465	3,92,676(76)	1,26,969 (24)
Total	**19,78,420**	**15,33,902 (78)**	**4,44,698 (22)**

Source: Compiled by audit based on information furnished by ANSSIRDPR.

Audit observed that there were short comings in utilisation of slots and the action plans are defective as detailed below:

- Even though the institute could handle about 19.78 lakh slots between 2017 and 2022, it only utilised around 15.33 lakh of them, which is about 78 *percent* indicating that not all of the available slots were used.

  The State Government attributed the reasons for under-utilisation of slots to delays in approval of annual action plan by Central Executive Committee (CEC) and COVID-19. The reply is not tenable as the delay in approval by CEC has no bearing on the trainees attending the programmes.

- Further, as per the National Capacity Building framework, the mandatory thematic course training and refresher courses to the ERs of PRIs elected during Jan 2016 and May 2020 was not conducted to enhance their capacities in discharging their functions.

- State has not conducted impact assessment of RGSA though included in the Action Plan despite availability of ₹5 lakh to the State for every year per state/per year for this purposed towards evaluation of training activity. The State Government stated (May 2023) that the same was conducted by national monitors empanelled by MoPR. The reply is not acceptable as the State was to conduct the same and specific funds were released for the purpose.

- The action plans of RGSA approved by CEC are eligible for funds from GoI to the tune of 60 per cent and balance 40 per cent to be funded by GoK. The total cost of action plans approved by CEC for the State was

[38] Poverty free village, Healthy village, Child friendly village, water sufficient village, Clean and Green Village, Village with self-sufficient infrastructure, Socially Secured Villages, Village with Good Governance and Women Friendly Village.

₹551.71 crore during 2017-22, wherein, the State was eligible for ₹331.02 crore. The release of funds depends on the progress achieved by the State during the respective years GoI has released an amount of ₹41.08 crore during 2017-18 and ₹40.00 crore during 2021-22. Against the projected action plans for ₹551.71 crore, the State was able to achieve a progress of ₹128.68 crore only. Further, the State Government released the central assistance after a delay of seven months.

Due to non-achievement of action plan items, the State lost central assistance of ₹260.80 crore.

The State Government stated (May 2023) that full central assistance was not provided to any State. The reply is not tenable as State Government failed to utilise the amount already released resulting in non-release of further Central assistance.

***Recommendation 9**: The State Government should ensure that the capacity of resource centres are utilised to the full extent so that central assistance is not lost, and State share is released on time.*

Bengaluru
The 29 OCT 2024

(Shanthi Priya S)
Pr. Accountant General (Audit I)
Karnataka

Countersigned

New Delhi
The 04 NOV 2024

(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

Appendix 1.1
(Reference: Para 1.7/ Page No.4)
Details showing selected units of PRIs

Sl No.	Name of ZP	Name of TP	Name of GP
1	Bagalakot	1. Bagalkot	1. Hallur
			2. Bevoor
			3. Chikkashellikeri
		2. Hungund	4. Muganur
			5. Belagall
2	Ballari	3. Ballari	6. Vanenoor
			7. Sidiginamola
			8. Sanjeevarayanakote
			9. Chanalu
3	Bengaluru Urban	4. Anekal	10. Vanakanahalli
			11. Suragajakkanahalli
			12. Muththanalluru
		5. Bengaluru North	13. Meenukunte
			14. Kachohalli
			15. Maadavaara
			16. Marenahalli
4	Chamarajanagar	6. Chamarajanagar	17. Nanjedevanapura
			18. Demahalli
			19. Badanaguppe
			20. Amachavadi
5	Gadag	7. Gadag	21. Kanaginahal
			22. Nagavi
			23. Belhod
		8. Ron	24. Chikkamannur
			25. Abbigeri
			26. Sudi
			27. Hunagundi
6	Kalaburgi	9. Kalaburgi	28. Kurikota
			29. Kallahanharga
			30. Kamalapur
			31. Harsoor
		10. Jewargi	32. Koodi
			33. Harwal
			34. Naribol
		11. Aland	35. Nimbarga
			36. Hodloor
			37. Tadol
			38. Savaleshwar

Sl No.	Name of ZP	Name of TP	Name of GP
7	Mandya	12. Maddur	39. Kowdley
			40. Atagur
			41. Valagerehalli
			42. Koppa
		13. Srirangapatna	43. Mahadevapura
			44. K. Shettahalli
8	Tumakuru	14. Tumakuruu	45. Obalapura
			46. Beladhara
			47. Gangonahalli
			48. Doddanaravangala
		15. Kunigal	49. Begur
			50. Theredakuppe
			51. Bhaktarahalli
			52. Jodihosahalli
		16. Turuvekere	53. Thandaga
			54. Sampige
			55. Ammasandra

Appendix 2.1
(Reference: Page No.5)
Comparison of the KPR Act with the provisions of 73rd CAA and the current status of implementation.

Provision and requirements of Constitution of India and 11th Schedule	Provision as per sections of KPR Act	Status of Implementation
Gram Sabha (Article 243 A): A Gram Sabha may exercise such powers and perform such functions at the village level as the Legislature of a State may, by law, provide.	Deals with duties and functions of Gram Sabha (Section 3E, 3F, 3G & 3H)	Gram Sabha constituted in each GP.
Constitution of Panchayats (Article 243 B): There shall be constituted in every State, Panchayats at the village, intermediate and district levels in accordance with the provisions of this Part	Declaration of panchayat area and establishment of GP (Section 4)	Three tiers of local Government are constituted namely GP, TP and ZP.
	Establishment of TP and its incorporation (Section 119)	
	Establishment of ZP and its incorporation (Section 158)	
Composition of Panchayats: (Article 243 C):	Method of voting and procedure for election (Section 7 for GP Section 125 for TP and Section 164 for ZP)	Provisions made in the state legislation.
Election of Chairperson (Article 243 C): -	Election of Adhyaksha and Upadhyaksha (Section 44 for GP, Section 138 for TP, Section 177 for ZP)	Provisions for tenure in respect of Chairperson at each level of panchayats.
Reservation of Seats (Article 243 D):	Constitution of Grama Panchayat (Section 5 for GP, Section 123 for TP and Section 162 for ZP)	Provisions made in the state legislation.
Duration of Panchayats (Article 243 E):	Term of office of members (Section 41 for GP, Section 134 for TP and Section 173 for ZP) and Section 268 for dissolution of Panchayats.	Provisions exist in Legislation.
Disqualifications of Membership (Article 243 F)	Disqualification for members (Section 12 for GP, 128 for TP and 167 for ZP)	Provisions made in the state legislation.
Powers, authority and responsibilities of Panchayats (Article 243 G):	Functions of Grama Panchayat (Section 58-110 for GP, 145-154 for TP and 184-195 for ZP) and ---- for Planning.	Detailed Provisions exist in the KPR Act.

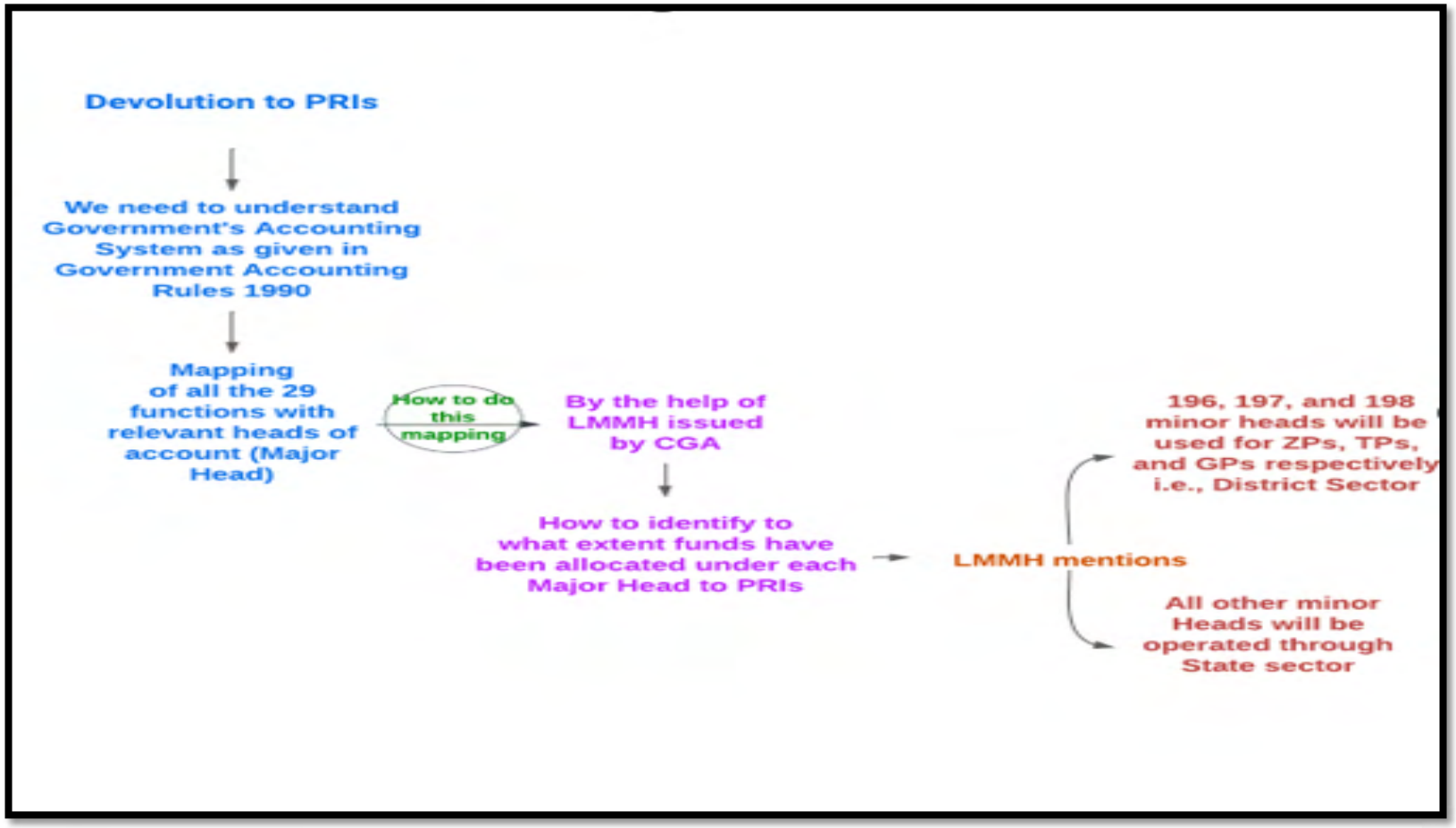
Provision and requirements of Constitution of India and 11th Schedule	Provision as per sections of KPR Act	Status of Implementation
Powers to impose taxes by, and Funds of, the Panchayats: (Article 243 H)	Section 199, 204-208 & 209-231 of KPR Act	Provisions exist in the KPR Act.
Constitution of Finance Commission to review financial position (Article 243 – I):	Section 267 of KPR Act	Four State Finance Commissions have been constituted so far in Karnataka.
Audit of accounts of Panchayats (Article 243 J)	Section 241, 243 & 246 of KPR Act	The act provides for audits of the accounts.
Elections to the Panchayats (Article 243 K)	Section 308 of KPR Act	State Election Commission is constituted.

Appendix 2.2
(Reference: Para 2.1/ Page No.5)
Details showing functions devolved vide 73rd CAA *vis-a-vis* KPR Act Schedules

Sl No.	73rd CAA	ZP [Schedule-III, KPR Act]	TP [Schedule-III, KPR Act]	GP [Schedule-III, KPR Act]
1	Agriculture, including agricultural extension	Agriculture, Horticulture and Sericulture	Agriculture, Horticulture and Sericulture	Agriculture, Horticulture and Sericulture
2	Land improvement, implementation of land reforms, land consolidation and soil conservation	-	-	-
3	Minor irrigation, Water management and watershed development	Minor Irrigation	Minor Irrigation	Minor Irrigation
4	Animal Husbandry, dairying, poultry	Animal Husbandry, dairy, poultry farm and fisheries	Animal Husbandry, dairy, poultry farm and fisheries	Animal Husbandry, dairy, poultry farm and fisheries
5	Fisheries	Animal Husbandry, dairy, poultry farm and fisheries	Animal Husbandry, dairy, poultry farm and fisheries	Animal Husbandry, dairy, poultry farm and fisheries
6	Social forestry and Farm forestry	Social Forestry	Social Forestry	Social Forestry
7	Minor forest produce	Social Forestry	Social Forestry	Social Forestry
8	Small scale industries, including food processing industries	Small scale and Rural Industries	Small scale and Rural Industries	Small scale and Rural Industries
9	Khadi, village and cottage industries	Small scale and Rural Industries	Small scale and Rural Industries	Small scale and Rural Industries
10	Rural Housing	Rural Housing	Rural Housing	Rural Housing
11	Drinking Water	Drinking Water Supply	Drinking Water Supply	Drinking Water Supply
12	Fuel & Fodder	Animal Husbandry, dairy, poultry farm and fisheries	Animal Husbandry, dairy, poultry farm and fisheries	Animal Husbandry, dairy, poultry farm and fisheries
13	Roads, culverts, Bridges, ferries, Waterways, & other means of communication	Town and country planning and public works	Town and country planning and public works	Town and country planning and public works
14	Rural electrification, including distribution of electricity	Rural electrification, power and energy	Rural electrification, power and energy	Rural electrification, power and energy
15	Non-conventional energy sources	Rural electrification, power and energy	Rural electrification, power and energy	Rural electrification, power and energy
16	Poverty alleviation programme	Poverty alleviation	Poverty alleviation	Poverty alleviation
17	Education including primary and secondary schools	Education	Education	Education
18	Technical training and vocational education	Education	Education	Education
19	Adult and non-formal education	Education	Education	Education
20	Libraries	Libraries	Libraries	Libraries

Sl No.	73rd CAA	ZP [Schedule-III, KPR Act]	TP [Schedule-III, KPR Act]	GP [Schedule-III, KPR Act]
21	Cultural activates	Sports and cultural activities	Sports and cultural activities	Sports and cultural activities
22	Markets and fairs	Markets and fairs including cattle fairs	Markets and fairs including cattle fairs	Markets and fairs including cattle fairs
23	Health & Sanitation, including hospitals, primary health centres & dispensaries	Public health & Family welfare	Public health & Family welfare	Public health & Family welfare
24	Family welfare	Public health & Family welfare	Public health & Family welfare	Public health & Family welfare
25	Women & Child development	Women and child welfare, specially abled and mentally challenged welfare	Women and child welfare, specially abled and mentally challenged welfare	Women and child welfare, specially abled and mentally challenged welfare
26	Social welfare, including welfare of the handicapped and mentally retarded	Women and child welfare, specially abled and mentally challenged welfare	Women and child welfare, specially abled and mentally challenged welfare	Women and child welfare, specially abled and mentally challenged welfare
27	Welfare of the weaker sections, and in particular, of the scheduled castes and the scheduled tribes	SC, ST and OBC development	SC, ST and OBC development	SC, ST and OBC development
28	Public distribution system	-	PDS	PDS
29	Maintenance of community assets	-	Community asset management	Community asset management
30	In addition to 29 functions as prescribed by the 73rd CAA, the KPR Act made provisions of additional function to all the three tiers as mentioned in the subsequent column.	General Functions	General Functions	General Functions
31		Tourism	Tourism	Tourism
32		Disaster Management	Disaster Management	Disaster Management
33		Construction & maintenance of cattle farms, car, auto, bus stands and cart stands	Construction & maintenance of cattle farms, car, auto, bus stands and cart stands	Construction & maintenance of cattle farms, car, auto, bus stands and cart stands
34		Issue of all certificates	Issue of all certificates	Issue of all certificates
35		Management of statistics	Management of statistics	Management of statistics
36		Planning	Planning	Planning
37		Cooperation	Cooperation	Cooperation
38		Rural Environment and Ecology	Rural Environment and Ecology	Rural Environment and Ecology
39		Income Generation activities	Income Generation activities	Income Generation activities
40		Knowledge management	Knowledge management	Knowledge management

Appendix 2.3
(Reference: Para 2.2/ Page No.7)
Workflow for devolution of functions



Source: List of Major and Minor Heads issued by CGA

Link Document for PRI's Allocation -Showing Major-Minor heads

State Budget Document

ವೆಚ್ಚ EXPENDITURE

2401 ಕೃಷಿ ಸಂಗೋಪನೆ

2401 Crop Husbandry

ಸಂಪುಟ - 3 ಅಧ್ಯಾಯಗಳ ಸಂಖ್ಯೆ : 01 VOLUME - 3 Demand No : 01 (₹ ಲಕ್ಷಗಳಲ್ಲಿ) (₹ in Lakh)

	ವೆಚ್ಚ ಶೀರ್ಷಕ, ಅಧ್ಯಾಯಗಳ ಸಂಖ್ಯೆ ಮತ್ತು ಇಲಾಖೆ	Head of Account, Demand Number and Dept Code	ವೆಚ್ಚ Accounts 2019-20	ಅಂದಾಜುಪತ್ರಕ Budget Estimates 2020-21	ಪರಿಷ್ಕೃತ ಅಂದಾಜು Revised Estimates 2020-21	ಅಂದಾಜುಪತ್ರಕ Budget Estimates 2021-22
	1		2	3	4	5
001	ನಿರ್ದೇಶನ ಮತ್ತು ಆಡಳಿತ	Direction and Administration	16394.34	16150.00	16499.34	17391.14
102	ಆಹಾರ ಧಾನ್ಯ ಬೆಳೆಗಳು	Food Grain Crops	53102.35	30145.00	29895.00	17923.00
103	ಬಿತ್ತನೆ	Seeds	59572.20	52731.00	57019.55	33325.91
104	ಕೃಷಿ ಫಾರ್ಮ್‌ಗಳು	Agricultural Farms	7147.35	5075.00	1240.57	5228.00
106	ವಾಣಿಜ್ಯ ಬೆಳೆಗಳು	Commercial Crops	82997.19	65681.00	87225.38	78998.00
109	ವಿಸ್ತರಣೆ ಮತ್ತು ತರಬೇತಿ	Extension and Farmers Training	5631.09	9551.00	9297.67	9951.45
110	ಬೆಳೆ ವಿಮೆ	Crop Insurance	95451.77	90000.00	90000.00	90000.00
111	ಕೃಷಿ ಅರ್ಥಶಾಸ್ತ್ರ ಮತ್ತು ಅಂಕಿಅಂಶ	Agricultural Economics and Statistics	12790.65	7600.00	12644.90	7600.00
113	ಕೃಷಿ ಇಂಜಿನಿಯರಿಂಗ್	Agricultural Engineering	...	14314.00	15392.45	23696.50
119	ತೋಟಗಾರಿಕೆ ಮತ್ತು ತರಕಾರಿ ಬೆಳೆಗಳು	Horticulture and Vegetable Crops.	21182.01	20978.00	20013.22	17014.00
195	ಕೃಷಿ ಸಹಕಾರಿಗಳಿಗೆ ಸಹಾಯ	Assistance to Farming Co- Operatives	...	800.00	200.00	500.00
196	ಜಿಲ್ಲಾ ಪರಿಷತ್‌ಗಳು/ಜಿಲ್ಲಾ ಮಟ್ಟದ ಪಂಚಾಯತ್‌ಗಳಿಗೆ ನೆರವು	Assistance to Zilla Parishads/District Level Panchayaths	24839.13	24490.47	24492.47	23861.76
197	ತಾಲೂಕು ಪಂಚಾಯತ್‌ಗಳು / ಮಧ್ಯಂತರ ಮಟ್ಟದ ಪಂಚಾಯತ್‌ಗಳಿಗೆ ನೆರವು	Assistance to Block Panchayaths / Intermediate Level Panchayaths	12006.73	13730.69	13731.69	12825.61
800	ಇತರ ವೆಚ್ಚ	Other Expenditure	208999.63	291062.00	235940.74	244068.00
911	ಮಾಡಿ-ಪಾವತಿಗಳ ಮರುಪಾವತಿ ಮತ್ತು ಹೆಚ್ಚುವರಿ ಪಾವತಿ	Deduct Recoveries of Over Payment	-2825.10	-788.00	-788.00	-2751.00
	ಮುಖ್ಯ	Total 2401 V	597289.34	641520.16	612804.98	579632.37
	ಮುಖ್ಯ	TOTAL V+C	597289.34	641520.16	612804.98	579632.37
	ಒಟ್ಟು ಮುಖ್ಯ	GRAND TOTAL	597289.34	641520.16	612804.98	579632.37

Link Budget Document

ಅನುಬಂಧ - 1 ಪ್ರಮುಖ ಲೆಕ್ಕ ಶೀರ್ಷಿಕೆವಾರು ಪಟ್ಟಿ 2021-22

ANNEXURE - 1 Major Head wise Abstract 2021-22

(ಲಕ್ಷ ರೂಪಾಯಿಗಳಲ್ಲಿ) (₹ in Lakhs)

ಲೆ.ಸಂ	ಪ್ರಮುಖ ಲೆಕ್ಕ ಶೀರ್ಷಿಕೆ	Head Of Account	ಜಿಲ್ಲಾ ಪಂಚಾಯತ್‌ಗಳಿಗೆ ZP Schemes	ತಾಲೂಕು ಪಂಚಾಯತ್‌ಗಳಿಗೆ TP Schemes	ಗ್ರಾಮ ಪಂಚಾಯತ್‌ಗಳಿಗೆ GP Schemes	ಒಟ್ಟು Total
2059	ಸಾರ್ವಜನಿಕ ಕಾಮಗಾರಿಗಳು	Public Works	19924.18	0.00	0.00	19924.18
2202	ಸಾಮಾನ್ಯ ಶಿಕ್ಷಣ	General Education	452040.41	1604608.60	0.00	2057649.01
2204	ಕ್ರೀಡೆ ಮತ್ತು ಯುವಜನ ಸೇವೆಗಳು	Sports and Youth Services	3371.59	0.00	0.00	3371.59
2205	ಕಲೆ ಮತ್ತು ಸಂಸ್ಕೃತಿ	Art and Culture	265.00	0.00	4843.44	5108.44
2210	ವೈದ್ಯಕೀಯ ಮತ್ತು ಜನಾರೋಗ್ಯ	Medical and Public Health	157112.40	5479.25	0.00	162591.65
2211	ಕುಟುಂಬ ಕಲ್ಯಾಣ	Family Welfare	64746.68	0.00	0.00	64746.68
2215	ನೀರು ಸರಬರಾಜು ಮತ್ತು ನೈರ್ಮಲ್ಯ	Water Supply and Sanitation	0.00	616.21	43203.77	43819.98
2216	ವಸತಿ	Housing	0.00	0.00	50000.00	50000.00
2225	ಪರಿಶಿಷ್ಟ ಜಾತಿ, ಪರಿಶಿಷ್ಟ ಪಂಗಡ, ಇತರೆ ಹಿಂದುಳಿದ ವರ್ಗಗಳ ಮತ್ತು ಅಲ್ಪಸಂಖ್ಯಾತರ ಕಲ್ಯಾಣ	Welfare of Scheduled Castes, Scheduled Tribes ,Other Backward Classes and Minorities	213547.57	92022.86	0.00	305570.43
2230	ಕಾರ್ಮಿಕ, ಉದ್ಯೋಗ ಮತ್ತು ಕೌಶಲ್ಯ ಅಭಿವೃದ್ಧಿ	Labour ,Employment and Skill Development	1173.34	45.00	422.00	1640.34
2235	ಸಾಮಾಜಿಕ ಭದ್ರತೆ ಮತ್ತು ಕಲ್ಯಾಣ	Social Security and Welfare	5050.92	161961.27	0.00	167012.19
2236	ಪೌಷ್ಟಿಕ ಆಹಾರ	Nutrition	0.00	197319.20	0.00	197319.20
2401	ಕೃಷಿ ಸಂಗೋಪನೆ	Crop Husbandry	23861.76	12825.61	0.00	36687.37
2402	ಮಣ್ಣು ಮತ್ತು ನೀರು ಸಂರಕ್ಷಣೆ	Soil & Water Conservation	3139.78	91.78	0.00	3631.56
2403	ಪಶು ಸಂಗೋಪನೆ	Animal Husbandry	13156.03	61569.02	0.00	74725.05
2405	ಮೀನುಗಾರಿಕೆ	Fisheries	3857.96	0.00	0.00	3857.96
2406	ಅರಣ್ಯ ಮತ್ತು ವನ್ಯ ಜೀವಿ	Forestry and Wild Life	18477.12	0.00	0.00	18477.12
2425	ಸಹಕಾರ	Co-operation	243.61	173.72	0.00	417.33
2501	ಗ್ರಾಮೀಣ ಅಭಿವೃದ್ಧಿಗಾಗಿ ವಿಶೇಷ ಕಾರ್ಯಕ್ರಮಗಳು	Special Programmes for Rural Development	0.00	0.00	22000.00	22000.00
2505	ಗ್ರಾಮೀಣ ಉದ್ಯೋಗ	Rural Employment	181600.00	0.00	0.00	181600.00
2515	ಇತರೆ ಗ್ರಾಮೀಣ ಅಭಿವೃದ್ಧಿ ಕಾರ್ಯಕ್ರಮಗಳು	Other Rural Development Programmes	53679.79	211455.70	383710.72	648846.21
2702	ಸಣ್ಣ ನೀರಾವರಿ	Minor Irrigation	3113.02	0.00	0.00	3113.02
2851	ಗ್ರಾಮೀಣ ಮತ್ತು ಸಣ್ಣ ಉದ್ದಿಮೆಗಳು	Village and Small Industries	13839.39	114.66	0.00	13954.05
2852	ಉದ್ದಿಮೆಗಳು	Industries	16.00	0.00	0.00	16.00

ಅಂದಾಜು 2021-22 BUDGET 2021-22

Appendix 2.4(a)

(Reference: Para 2.2.1/ Page No.7)
Details showing state's share and PRIs share along with salary component for the period 2017-18 to 2021-22

Function	Year	State share in discharging the function (in crores)	PRIs share in discharging the function (in crores)	Share towards salary out of PRIs devolution (*per cent*)
Agriculture & allied activities	2017-18	4,547.63 (93.67*per cent*)	307.40 (6.33*per cent*)	75.12
	2018-19	4,548.82 (92.23*per cent*)	383.46 (7.77*per cent*)	78.62
	2019-20	5,840.77 (94.03*per cent*)	370.61 (5.97*per cent*)	76.15
	2020-21	6974.01 (94.8*per cent*)	382.24 (5.2*per cent*)	86.15
	2021-22	5,833.48 (94.07*per cent*)	367.47 (5.93*per cent*)	89.39
Land improvement, implementation of land reforms, land consolidation and watershed development including soil and water conservation	2017-18	543.25 (94.18*per cent*)	33.56 (5.82*per cent*)	89.60
	2018-19	407.37 (91.2*per cent*)	39.32 (8.8*per cent*)	90.46
	2019-20	255.37(86.79*per cent*)	38.85 (13.21*per cent*)	88.42
	2020-21	214.61 (83.98*per cent*)	40.94 (16.02*per cent*)	89.18
	2021-22	221.68 (85.91*per cent*)	36.35 (14.09*per cent*)	88.73
Minor Irrigation	2017-18	277.63 (91.5*per cent*)	25.78 (8.5*per cent*)	0.00
	2018-19	277.71 (90.99*per cent*)	27.50 (9.01*per cent*)	0.00
	2019-20	293.89 (90.59*per cent*)	30.53 (9.41*per cent*)	0.00
	2020-21	299.92 (90.6*per cent*)	31.13 (9.4*per cent*)	0.00
	2021-22	271.20 (89.7*per cent*)	31.13 (10.3*per cent*)	0.00
Animal Husbandry, dairying, poultry	2017-18	1,507.40 (75.03*per cent*)	501.56 (24.97*per cent*)	83.77
	2018-19	1,848.52 (74.4*per cent*)	636.14 (25.6*per cent*)	87.41
	2019-20	1,821.88 (71.97*per cent*)	709.42 (28.03*per cent*)	82.88
	2020-21	1,691.58 (69.45*per cent*)	744.14 (30.55*per cent*)	85.84
	2021-22	1,710.33 (69.58*per cent*)	747.60 (30.42*per cent*)	85.36
Fisheries	2017-18	243.89 (89.37*per cent*)	29.00 (10.63*per cent*)	53.34
	2018-19	235.20 (87.42*per cent*)	33.84 (12.58*per cent*)	54.52
	2019-20	222.63 (84.48*per cent*)	40.90 (15.52*per cent*)	58.59
	2020-21	299.74 (87.69*per cent*)	42.08 (12.31*per cent*)	56.56
	2021-22	243.12 (84.61*per cent*)	44.23 (15.39*per cent*)	61.33
Social and Farm Forestry	2017-18	809.86 (84.99*per cent*)	143.08 (15.01*per cent*)	22.62
	2018-19	1,200.44 (87.35*per cent*)	173.91 (12.65*per cent*)	23.62
	2019-20	971.24 (82.83*per cent*)	201.31 (17.17*per cent*)	23.45
	2020-21	936.01 (83.5*per cent*)	185.02 (16.5*per cent*)	29.68
	2021-22	767.41 (80.6*per cent*)	184.7 (19.4*per cent*)	29.92
Minor Forest produce				

Function	Year	State share in discharging the function (in crores)	PRIs share in discharging the function (in crores)	Share towards salary out of PRIs devolution (*per cent*)
Small scale industries, including food processing industries	2017-18	790.63 (86.33*per cent*)	121.97 (13.37*per cent*)	50.88
	2018-19	727.36 (84.13*per cent*)	137.25 (15.87*per cent*)	51.72
	2019-20	988.65 (87.26*per cent*)	144.30 (12.74*per cent*)	44.48
	2020-21	1,111.08 (88.42*per cent*)	145.57 (11.58*per cent*)	44.94
	2021-22	1,166.25 (89.17*per cent*)	141.65 (10.83*per cent*)	44.15
Khadi, village and cottage industries				
Rural Housing	2017-18	2,203.06 (61.03*per cent*)	1,406.90(38.97*per cent*)	0.00
	2018-19	2,112.81 (67.87*per cent*)	1,000.00(32.13*per cent*)	0.00
	2019-20	2,633.28 (89.48*per cent*)	309.60 (10.52*per cent*)	0.00
	2020-21	1,502.85 (100*per cent*)	0.00 (0.00*per cent*)	0.00
	2021-22	2,382.07 (100*per cent*)	0.00 (0.00*per cent*)	0.00
Drinking Water Supply	2017-18	2,821.98 (62.15*per cent*)	1,718.78 (37.85*per cent*)	0.00
	2018-19	1,875.43 (52.53*per cent*)	1,694.81 (47.47*per cent*)	0.00
	2019-20	1,528.80 (66.05*per cent*)	785.73 (33.95*per cent*)	0.00
	2020-21	1,336.01 (75.3*per cent*)	438.31 (24.7*per cent*)	0.00
	2021-22	4,821.83 (91.67*per cent*)	438.21 (8.33*per cent*)	0.00
Fuel & Fodder				
Roads, culverts, Bridges, ferries, Waterways, & other means of communication	2017-18	2,832.87 (80.15*per cent*)	701.44 (19.85*per cent*)	0.00
	2018-19	1,553.70 (76.83*per cent*)	468.44 (23.17*per cent*)	0.00
	2019-20	1,344.87 (72.69*per cent*)	505.31 (27.31*per cent*)	0.00
	2020-21	1,296.52 (75.15*per cent*)	428.73 (24.85*per cent*)	0.00
	2021-22	1,212.26 (72.12*per cent*)	468.73 (27.88*per cent*)	0.00
Rural electrification, including distribution of electricity	2017-18	9,420.35 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2018-19	10,064.52 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2019-20	12,260.01 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2020-21	14,253.31 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2021-22	17,444.93 (100*per cent*)	0.00 (0.00*per cent*)	NA
Non-conventional energy sources	2017-18	0.44 (2.43*per cent*)	17.64 (97.57*per cent*)	0.00
	2018-19	0.50 (9.6*per cent*)	4.71 (90.4*per cent*)	0.00
	2019-20	0.49 (8.72*per cent*)	5.15 (91.28*per cent*)	0.00
	2020-21	0.37 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2021-22	0.40 (100*per cent*)	0.00 (0.00*per cent*)	NA
Poverty alleviation programme	2017-18	16.06 (0.25*per cent*)	6,517.11 (99.75*per cent*)	14.73
	2018-19	10.84 (0.14*per cent*)	7,686.62 (99.86*per cent*)	18.02
	2019-20	12.58 (0.15*per cent*)	8,110.38 (99.85*per cent*)	15.85
	2020-21	435.69 (4.43*per cent*)	9,388.67 (95.57*per cent*)	16.97
	2021-22	287.21 (3.46*per cent*)	8,011.99 (96.54*per cent*)	18.17

Function	Year	State share in discharging the function (in crores)	PRIs share in discharging the function (in crores)	Share towards salary out of PRIs devolution (*per cent*)
Education including primary and secondary schools	2017-18	838.44 (5.62*per cent*)	14,072.66 (94.38*per cent*)	70.88
	2018-19	3,430.68 (16.16*per cent*)	17,796.93 (83.84*per cent*)	74.09
	2019-20	2,778.46 (12.81*per cent*)	18,919.34 (87.19*per cent*)	72.11
	2020-21	2,266.18 (9.98*per cent*)	20,446.57 (90.02*per cent*)	73.24
	2021-22	3,292.38 (13.78*per cent*)	20,592.35 (86.22*per cent*)	73.77
Technical training and vocational education	2017-18	752.33 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2018-19	876.34 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2019-20	886.52 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2020-21	1,107.08 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2021-22	1,045.68 (100*per cent*)	0.00 (0.00*per cent*)	NA
Adult and non-formal education	2017-18	12.99 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2018-19	13.51 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2019-20	1.97 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2020-21	2.36 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2021-22	2.21 (100*per cent*)	0.00 (0.00*per cent*)	NA
Libraries				
Cultural activities	2017-18	704.24 (93.17*per cent*)	51.66 (6.83*per cent*)	5.71
	2018-19	608.19 (90.9*per cent*)	60.88 (9.1*per cent*)	5.32
	2019-20	543.23 (89.81*per cent*)	61.66 (10.19*per cent*)	5.82
	2020-21	466.92 (82.44*per cent*)	99.49 (17.56*per cent*)	3.67
	2021-22	402.44 (78.27*per cent*)	111.70 (21.73*per cent*)	4.52
Markets and fairs				
Health & Sanitation, including hospitals, primary health centres & dispensaries	2017-18	2,292.53 (67.95*per cent*)	1,081.31 (32.05*per cent*)	82.53
	2018-19	2,782.48 (65.44*per cent*)	1,469.38 (34.56*per cent*)	80.98
	2019-20	2,599.59 (64.05*per cent*)	1,458.99 (35.95*per cent*)	79.84
	2020-21	3,414.90 (67.8*per cent*)	1,621.61 (32.2*per cent*)	80.61
	2021-22	5,333.00 (76.46*per cent*)	1,642.33 (23.54*per cent*)	79.94
Family welfare	2017-18	147.30 (24.17*per cent*)	462.04 (75.83*per cent*)	70.86
	2018-19	217.92 (27.92*per cent*)	562.56 (72.08*per cent*)	73.29
	2019-20	255.38 (30.96*per cent*)	569.39 (69.04*per cent*)	71.68
	2020-21	265.92 (28.68*per cent*)	50.72 (71.32*per cent*)	76.99
	2021-22	251.05 (27.94*per cent*)	647.47 (72.06*per cent*)	74.95
Women & Child development	2017-18	906.87 (25.75*per cent*)	2,614.72 (74.25*per cent*)	0
	2018-19	1,098.95 (25.59*per cent*)	3,195.57 (74.41*per cent*)	0
	2019-20	845.19 (18.05*per cent*)	3,837.85 (81.95*per cent*)	0
	2020-21	618.74 (14.5*per cent*)	3,649.82 (85.5*per cent*)	0
	2021-22	517.70 (12.36*per cent*)	3,671.98 (87.64*per cent*)	0

Function	Year	State share in discharging the function (in crores)	PRIs share in discharging the function (in crores)	Share towards salary out of PRIs devolution (*per cent*)
Social welfare, including welfare of the handicapped and mentally retarded	2017-18	2,481.12 (67.48*per cent*)	1,195.49 (32.52*per cent*)	11.27
	2018-19	3,742.58 (76.24*per cent*)	1,166.08 (23.76*per cent*)	15.88
	2019-20	5,075.54 (75.05*per cent*)	1,687.43 (24.95*per cent*)	9.79
	2020-21	5,144.29 (75.4*per cent*)	1,678.07 (24.6*per cent*)	10.54
	2021-22	5,455.27 (76.26*per cent*)	1,697.78 (23.74*per cent*)	12.10
Welfare of the weaker sections, and in particular, of the scheduled castes and the scheduled tribes	2017-18	5,554.49 (65.66*per cent*)	2,904.90 (34.34*per cent*)	11.58
	2018-19	5,713.97 (65.35*per cent*)	3,029.82 (34.65*per cent*)	14.14
	2019-20	5,067.99 (60.93*per cent*)	3,250.23 (39.07*per cent*)	14.71
	2020-21	4,572.53 (59.15*per cent*)	3,157.36 (40.85*per cent*)	18.79
	2021-22	4,335.22 (58.1*per cent*)	3,125.89 (41.9*per cent*)	18.68
Public Distribution System	2017-18	2,760.60 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2018-19	3,754.79 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2019-20	3,887.13 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2020-21	3,324.92 (100*per cent*)	0.00 (0.00*per cent*)	NA
	2021-22	6,719.00 (100*per cent*)	0.00 (0.00*per cent*)	NA

Appendix 2.4 (b)
Reference: Para 2.2.2/ Page No.10)
Details of salary and non-salary allocations

Sl.No.	Function Devolved	Salary Expense (₹ in lakh)					Non salary expense (₹ in lakh)				
		2017-18	2018-19	2019-20	2020-21	2021-22	2017-18	2018-19	2019-20	2020-21	2021-22
1	Agriculture crop Husbandry	23,093	30,146	27,994	32,926.44	32,795.75	7,647	8,200	8,768.17	5,294.72	3,891.62
2	Land Reforms, Soil conservation	3,007	3,557	3,077	3,378.63	3,222.16	349	375	403	410.12	409.4
3	Minor irrigation	0	0	0	0	0	2,578	2,750	3,053.38	3,113.02	3,113.02
4	Animal Husbandry, Dairy	42,015	53,665	54,541	63,851.55	63,785.14	8,141	7,727	11,263.38	10,531.36	10,939.91
5	Fisheries	1,547	1,845	2,217	2,379.34	2,365.98	1,353	1,539	1,567.06	1,827.31	1,491.98
6	Social forestry	3,236	4,107	4,721	5,491.88	5,527.76	11,072	13,284	15,409.71	13,009.49	12,949.36
7	Small Industries	6,206	7,098	6,346	6,542	6,161.33	5,991	6,627	7,920.89	8,014.38	7,792.72
8	Rural Housing	0	0	0	0	0	1,50,675	1,00,000	50,000	50,000	50,000
9	Drinking Water	0	0	0	0	0	1,62,385	1,85,009	78,702	43,830.21	43,819.98
10	Roads and Bridges	0	0	0	0	0	43,885	46,844	50,531.24	42,873	41,873
11	Poverty alleviation programme	95,871	1,08,408	1,12,572	1,33,616.2	1,31,095.3	5,54,882	6,01,552	7,10,441	7,87,231.1	7,21,350.9
12	Education including primary and secondary schools	9,95,456	12,87,497	13,24,589	14,84,389	15,18,097	4,09,047	4,50,176	5,12,212.9	54,22,92.4	5,39,752.2
13	Cultural Activities	295	324	359	365.08	383.33	4,871	5,764	5,807.2	9,583.7	8,096.7
14	Public Health	89,238	1,18,992	1,16,491	1,30,717.5	1,29,980.2	18,893	27,946	29,407.62	31,441.22	32,611.49
15	Family welfare	32,704	41,228	40,813	48,920.02	48,528.48	13,449	15,028	16,126.41	14,620.18	16,218.2
16	Women and Child development	0	0	0	0	0	1,56,693	2,15,042	2,15,042	1,97,174.5	1,97,319.2
17	Social welfare, including welfare of the handicapped and mentally retarded	13,472	16,299	15,923	17,302.8	20,213.24	1,06,077	86,345	1,46,788	1,46,833.2	1,46,799
18	Welfare of SCs, STs, and OBCs	33,628	41,549	46,339	56,431.7	57,085.03	2,56,862	2,52,201	2,68,666.7	2,43,959.3	2,48,485.4

Source: Budget Link Documents for the years 2017-18 to 2021-22.

Appendix 2.5
(Reference: Para 2.2.3/ Page No.12)
Details showing CSS Schemes

Sl. No	Function Devolved	Functions related to sector	No. of CSS schemes undergoing	Name of the Centrally Sponsored Schemes	Implemented by (State/PRI)
1	Agriculture	Agriculture Crop Husbandary	8	National Food Security Mission	State
				NMSA-Chief Minister's Sookshaama Neravari Yojane (PMKSY)	State
				Sub-Mission on Agriculture Extension and Technology	State
				Sub Mission on Agricultural Mechanization	State
				Sub-Mission on Seed and Planting Material	State
				Rashtriya Krishi Vikas Yojane- RKVY	State
				Project on soil management health	State
				PM Formalisation of Micro food processing Enterprises (PMFME)	State
		Horticulture	4	Oilpalm Cultivation in Potential States	State
				PMKSY-Natioanl Mission on Sustainable Agriculture	State
				National Horticulture Mission	State
				Integrated Farming in Coconut for Productivity Improvement Programme	State
		Sericulture	1	PMKSY-Natioanl Mission on Sustainable Agriculture	State
		Watershed development including Soil & Water Conservation	2	Pradhana Mantri Krishi Sinchayi Yojane- Watershed Development	State
				NMSA-Other Components	State
		Agricultural Research	0	-	
		Marketing and quality control	0	-	
2	Land improvement, implementation of land reforms, land consolidation and soil conservation	Land Reforms	1	National Land Records Management Programme (NLRMP)	State

Sl. No	Function Devolved	Functions related to sector	No. of CSS schemes undergoing	Name of the Centrally Sponsored Schemes	Implemented by (State/PRI)
3	Minor irrigation, Water management and watershed development	Minor Irrigation (Surface Water & Ground Water)	1	CSS for rationalisation of minor irrigation statistical cell in the office of the Chief Engineer minor irrigation Bangalore	State
4	Animal Husbandry, dairying, poultry	Animal Husbandary	4	Integrated Sample Survey for Estimation of Milk, Meat, Egg and Wool Products	State
				Control of Animal Diseases	State
				Livestock census	State
				National Livestock Mission	State
		Dairy Development	0	-	
5	Fisheries	Fisheries	3	Blue Revolution / Integrated Development and Management of Fisheries	State
				Fishermen Welfare	State
				Construction of Fishing Harbour	
6	Social Forestry	Forestry & Wildlife	8	Implementation and Management Action Plan for Mangroves	State
				National Bamboo Mission	State
				CSS - Intensification of Forest Fire Prevention and Management Scheme	State
				Sub-Mission on Agroforestry (SMAF)	State
				Central Sector Scheme of Project Tiger	State
				Project Elephant	State
				CSS - Integrated Development of Wild Life Habitats	State
				Green India Mission	State
7	Minor Forest Produce				
8	Small scale industries, including food processing industries	Micro, Small, and Medium Industries	0	-	
9	Khadi, village and cottage industries	Khadi, Village, and Cottage Industries	0	-	
10	Rural Housing	Rural Housing	1	Pradhan Mantri Awas Yojana 2216-02-800-0-04	State
11	Drinking Water		2	Rural Water Supply Scheme - 2215-01-102-9-08	State

Sl. No	Function Devolved	Functions related to sector	No. of CSS schemes undergoing	Name of the Centrally Sponsored Schemes	Implemented by (State/PRI)
		Drinking Water Supply		SBM (G) - 2215-01-198-6-01	PRI
12	Fuel and Fodder				
13	Roads, culverts, Bridges, ferries, Waterways, & other means of communication	Rural communication	1	Prime Minister Grameena Sadak Yojana	State
14	Rural electrification, including distribution of electricity	Rural electrification, power and energy	0	Not devolved to PRIs	
15	Non-conventional energy sources	Rural electrification, power and energy	0	Not devolved to PRIs	
16	Poverty alleviation programme	Poverty Alleviation	9	Shyama Prasad Mukherjee Rurban Mission	State
				Management Support to Rural Development Programme & Strengthening District Planning Process (SIRD)	State
				Mahatma Gandhi National Rural Employment Assurance Scheme	PRI
				Block Grants (rehab of bonded labour)	PRI
				National Rural Livelihood Mission (NRLM)	PRI
				Central Share-Start Up Village Entrepreneurship Program- SVEP(NRLM)	State
				Central Share-Start Up Village Entrepreneurship Program- SVEP(NRLM)	State
				Central Share-National Rural Economic Transformation Project-NRETP (NRLM)	State
				Deen Dayal Upadhaya Grameena Kaushalya Yojana-DDUGKY (NRLM)	State
17	Education including primary and secondary schools	Education	1	Universalisation of Primary Education - Aksharadasoha Or Samagra sikhsha abhiyana	PRI
18	Technical training and vocational education	Education	1	District Institute for Education and Training and College for Teachers Education and Training	State
19	Adult and non-formal education	Education	0	-	
20	Libraries			No schemes in this function	

Sl. No	Function Devolved	Functions related to sector	No. of CSS schemes undergoing	Name of the Centrally Sponsored Schemes	Implemented by (State/PRI)
21	Cultural activities	Art and Culture	0	-	
		Sports and Youth	1	National Service Scheme Programme 2204-00-103-0-09	State
22	Markets and fairs	Markets and fairs including cattle fairs		No schemes in this function	
23	Health & Sanitation, including hospitals, primary health centres & dispensaries	Public health & Family welfare	2	National Rural Health Mission (NRHM)-State share 2210-03-800-0-18	State
				Opening of Indian System of Medicine Units in District and Private Hospitals (AYUSH) NAM 2210-05-200-0-11	State
24	Family welfare	Public health & Family welfare	4	State Family Welfare Bureau 2211-00-001-0-01	State
				District Family Welfare Bureau [2211-00-196-6-02]	PRI
				Rural Family Health Centres in PHCs [2211-00-196-6-05]	PRI
				Rural sub centres under family welfare [2211-00-196-6-06]	PRI
25	Women & Child development	Women and child welfare, specially abled and mentally challenged welfare	9	CSS Training of Anganwadi Workers and Helpers 2235-02-102-0-05	State
				ICDS (SNP) (2236-02-197-6-01)	PRI
				CSS - Poshan Abhiyan(National Nutrition Mission) 2235-02-102-0-43	State
				Rajiv Gandhi Scheme for empowerment of Adolscent Girls (SABALA) -2235-02-103-0-46	State
				Pradhana Mantri Maatru Vandana Yojane -2235-02-103-0-61	State
				Swadhar Greh 2235-02-103-0-64	State
				Ujjwala Scheme 2235-02-103-0-67	State
				ICDS [2235-02-197-6-03]	PRI
				ICDS Cells [2235-02-196-6-01]	PRI
26	Social welfare, including welfare of the handicapped and mentally retarded	Specially abled and mentally challenged welfare	0	-	NA
27	Welfare of the weaker sections, and in particular, of the scheduled castes and the scheduled tribes	SC, ST and OBC development	16	Construction of Hostel Buildings 4225-01-277-2-01	State
				Machinery for Enforcement of Untouchablity Offences Act, 1955 - 2225-01-001-0-05	State
				Schemes Implemented Under Special Central Assistance for SC Component Plan - 2225-01-793-0-01	State
				Conducting Seminars and Workshops - 2225-01-277-0-66	State

Sl. No	Function Devolved	Functions related to sector	No. of CSS schemes undergoing	Name of the Centrally Sponsored Schemes	Implemented by (State/PRI)
				Eradication of Untouchability 2225-01-277-0-67	State
				Compansation to SC/ST Victims 2225-01-796-0-01	State
				Research and Trg 2225-02-001-0-02	State
				Schemes under Article 275 (1) of the Constitution 2225-02-794-0-03	State
				Special Central Assistance for Tribal Sub Plan 2225-02-794-0-04	State
				Administration (PVTG) - 2225-02-794-0-01	State
				Post Matric Scholarship to Backward Classes Students 2225-03-277-2-51	State
				Pre-Matric Scholarship to Backward Classes Students 2225-03-277-2-52	State
				Scholarship for Minorities and Fee Reimbursement 2225-04-277-0-04	State
				Teaching and Learning Aid to Government - Minorities School (Pradhan mantri jana vikas yojana) 2225-04-102-0-02	State
				Post metric scholarships to SC students 2225-01-197-6-03	PRI
				Post Matric Scholarship, Pre Matric Scholarship to ST Students(9th and 10th) (2225-02-197-6-03)	PRI
28	Public distribution system	PDS	0		NA
29	Maintenance of community assets	Community asset management	0	No schemes in this function	NA

Appendix 3.1(a)
(Reference: Para 3.2.2.3/ Page No.37)
Details showing SFC recommendations along with State Governments acceptance

SFC	Recommendations	Modifications
First	Devolution of 36 percent of NLGORR[1] to local bodies.	No modification
Second	Devolution of 40 percent of NLGORR to local bodies.	Instead of using NLGORR as basis for devolution, Non- Loan Net Own Revenue Receipts (NLNORR).
		PRI share is accepted as recommended share is lower than the current devolution. PRIs will continue to receive untied development grants at current level.
Third	Devolution of 23 per cent of Net Own Revenue Receipts of the State to PRIs, de-linking salary component of officials working in PRIs	32 per cent of NLNORR of the State to be assigned to PRIs this would be inclusive of salary expenditure
	Statutory development grants to be distributed to GPS in the following manner	Annual grants of ₹ 8 lakhs to be provided to each GP.
	Category I (Population below 4000): ₹ 9 lakhs per GP per year	
	Category II (Population 4001 to 8000): ₹12 lakhs per GP per year.	
	Category III (Population above 8000): ₹15 lakhs per GP per year.	
Fourth	Devolution of 35 per cent of NLNORR of the State to PRIs	Funds to Local Bodies to be devolved from 43 per cent to 48 per cent of NLNORR in a phased manner from 2018-19 to 2022-23 and funds to ULBs also to be increased in a phased manner from 10.5 per cent to 12 per cent of NLNORR during the above period. Thus, leading to devolution of funds to PRIs in a phased manner from 32.5 to 36 per cent over the period of five years
	Allocation to ZP, TP & GP in ratio of 38.61:53.64:7.76	To have flexibility in apportioning grants among various categories of PRIs which would best address the needs at each level as against the exact ratios prescribed in the recommendations.
	Enhancement of untied grants to GPs from ₹12 lakh minimum to ₹35 lakhs maximum per annum to all GPs based on their population and area	Grants ranging from ₹12 lakh minimum to ₹35 lakhs maximum per annum to all GPs based on their population and area from 2019-20 onwards

[1] Non-Loan Gross Own Revenue Receipts

Appendix 3.1(b)
(Reference: Para 3.2.2.3/ Page No.37)
Details showing net devolution to PRIs against NLNORR

(₹ in crore)

Sl No.	Particulars	2017-18	2018-19	2019-20	2020-21	2021-22
1	State Own Tax Revenue Receipts	93,376	1,07,584	1,16,860	1,23,249	1,24,202
2	Non-Tax Revenue	6,477	6,773	7,681	7,894	8,258
3	Resources from centre (i & ii)					
	i) Devolution	31,752	35,895	30,919	21,694	24,273
	ii) Grants	15,395	14,727	19,983	16,287	15,538
	Total (i & ii)	47,147	50,622	50,902	37,981	39,811
4	NLNORR (1+2+3(ii))	1,15,248	1,29,084	14,4524	1,47,430	1,47,998
5	Allocation as per the recommendations of SFC 23*per cent* (17-18) and 35*per cent* (18-19 to 21-22)	26,507.04	45,179.4	50,583.4	51,600.5	51,799.3
6	Allocation as decided by the State Government 32*per cent* (17-18) and 32.5*per cent* to 36*per cent* (18-19 to 22-23)	36,879.36	41,952.3	47,692.92	49,389.05	50,319.32
7	Gross release to PRIs	32,942.03	38,657.66	39,598.78	41,717.66	40,512.74
8	FC devolution to PRIs	1,555.60	2,045.62	2,504.13	3,217	1,655.61
9	Net devolution to PRIs	31,386.43	36,612.04	37,094.65	38,500.66	38,857.13
10	Short Release	5,492.93	5,340.26	10,598.27	10,888.39	11,462.19
11	Percentage of Actual release to NLNORR	27.23	28.36	25.67	26.11	26.26

Appendix 3.2
(Reference: Para 3.2.2.3/ Page No.37)
Details showing budget distribution among three tiers of PRIs

Actual Budget (PRIs) (₹ in crore)							
Year	**ZP**	**TP**	**GP**	**Total PRIs**	**ZP *per cent***	**TP *per cent***	**GP *per cent***
2017-18	10,674.82	16,062.75	6,204.44	32,942.01	32.40	48.76	18.83
2018-19	12,314.55	20,017.05	6,326.04	38,657.64	31.86	51.78	16.36
2019-20	12,380.85	21,780.70	5,437.22	39,598.77	31.27	55.00	13.73
2020-21	13,013.38	23,313.83	5,390.43	41,717.64	31.19	55.88	12.92
2021-22	13,011.78	23,332.38	4,168.56	40,512.72	32.12	57.59	10.29

Appendix 3.3
(Reference: Para 3.4.1.1/ Page No.41)
Details Showing an abstract of Property Tax Collected & Remitted to concerned panchayat from 01.08.2019 to 31.03.2022

(Amount in ₹)

Sl.No.	Name of the Zonal Office	Opening Balance as on 01-04-2021	Total amount collected from allottee	Amount Remitted to concerned Gram Panchayat from GP A/c	Balance to be Remitted to Concerned Gram Panchayat
1	2		3	4	5 (3-4)
1	Bangalore Do-1	2.00	9,75,135.00	9,75,135.00	2.00
2	Bangalore Do-2	39,78,435.87	3,02,38,409.00	2,93,47,575.00	48,69,269.87
3	Bangalore Do-3	30,33,798.00	22,07,58,115.23	4,98,49,141.00	17,39,42,772.23
4	Do-Mysuru	1,01,31,620.16	2,93,92,909.00	3,39,05,705.00	56,18,824.16
5	Do-Hassan	5,709.00	50,65,142.00	39,67,800.00	11,03,051.00
6	Do-Kalburgi	2,02,887.28	18,94,748.00	15,82,254.00	5,15,381.28
7	Do-Bellary	47,823.00	-	-	47,823.00
8	Head Office	-	1,03,95,556.00	-	1,03,95,556.00
	Total	**1,74,00,275.31**	**29,87,20,014.23**	**11,96,27,610.00**	**19,64,92,679.54**

Appendix 3.4
(Reference: Para 3.4.1.2/ Page No.42)
Details showing property tax to be transferred from ELCITA to GPs

Sl No	Year	Property Tax collection by ELCITA (₹ in Lakhs)	Payment to Panchayats by ELCITA (₹ in Lakhs)	GP Doddathoguru tax share (₹ in Lakhs)	GP Konapana Agrahara (₹ in Lakhs)	Total (₹ in Lakhs)	Difference (₹ in Lakhs)	Actual percentage of transfer to GPs
1	2017-18	867.30	260.19	93.93	166.66	260.59	0	30
2	2018-19	1,050.36	315.11	108.82	177.27	286.08	29.02	27.24
3	2019-20	1,126.01	337.80	118.79	175.14	293.93	43.87	26.10
4	2020-21	1,115.61	334.68	111.07	172.91	283.99	50.70	25.46
5	2021-22	1,542.57	462.77	208.97	234.36	443.33	19.44	28.74
	Total	**5,701.85**	**1,710.55**	**641.58**	**926.34**	**1,567.92**	**143.03**	

GLOSSARY

Glossary of Abbreviations

ANSSIRDPR	Abdul Nazir Sab State Institute of Rural Development and Panchayat Raj
APMC	Agricultural Produce Marketing Committee
ARC	Administrative Reform Commission
BDA	Bangalore Development Authority
CEO	Chief Executive Officer
CFC	Central Finance Commission
CSS	Centrally Sponsored Scheme
DAC	Decentralization Analysis Cell
DDP	Draft Development Plan
DPC	District Planning Committee
DPDC	Decentralised Planning and Development Committee
DPU	District Planning Unit
DRDA	District Rural Development Agency
ELCITA	Electronic City Industrial Township Authority
EO	Executive Officer
GIS	Geographic Information System
GoI	Government of India
GoK	Government of Karnataka
GOs	Government Orders
GP	Gram Panchayat
GPDP	Gram Panchayat Development Plan
GPLCC	Gram Panchayat Level Core Committee
IGRCS	Inspector General of Registration and Commissioner of Stamps
KDP	Karnataka Development Programme
KHB	Karnataka Housing Board
KIADB	Karnataka Industrial Areas Development Board
KMC	Karnataka Municipal Act
KPRA	Karnataka Gram Swaraj and Panchayat Raj Act, 1993
KSDPDC	Karnataka State Decentralized Planning and Development Committee
KSSAD	Karnataka State Accounts and Audit Department
MIS	Management Information System
MPAS	Model Panchayat Accounting System

NGO	Non-Governmental Organisation
OSR	Own Source Revenue
PB	Parallel Bodies
PDO	Panchayat Development Officer
PES	Panchayat Enterprise Suite
PRI	Panchayati Raj Institution
RDPR	Rural Development and Panchayat Raj
RTI	Right to Information
SAR	Separate Audit Report
SEC	State Election Commission
SFC	State Finance Commission
SHG	Self Help Group
TP	Taluk Panchayat
TPDC	Taluk Planning and Development Committee
TPLCC	Taluk Panchayat Level Core Committee
VLC	Voucher level compilation
ZP	Zilla Panchayat
ZPLCC	Zilla Panchayat Level Core Committee

Glossary of Terms

Model Panchayat Accounting System (MPAS): *Comptroller and Auditor General (CAG) of India and Ministry of Panchayat Raj (GoI) developed a new simplified accounting framework, namely the "Model Panchayat Accounting System (MPAS) for Panchayats" in 2009 to bring about transparency and accountability in the maintenance of accounts of Panchayat Raj Institutions (PRIs), which was to be introduced from 1 April 2010.*

Separate Audit Report Cell (SAR Cell): *This cell in AMG-II/Audit-I/Karnataka is entrusted with processing and issue of DAR/SAR on annual accounts of ZPs and TPs, correspondence with CAG office relating to SARs, arranging workshop for KSAAD as per TGS, correspondence with RDPR, ZPs, TNMC and other Directorates under Cluster 4, 5 and 6, and Chapter 1/State Report related work etc.*

Karnataka State Audit & Accounts Department (KSAAD): *KSAAD is the statutory auditors for local bodies viz. Municipal Councils and Municipal Corporations, Gram Panchayats, and other institutions in the State i.e., Universities, Command Area Development authorities, Urban Development Authorities and Muzrai Funds, etc., The audit of these institutions vests with the Director (Audit), Karnataka State Audit & Accounts Department.*

Khajane II: *Khajane II is an Integrated Financial Management system of Government of Karnataka, implemented with the aim of managing comprehensively the financial business of the Government.*

Delimitation: *Delimitation literally means the act or process of fixing limits or boundaries of territorial constituencies in a country or a province having a legislative body.*

Priority Ranking Method: *Priority Ranking Method means the course of prioritising of beneficiaries under the various schemes, Programmes and plans taking into consideration the backwardness, urgency of need, level of impact and coverage.*

Budget Link Document: *The budget documents showing the funds allocation to PRIs as function wise.*

Responsibility Matrix: *the responsibility of line departments vis-à-vis PRIs for the devolved functions and also within the tiers of the*

Activity Mapping: *Activities under devolved functions are mapped with the line departments as well as within the three tiers of PRIs.*

Agricultural Produce Marketing Committee: *The APMC is a regulatory and marketing council, developed by Indian State Governments to protect Indian farmers from exploitation by large retailers.*

Voucher level compilation(VLC): *Compilation of Accounts through computerization with the objectives, to improve the efficiency and effectiveness of voucher processing, to produce monthly civil accounts and Annual accounts viz. Finance Accounts and Appropriation Accounts and*

various other Management Information Reports to the State Government in an efficient manner, to provide accurate and timely information at various levels to assist the concerned State Government Authorities in effective decision making, effectively monitor expenditure incurred by various State Government departments against the budget and to provide a ready data bank.

Own Resource Revenue: *The Own Source Revenue (OSR) means Tax and Non-Tax revenue earned by the Zilla Panchayat, Taluk Panchayat and Gram Panchayats from sources such as Property Tax, Water Charges, Trade Licence, rental income as envisaged in Schedule-IV of KPR Act-1993.*

Inspector General of Registration and Commissioner of Stamps (IGRCS): *The Inspector General of Registration and Commissioner of Stamps (IGRCS) is the head of the Department of Stamps and Registration who is empowered with the task of superintendence and administration of registration work.*

Electronic City Industrial Township Authority*: ELCITA is Karnataka's first industrial township authority. It is assigned the responsibility of managing Electronics City's infrastructure needs and aiding in its transformation into a modern, bursting township and a future smart city.*

Karnataka Housing Board: KHB *established under Karnataka Housing Board Act 1962 as a successor to Mysore Housing Board constituted in 1956. The primary objective of KHB is* ***'to make such schemes and to carry out such works as are necessary for the purpose of dealing with and satisfying the need of housing accommodation'.***

Bangalore Development Authority: BDA *means the authority established by the Government empowered to prepare and implement comprehensive development plan for the Bangalore Metropolitan Area fulfilling the obligations enshrined in Karnataka Town and Country Planning Act.*

State Finance Commission: *(SFC) is a Constitutional body, formed under the* ***73rd and 74th Constitutional Amendment Act, 1992.*** *It recommends* ***the transfer of funds from the State Government to the Panchayati Raj Institutions*** *and Urban Local Bodies. It provides suggestions for augmenting their resources.*

Karnataka Municipal Act: *KMC means the law relating to the management of municipal affairs in towns and cities other than cities for which municipal corporations are established in the State of Karnataka.*

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