

PAISA FOR PANCHAYATS

TRACKING FISCAL DEVOLUTION

TO LOCAL GOVERNMENTS

A case study from Kolar district,

Karnataka

RESEARCH REPORT

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FUND FLOWS AND PUBLIC EXPENDITURE IN THIRTY GRAM
PANCHAYATS IN MULBAGAL TALUK, KOLAR DISTRICT, KARNATAKA



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LIST OF ABBREVIATIONS

AWC	Anganwadi Centre
BEO	Block Education Officer
BESCOM	Bangalore Electricity Supply Company Ltd.
CAO	Chief Accounts Officer
CDPO	Child Development Project Officer
CEO	Chief Executive Officer
CPS	Central Plan Scheme
CSS	Centrally Sponsored Scheme
DAC	Decentralisation Analysis Cell
DDPI	Deputy Director of Public Instruction
DEO	District Education Officer
DHO	District Health Officer
EO	Executive Officer
FC	Finance Commission
FGFF	First Generation Fiscal Federalism
FRA	Fiscal Responsibility Act
GIA	Grants in Aid
GoI	Government of India
GoK	Government of Karnataka
GP	Gram Panchayat
GSDP	Gross State Domestic Product
HOA	Head of Account
HPS	Higher Primary School
ICDS	Integrated Child Development Services
IEBR	Internal and Extra Budgetary Resources
IGMSY	Indira Gandhi Matritva Sahiyog Yojana
IO	Implementing Officer
KFCSC	Karnataka Food and Civil Supplies Corporation
KPR Act	Karnataka Panchayati Raj Act
KRRDA	Karnataka Rural Road Development Agency
KRWSSA	Karnataka Rural Water Supply and Sanitation Agency
LG	Local Government
LPS	Lower Primary School
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MLALAD	Members of Legislative Assembly Local Area Development (scheme)
MLCLAD	Members of Legislative Council Local Area Development (scheme)
MPAS	Model Panchayat Accounting System
MPLAD	Members of Parliament Local Area Development (scheme)
MTFP	Medium Term Financial Plan
NRHM	National Rural Health Mission
NRLM	National Rural Livelihood Mission
OSR	Own Sources of Revenue
PAC	Principal Accounting Officer
PAISA	Planning, Allocations and Expenditures and Institutions: Studies in Accountability
PDO	Panchayat Development Officer
PDS	Public Distribution System
PHC	Primary Health Centre
PRI	Panchayati Raj Institution
RDPR	Rural Development & Panchayat Raj
RE	Revenue Expenditure
RGPSA	Rajiv Gandhi Panchayat Sashaktikaran Abhiyan

RGRHCL	Rajiv Gandhi Rural Housing Corporation Ltd.
SBA	Swachh Bharat Abhiyan
SC	Scheduled Caste
SGFF	Second Generation Fiscal Federalism
SOP	Standard Operating Procedure
SSA	Sarva Shiksha Abhiyan
ST	Scheduled Tribe
TNMC	Treasury Network Management Centre
TP	Taluk Panchayat
UDISE	Unified District Information System for Education
ZP	Zilla Panchayat

EXECUTIVE SUMMARY

Passed in 1992, the 73rd Amendment aimed to lay down in the Constitution certain essential features of panchayati raj institutions (PRIs) to enable them to 'acquire the status and dignity of viable and responsive peoples' bodies'.¹ The amendment envisaged that states would devolve powers and responsibilities upon the panchayats to prepare and implement schemes for development. States were also instructed to ensure the sound finances of the panchayats.

More than two decades after the passage of this amendment, there is a pressing need to understand how the process of decentralisation has evolved. Fiscal federalism and intergovernmental relations have gained renewed prominence in India in the face of a growing global crisis in economic and natural resources. A vital question that emerges is: what is the true extent of fiscal devolution from the Union and states to the panchayats?

With a few exceptions, research studies on decentralisation in India that focus on panchayat finances have so far been limited. A key reason is the lack of data on the financials of a gram panchayat (GP) – the fiscal flows that occur in a GP via various agencies of the union and state governments as also the district and intermediate panchayats. This study attempts to bridge this gap by studying fiscal flows, and the implementation processes accompanying these flows, across the multilevel governance system. We have used rigorous research standards in the study that involve both primary and secondary data. Our analysis and recommendations offer practical solutions backed by evidence and driven by data, for all relevant stakeholders to engage in.

The study was conducted in the state of Karnataka, considered a trailblazer for democratic decentralisation in India. The state has introduced various reforms to strengthen local governments (LGs). The research was carried out across 30 GPs of Mulbagal taluk in the Kolar district of Karnataka. The study principally concludes that in spite of the state's efforts, the intergovernmental fiscal transfer system in Karnataka is neither designed nor operationalised to fulfil the state's vision of effective devolution to the panchayats. Karnataka's current practice of fiscal decentralisation does not manifest self-governance at the local level as visualised by the 73rd

Amendment or the Karnataka Panchayati Raj Act 1993.

An overview of the findings and recommendations is given below:

Functional and fiscal assignments

We found that the functioning of the LGs is hampered by unfunded mandates. It is highly revealing that while 25 of the 29 functions in Karnataka are devolved to GPs, only three of them are backed with budget heads. And even those are not allocated any funds. Again, an examination of the state budget and the district sector budget (which contains funds earmarked to the panchayats) shows that several schemes which cover activities devolved to the panchayats are not handed over to the LGs. They are either retained at the state level, or represented by budgetary windows in both the state and the district sector budgets, giving the state leeway to implement these concurrently with the panchayats.

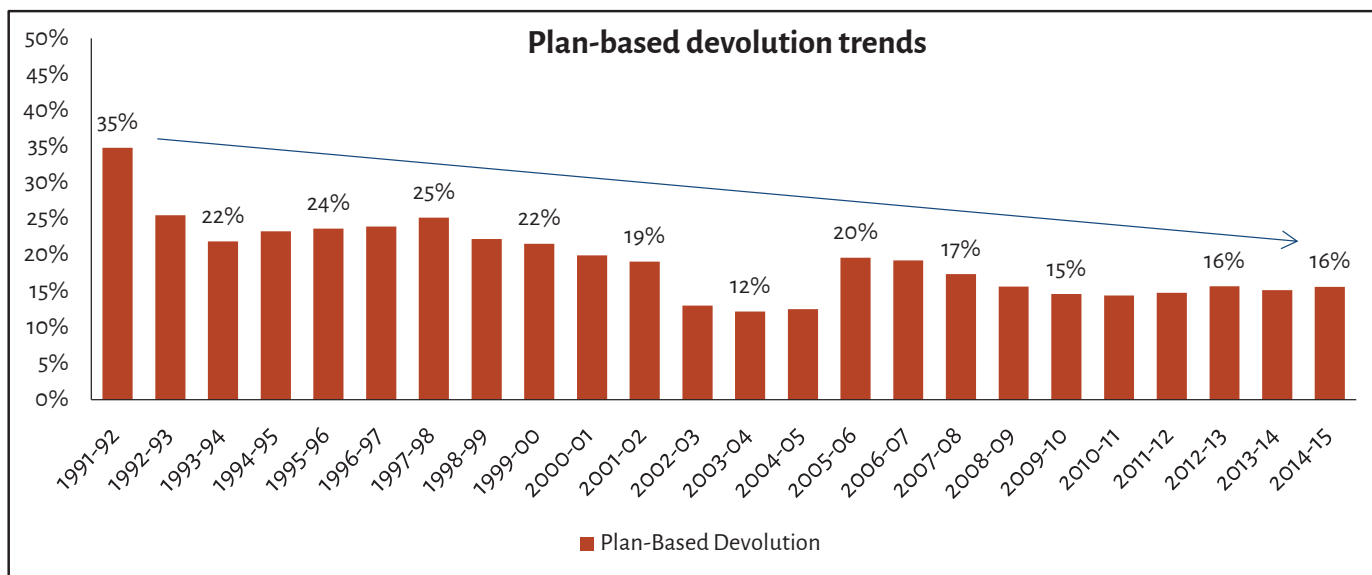
In FY 2014-15, the total budgetary outlay for Karnataka was ₹1,50,379 crore. Of this, the extent of funds meant for but not devolved to the LGs was ₹16,240 crore. State budgetary heads that overlapped with district budget heads amounted to ₹6,357 crore. This creation of duplicate heads of expenditure and failure to assign funds to the panchayats suggests a resistance to devolution on the part of the state departments.

We recommend

- The LGs as well as the respective departments need to carry out department-wise reviews of activities assigned to the LGs. This will ensure role clarity and avoid duplication of administrative and implementation efforts.
- Based on the review, departments should ensure that financial allocations to the panchayats match the activities, with no LG responsibility remaining unfunded. This will help track performance and assign accountability across all levels of government for assigned activities.

In Karnataka, even as plan outlays in state budgets have grown steeply over the last two decades, resources retained by the state have increased. Funds devolved to the panchayats as a percentage of the overall plan budget have

Devolved funds



Source: Economic Survey of Karnataka, 2014-15; Planning Department, Government of Karnataka (GoK), for data for 2012-13 to 2014-15.

been dropping consistently, from 35 per cent in FY 1991-92 to 16 per cent in FY 2014-15, supposedly to meet targets for the narrowing of fiscal deficits. If salaries are excluded from plan allocations (salaries are for staff appointed by the state and hence should not be treated as devolved allocations), devolution of funds reduces further to 12 per cent.

Alongside, the proportion of non-plan funds in the overall fund envelope for the panchayats has increased. Non-plan funds largely comprise allocations for salaries of government staff nominally deputed to the zilla (or district) panchayat (ZP) and taluk panchayat (TP). In the case of the Kolar ZP, these account for 54 per cent of the allocations. For the Mulbagal TP, it is a whopping 74 per cent. Notably, even plan grants (excluding salaries) mostly consist of grants tied to the implementation of central and state schemes (which have no mandate for contribution from any of the PRI tiers). Consequently, the fiscal space of LGs is confined: they have little expenditure autonomy in planning and designing their own programmes. Also, panchayats are burdened with the agency function of implementing state and union schemes designed and imposed from above.

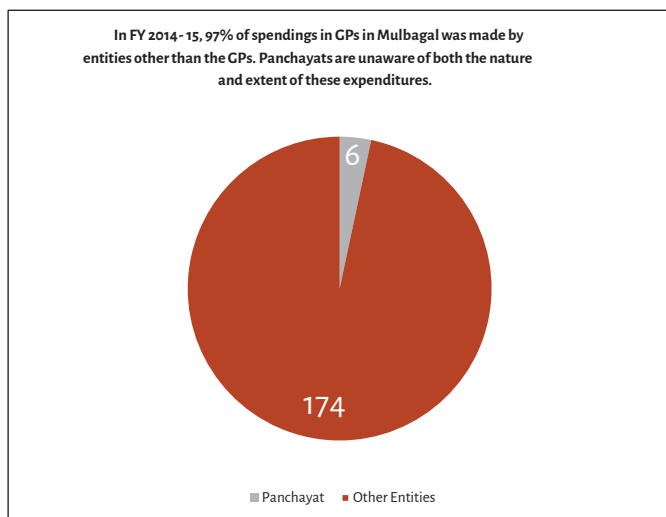
ZPs and TPs thus function largely as pass-through agencies for the payment of salaries to deputed government

employees and as implementing agencies for schemes initiated and planned by the state and union governments. All these factors combine to form a downward spiral for LGs, making them more and more dependent on higher levels of government for meeting their financing needs. Additionally, numerous schemes in the district sector (both plan and non-plan) have very small fund provisions, causing administrative inefficiency and accounting overload. In FY 2014-15 more than half of the total schemes had allocations less than ₹5 crore.

We recommend

- The universe of discretionary funds is extremely small in panchayats. Hence we suggest increasing the size of plan allocations. This will enable panchayats to function in the true spirit of devolution, by giving them the scope to prepare locally relevant plans for economic development and social justice, and to implement these.
- Rationalising the schemes – that is, reducing the total number of schemes by integrating the small allocations with the big – will help minimise the complications in accounting and make the schemes easier to implement at the ground level.

Transparency of allocations and expenditures at a GP level



Source: Primary data collected by AI for FY 2015-16.

An analysis of fiscal devolution in practice revealed that 97 per cent of the expenditure in a GP is incurred by a spectrum of entities other than the GP. These include state department offices at the district and taluk levels and parastatal organisations. When we traced these spends, the average budget envelope for a GP in Mulbagal in FY 2014-15 came to at least ₹6 crore. We estimate that if one included expenditure this study could not track, this figure could be in excess of ₹8 crore.

Entities with spending authority do not maintain details of expenditure at the level of each GP. This makes it impossible for the GP to hold them accountable for spends. A review of the fiscal flow processes across all the levels of the government suggests poor financial planning and management. Also, there are no standardised cross-cutting systems that enable a clear tracking of funds allocated, released and spent at the grassroots level.

All these factors make the GPs oblivious of the nature and extent of funds spent by these entities. They confine their own activities to the limited budgets of the few schemes for which they directly receive grants. This mix of a low proportion of money at the first mile of governance, the GP, coupled with lack of information about the expenditure by other entities disempowers a GP. It prevents it from making any concrete planning and spending decisions. It also leaves it with limited capability to address citizen concerns,

making it vulnerable to the diktats of authorities placed in the taluk, district and the state line departments. GPs thus fail to live up to their potential of becoming effective devolved local governments.

Implementation of programmes over a fiscal year

The fiscal narratives across the state line departments, ZPs and TPs reveal similar patterns. Most of the withdrawals of funds and expenditures for FY 2015-16 are bunched in the last quarter, peaking in the last month of the FY. Also, unlike in ZPs and TPs, the allocations and release orders of line departments are not publicly available. This makes a large proportion of the expenditure for the district and block non-transparent. Specific details are as follows:

State

In FY 2014-15, all the five major line departments under study showed an unplanned pattern of releases and expenditures of state sector allocations through the year, with a large chunk of releases in the last quarter. As a result, the expenditures are lumpy or deficient, leaving unspent balances at the end of the year. For instance, the departments of Agriculture and Women & Child Welfare had 41 per cent and 20 per cent of unspent funds respectively. In contrast, while the Horticulture department spent all the amounts released to it, it incurred 54 per cent of the year's expenditure in the last two months of the FY.

Kolar district

In FY 2014-15 allocations for Kolar were 2 per cent of the total funds devolved to all panchayats in the state. 54 per cent of these allocations comprised salaries, under both plan and non-plan categories. Of the ₹169 crore of funds released, 95 per cent was spent. However, in spite of three-fourth of the releases taking place in the first two quarters of the FY, close to half of the expenditure occurred in the last quarter and a large lump sum in March 2015. Unutilised funds were mostly spread across the Welfare of Scheduled Castes & Scheduled Tribes (SC/ST) and the Family Welfare departments.

Mulbagal taluk

In FY 2014-15 Mulbagal was allocated ₹72 crore. 74 per cent of these allocations was for salaries, under both plan and non-plan categories. 93 per cent of the allocated amount was released and most of this was spent. Compared to the

expenditure at the district level, money was spent more evenly in the taluk through the year. The exception was in March 2015 when spending was 1.5 times the average monthly expenditure.

We found that the financial interrelationships between the panchayats at all levels and line departments are blurred. This weakens transparency, accountability and implementation. Since there is incomplete fiscal devolution, with the state holding concurrent responsibilities with the panchayats, line department offices perform multiple roles. They implement programmes devolved to the panchayats, state and union government schemes, and sometimes take over the functioning of the parastatals as well. Lack of single point answerability of a departmental office diffuses its accountability.

Additionally, each department arranges its implementation work in internal systems that may not align with LG jurisdictions. For example, the Education department organises its administrative system around 'clusters' of schools and the Women & Child Welfare department around 'circles', at the sub-taluka level. This results in a complex intersection of departmental administrative mechanisms and panchayat jurisdictions. Consequently, it becomes extremely difficult to assign or compare expenditures of different departments at the panchayat level. These factors are serious blocks to transparency of government expenditure given that the line departments account for 97 per cent of the total expenditure in a single GP.

Data measurement and monitoring

Lack of data availability, integrity and management critically affects the decentralised management of financial resources. While Karnataka ensures transparency of devolved allocations by maintaining a separate district sector link book, these can only be traced up to the district and the block, not up to the GP. It should be noted that while the budget for devolved funds is publicly available, district and block level allocations, releases and expenditure for the state line departments are opaque and not in the public domain. Further, ZPs, TPs and line departments do not maintain allocation and expenditure data at the level of GPs because they are not required to do so.

From an operational perspective, expenditures are recorded in multiple ways – online systems, desktops, notebooks, etc. – which increases the chance of errors and confusion. For example, at the GP level we found that funds deployed in the field do not match expenses recorded in online systems.

Because of these systemic and operational weaknesses, neither the GP nor the public is aware of the expenditure by any of these entities in the GP's jurisdiction. Accountability is weak, because what cannot be measured cannot be monitored.

We recommend

- A publicly accessible link document, similar to the district and taluk link books, needs to be created for all GPs, state line departments and parastatals. This will ensure that all implementing entities break down their allocations down to the granularity of each GP, as far as possible. This information should be published on the first day of April of every FY along with supporting communication.
- The Treasury department's Khajane system ensures the capture of location details of all expenditures through a unique location code for each habitation. This holds out the possibility of automatic consolidation of expenditure data across various entities within a geographical area of a habitation. Since all GPs are conglomerations of habitations and villages, expenditure details consolidated for each GP are automatically available in real time. This information generated by Khajane can be made available in the public domain through an openly accessible information system.
- All public expenditure by an entity in a district must occur through the Treasury. If the district officer has to function in a dual capacity – as secretary to the ZP as also the head of all departments – he/she must be held accountable for all transactions in his/her dual capacity.
- A centralised monitoring unit, akin to a Decentralisation Analysis Cell, needs to be created at the Rural Development & Panchayat Raj (RDPR) department. The cell should be tasked with obtaining and publishing monthly reports of GP-wise expenditure

from the Treasury. It should also ensure these reports are circulated by the respective ZP Chief Executive Officers (CEOs) across GPs in their jurisdiction. This would help in kick-starting a system where the ZPs and TPs see themselves as information providers for GPs. It would also enable the GPs to share such information with the gram sabha, so that all government expenditure at the GP level is open to public scrutiny.

- Progress reports of implementation against allocated releases and expenditure should be published on a quarterly basis by the district, block, state line departments and parastatals. This will ensure accountability and clarity amongst all actors, including the citizens, across the state.

Implementation of the suggestions mentioned above will ensure that any expenditure incurred by any entity in a GP can be measured. Thus, a better understanding of the financial flows at the first mile becomes possible.

Enhanced transparency of allocations and releases could boost the value of local level public participation, regardless of how and by whom these funds are administered.

In summary, it is critical for Karnataka to urgently review the role, processes and systems of decentralisation in the state to ensure effective, transparent and inclusive use of scarce public resources. It is also essential to note that our findings about the state of decentralisation in Karnataka are not unique to it. We urge relevant stakeholders in other Indian states to seriously reflect on the results and recommendations of this research and take required action to strengthen the process of decentralisation in their own states.

Chapter 1
INTRODUCTION

Background to the study

Karnataka state is considered a pioneer in India so far as democratic decentralisation in rural areas is concerned. The recent history of the state's reform efforts commenced with the enactment of the Karnataka Zilla Parishads, Taluk Panchayat Samitis, Mandal Panchayats and Nyaya Panchayats Act in 1983, which established a two-tier system of elected LGs in rural areas.² Devolution was matched by several administrative reforms resulting in radical shifts in the power structure, amongst both politicians and bureaucrats (Government of India [GoI], 2006). On the fiscal side, a district sector was carved out of the state budget where funds to be devolved to LGs were placed. The budget was accompanied by a link book that provided details of the schemes involving the district sector, thus providing valuable information on how much funds each ZP would receive.

Following the 73rd and 74th amendments to the Indian Constitution, Karnataka's 1983 Act was replaced by the Karnataka Panchayat Raj (KPR) Act 1993, which established a three-level elected system as envisaged in the Constitution, comprising ZPs at the district, TPs at the intermediate and GPs at the village levels. Through this Act, the state devolved several activities pertaining to all 29 matters listed in the Eleventh Schedule of the Constitution through inclusion in Schedules 1, 2 and 3 (pertaining to GPs, TPs and ZPs respectively).

It is well known that effective functional devolution requires matching fiscal decentralisation, so LGs have sufficient funds to effectively implement their entrusted responsibilities (Bahl, 2002). In Karnataka, over a period of time, the district sector budget became cumbersome due to a large number of expenditure line items. Moreover, several schemes that ought to have been devolved began to be carried to the state side of the budget. Subsequently, by FY 2003-04 the district sector budget dropped to 19 per cent of the state's budget.

In 2003, a working group to evaluate the state of decentralisation established by the state's RDPR department concluded that the transfer of political, administrative and fiscal responsibilities to panchayats had not been achieved as envisioned. Concurrently, the World Bank analysed panchayat finances in 636 GPs in 4 districts to identify ways to improve their revenue productivity and expenditure efficiency (Sethi et al., 2004). The study revealed that the fiscal role of GPs was insignificant with respect to revenues raised and

expenditure incurred. Further, the ZP and TP were scheme implementing agencies with no independent revenue sources. The study concluded that significant reforms were required in terms of functional assignments, intergovernmental transfers, local revenue mobilisation and accountability of local public expenditure.

With inputs from the above reports, the KPR Act 1993 was amended. The state issued an activity mapping framework clarifying the devolution of functions to panchayats. It positioned ZPs and TPs as planners, facilitators and owners of the common executive machinery, GPs as the cutting edge of local service provision, and gram and ward sabhas as instruments of downward accountability (GoI, 2006). Activity mapping was followed by other changes in the district sector. First, scheme-bound fiscal transfers were rationalised by merging small with the larger ones, reducing the number of plan and non-plan line items from 658 to about 330. This simplified the fund transfer mechanism and gave greater flexibility to panchayats to address their priorities. In FY 2004-05, a detailed exercise was undertaken to transfer all state sector schemes dealing with functions devolved to LGs to the district sector. Despite these efforts, as of FY 2014-15 only 14 per cent of the state budget was earmarked for the district sector, signalling that the mismatch between the functions and the finances devolved remains an issue.

Conceptual framework of the study

Fiscal decentralisation, or the devolution of fiscal power from the national to the subnational governments, is envisaged as reforms to improve efficiency in the public sector, increase competition among subnational governments in delivering public services, and stimulate economic growth. It follows that fiscal decentralisation follows functional decentralisation; there is little meaning in giving funds and expenditure autonomy to LGs if the latter's functional sphere is not defined (IRM, 2009).

The conceptual framework underlying decentralisation and functional assignments to LGs can be derived from both political and economic theory. Political arguments are drawn from the work of Mancur Olson (1971), who observed that smaller groups are likely to be better at collective action than larger groups, as they will gain more per capita through such action, if successful. From the economic perspective, theorists like Charles Tiebout (1956) have observed that decentralised units are more efficient as people tend to 'vote with their feet', moving to localities they perceive will enable them to get the most services for the taxes they pay. While this may not be true as people are

not as mobile as he presumed them to be, Wallace Oates (1972) favoured decentralised systems as voters could exercise their preferences and influence local decisions better through the ballot. In addition, Albert Breton (1987), Olson and Oates in their individual works contextualised centralisation as necessary for efficiently managing inter-jurisdictional externalities. Jack Weldon (1966) critiqued this by observing that if central governments could accurately measure spillovers, division of functions was wasteful – a chastening thought for supporters of decentralisation.

The development of Second Generation Fiscal Federalism (SGFF) was spurred by the close study of how empowerment of LGs in Latin America had triggered macroeconomic failure. In the absence of hard budget constraints when empowered, LGs borrowed heavily and ran up huge liabilities that the state eventually had to underwrite. SGFF theorists believe a model fiscal system defined on the basis of academic literature was not the way forward. They critiqued First Generation Fiscal Federalism (FGFF) theories propounded by Tiebout, Oates and others as based upon the flawed assumption that – as Barry Weingast (2009) described it – all the actors in the system were benevolent maximisers of social welfare. SGFF theorists believe that strong disincentives are required to be placed in the institutional design of decentralised governance systems to ensure that LGs function within their financial means, while efficiently performing their responsibilities.

Need for and scope of the study

Whether decentralisation contributes to development or not has been an issue of considerable debate in literature. Decentralisation is seen as an important means to enable efficient allocation of resources, improve governance and empower weaker sections of society. Arguments against it are that it weakens the capacity of union governments to undertake macroeconomic stabilisation and that corruption and poor administrative capacity of LGs to undertake the functions assigned to them cause efficiency losses (Prud'homme, 1995). Roy Bahl (2002) maintains that most researchers analyse fiscal decentralisation as a policy strategy and review its processes to find a match between theory and practice. Few tend to focus on the implementation strategies, which is the crux of it all. After reviewing several empirical studies Jorge Martinez-Vazquez and Robert McNab (2003) conclude that knowledge of how decentralisation affects growth in the

present is too limited for one to extend advice (quoted in Govinda Rao and Raghunandan, 2010).

Tested against these viewpoints drawn from both political and fiscal federalism literature, India's institutional design for decentralisation is intriguing. Behind the *de jure* commitment to political decentralisation, the practice has been to generously endow the LGs with functional responsibilities while starving them of fiscal streams necessary to perform these tasks. While this in a way imposes a hard budget constraint, the controls are akin to a principal and agent instead of a generic institutional check on irresponsible local spending. On the one hand, in the absence of sufficient finances and flexibility to apply them, most functions devolved upon LGs end up as unfunded mandates. On the other, the system accommodates concessions to LGs, depending upon the political equation they have with the higher levels of governments. This reveals the absence of a normative hard budget constraint regime for LGs.

In many countries where functional assignments are not matched by fiscal devolution, local expenditure often occurs through implementing entities other than LGs, such as line departments and parastatals. This leads to several fiscal streams operating in parallel, with accounting complexities that make it difficult to assess the extent and nature of local expenditure. In a practical approach that attempts to tease out these different approaches operating in parallel, Jamie Boex coined the term 'Local Public Sector' to describe the combined expenditure incurred through (a) LGs devolved with powers and responsibilities, (b) deconcentrated local administrative units of state or union line departments that directly provide public services to citizens, (c) parastatals and parallel bodies that are delegated with implementation responsibilities for public services and receive grants and funds from the union/state governments for this purpose, and (d) union or state government departments that directly provide local public services. The Local Public Sector therefore refers to that part of the public sector that interacts with citizens and society in a localised manner (Local Public Sector Initiative website).

Indira Rajaraman and Darshy Sinha's 'Functional Devolution to Rural Local Bodies' (2007) is one of the few studies with a focus on implementation strategies. It analysed whether budgets for LGs aligned with the functions devolved upon them. The study was carried out

in the four states of Madhya Pradesh, Orissa, Chattisgarh and Rajasthan for FY 2006-07. The premise of the report was that a notified functional transfer without a budgetary provision does not carry any operational significance. The study revealed that the lack of a uniform accounting system hinders transparent transfer of functions, and the absence of a nationally uniform grant structure makes the assessment of functional devolution across states a cumbersome task.

This study is an attempt to add to the body of literature that focuses on the operational aspects of decentralisation by mapping the gap between the de jure functional assignments and the de facto fiscal devolution to PRIs in Karnataka. It also hopes to renew efforts towards evidence-backed policy changes that are required to make panchayats function as an effective body of devolved LGs in India and advance the understanding of LGs in Karnataka (and other states) of their fiscal rights and duties.

Chapter 2
KARNATAKA'S APPROACH TO
FISCAL DECENTRALISATION

States in India have tended to be generous in assigning functions to panchayats through state-specific laws, but parsimonious when it comes to sharing revenues. In comparison to most other Indian states, Karnataka has devolved more funds, but has not been able to maintain its commitment. It commenced its big-bang devolution with 24 per cent of the state funds being placed in the district sector in FY 1994-95 which declined to just over 12 per cent in FY 2003-04. There was a partial restoration of the percentage of allocations to 20 per cent in FY 2005-06, but shares to panchayats declined to 14 per cent by FY 2014-15.

The typical argument in favour of fiscal decentralisation is that it enables efficient allocation of resources, improved governance and accelerated economic growth, and brings the government closer to the citizen. Conversely, fiscal decentralisation could lead to fiscal fragmentation and macroeconomic destabilisation. In this chapter we first examine the status of fiscal decentralisation in Karnataka and then study if the fear of fiscal fragmentation has driven Karnataka towards fiscal centralisation.

Before presenting these analyses, it is useful to define the key terms and concepts involved in a state budget:

- State annual budget: The state annual budget comprises the state plan outlay and the state non-plan outlay.
- Total plan outlay: The total plan outlay is the sum of the state plan outlay and Centrally Sponsored/Central Plan Schemes (CSSs/CPSs). The state plan outlay is determined based on sectoral outlays estimated during the budgeting process. From FY 2013-14

nearly all central assistance to CSSs/CPSs has been transferred to the state plan under 'Central Assistance to State Plan'.³

- State plan outlay: The state plan outlay comprises (a) allocations made from the consolidated fund, termed 'budgetary support to the State Plan' and (b) Internal and Extra Budgetary Resources (IEBR) that includes resources raised by public sector enterprises. IEBR is not part of the consolidated fund of the state.
- State non-plan outlay: Other outlays that cannot be classified under 'plan schemes' are accounted under the 'non-plan' category.⁴ The support for the non-plan outlay also comes from the consolidated fund of the state. In addition, there are some GoI non-plan grants as well.

Trends in rural fiscal decentralisation in Karnataka

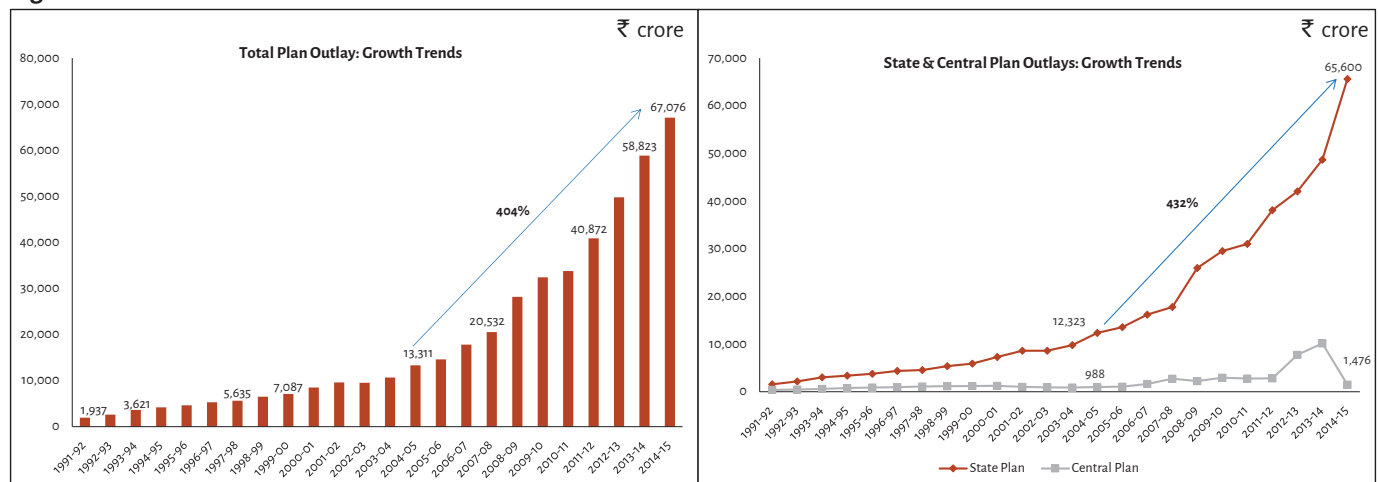
Plan trends

The annual plan outlay for Karnataka grew by almost 404 per cent between FY 2004-05 and FY 2014-15, driven largely by a 432 per cent increase in the state plan outlay (Fig 2.1). Concurrently, CSS and CPS outlays marginally increased till FY 2011-12 and then briskly till FY 2013-14. In FY 2014-15, much of the central assistance to CSS/CPS was transferred to the state plan as 'Central Assistance to State Plan'.

District sector plan trends

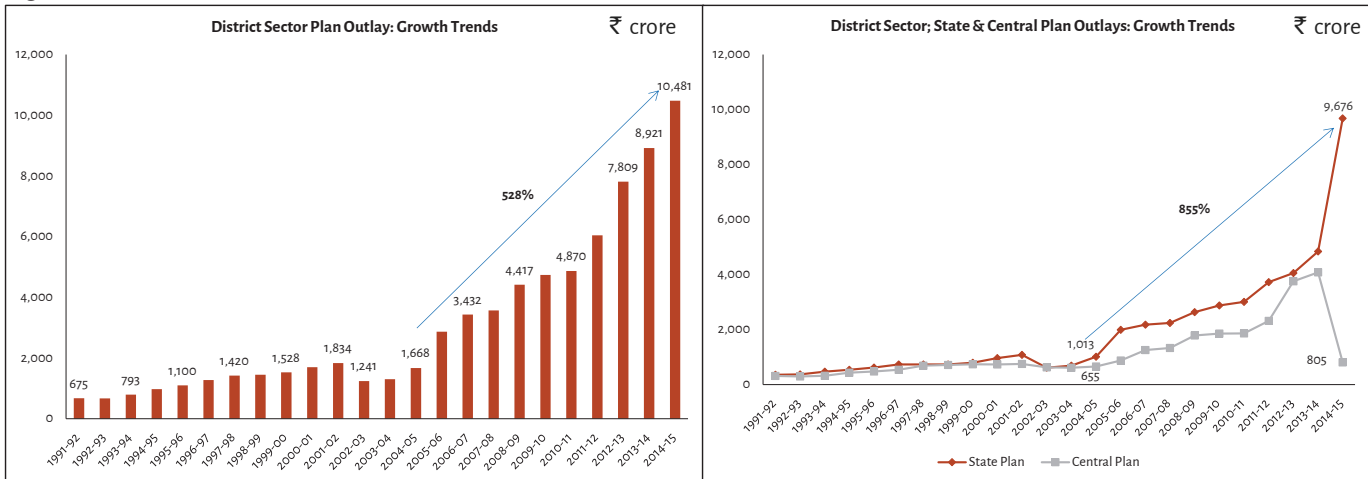
The total plan outlay for the district sector increased by 528 per cent from ₹1,668 crore in FY 2004-05 to ₹10,481 crore in FY 2014-15, largely driven by an 855 per cent

Fig 2.1



Source: Economic Survey of Karnataka, 2014-15; Planning Department, GoK, for data for FY 2012-13 to FY 2014-15.

Fig 2.2



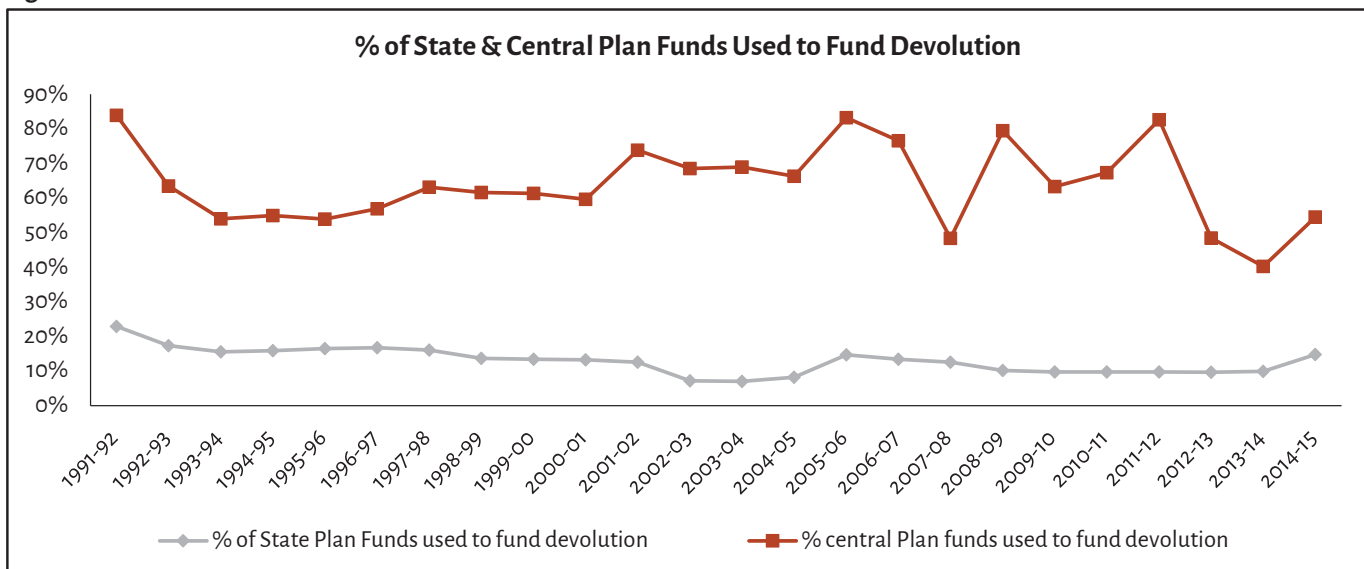
Source: Economic Survey of Karnataka, 2014-15; Planning Department, GoK, for data for FY 2012-13 to FY 2014-15.

increase in state plan outlay from ₹1,013 crore in FY 2004-05 to ₹9,676 crore in FY 2014-15. Concurrently, central assistance to the district sector grew marginally till FY 2011-12 when there was a sharp increase, followed by a sharp dip in FY 2014-15 due to the central assistance to the CSSs/CPs being moved to the state plan (Fig 2.2).

Central assistance has played a significant role in enhancing the district sector outlay as compared to contributions from the state plan. In absolute terms funds allocated from the state to the district sector

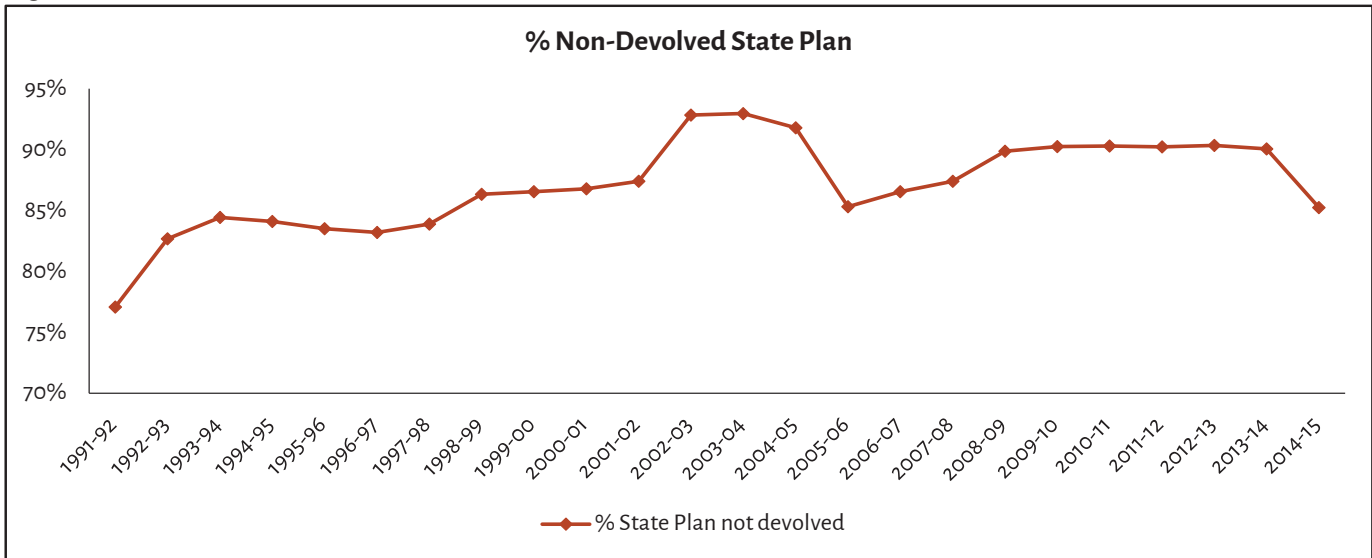
exceeds the central assistance to the state plan. However, in related terms, most of the central assistance coming to the state has been deployed to the district sector. Also, the percentage of all central assistance going to the district sector decreased from 84 per cent in FY 1991-92 to 53 per cent in FY 2014-15. Concurrently, the contribution from the state plan to the district sector dropped from 23 per cent in FY 1991-92 to 15 per cent in FY 2014-15 (Fig 2.3).

Fig 2.3



Source: Economic Survey of Karnataka, 2014-15; Planning Department, GoK, for data for FY 2012-13 to FY 2014-15.

Fig 2.4



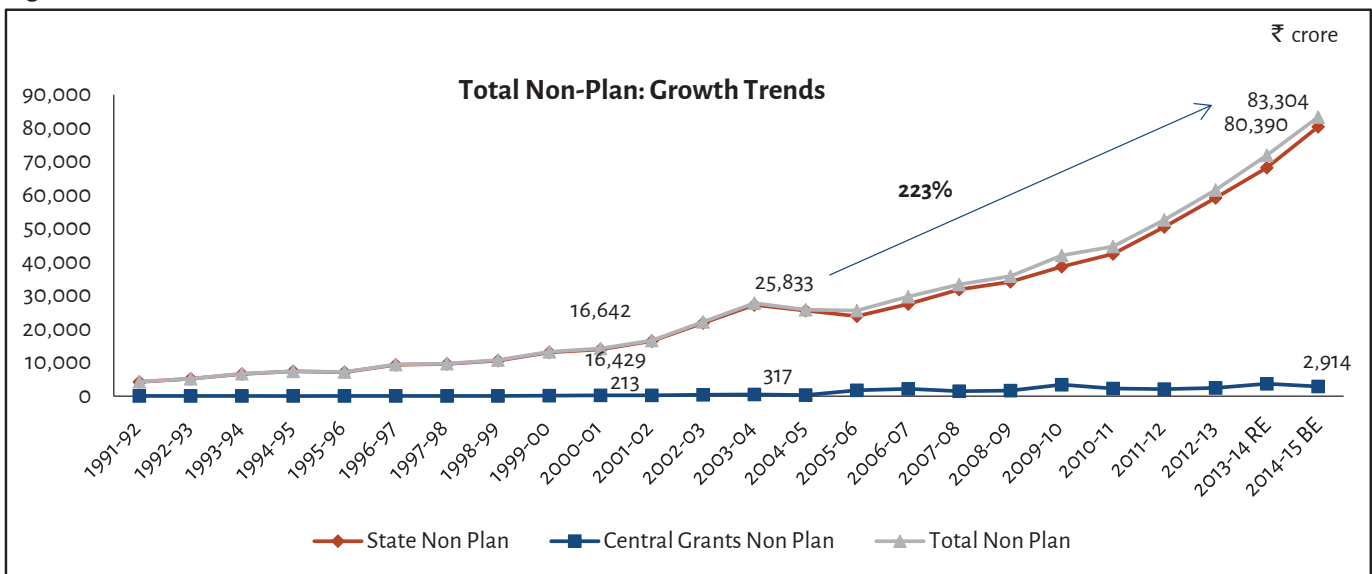
Source: Economic Survey of Karnataka, 2014-15; Planning Department, GoK, for data for FY 2012-13 to FY 2014-15.

If the trend seen in Fig 2.3 is true then this means that while there is an improvement in devolution of plan funds, the state is retaining an increasing share of the total state plan funds with itself (Fig 2.4).

Non-plan trends

The state budget non-plan allocation increased by 223 per cent from ₹25,833 crore in FY 2004-05 to ₹83,304 crore in FY 2014-15 (Fig 2.5). This was largely aided by a growth of 215 per cent in the state non-plan expenditure from ₹25,515 crore to ₹80,390 crore during the same period.

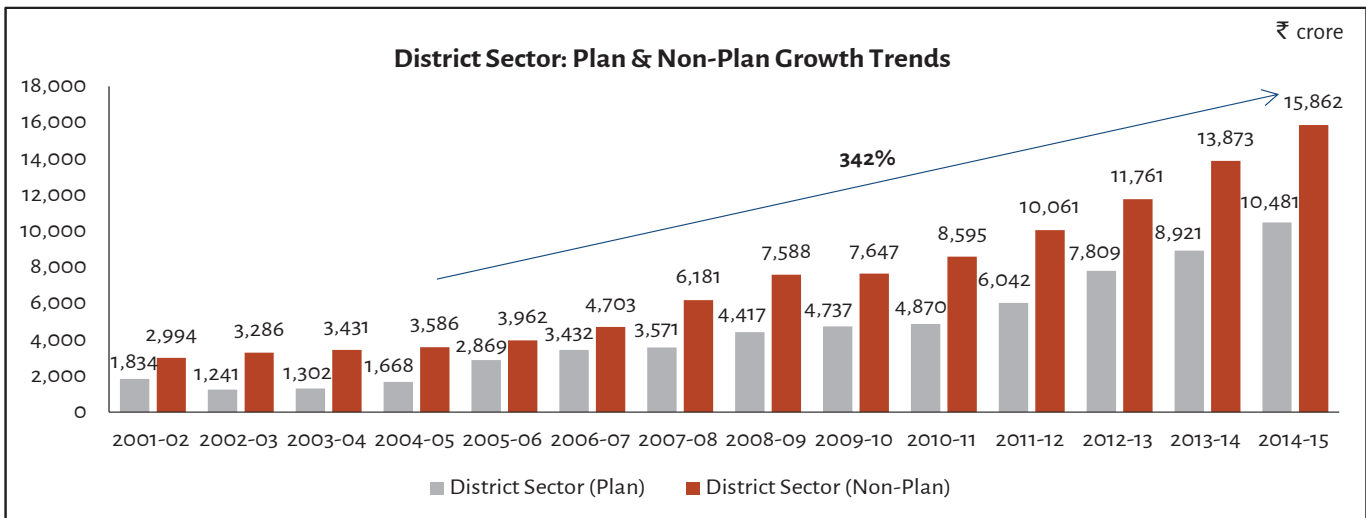
Fig 2.5



Source: Accounts at a Glance, 1960-2014, Finance Department, GoK.

District sector non-plan trends

Fig 2.6

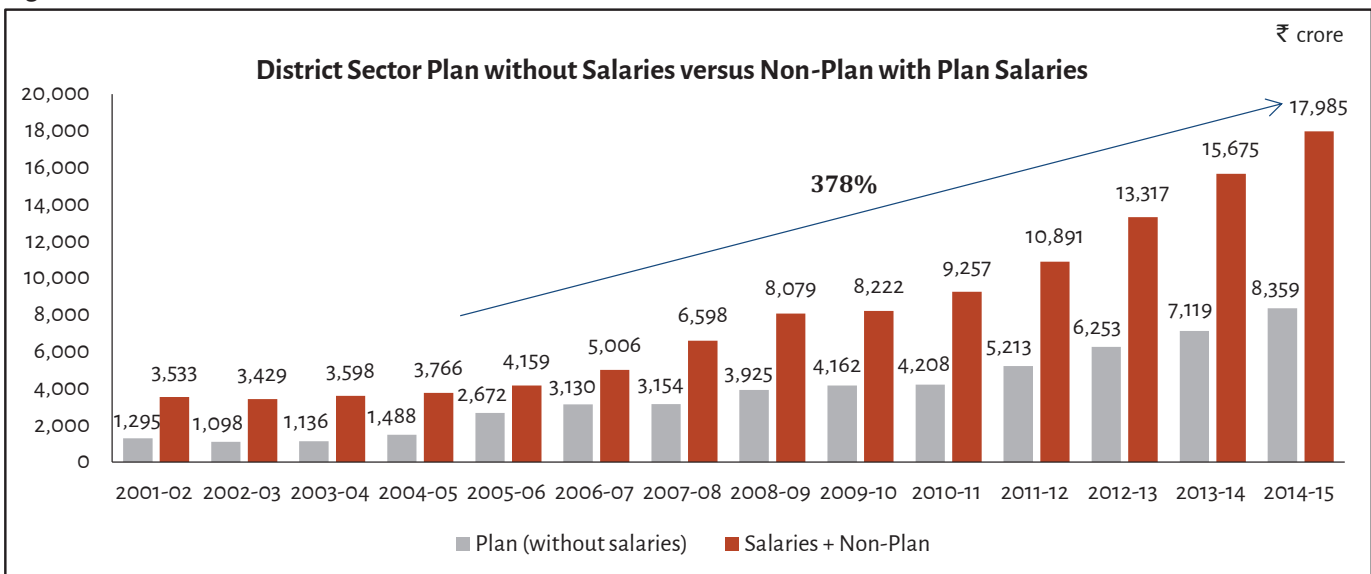


Source: Accounts at a Glance, 1960-2014, Finance Department, GoK.

District sector non-plan expenditure increased by 342 per cent from ₹3,586 crore in FY 2004-05 to ₹15,862 crore in FY 2014-15 (Fig 2.6). The bulk of these funds consist of salaries and expenditures on maintenance of capital assets.

However, there are salary components within the district sector plan too. If these are added to non-plan expenditure, there is a 378 per cent growth of non-plan and salary outlay in plan from FY 2004-05 to FY 2014-15. Concurrently, plan outlay (without salaries) increased by 462 per cent (Fig 2.7).

Fig 2.7

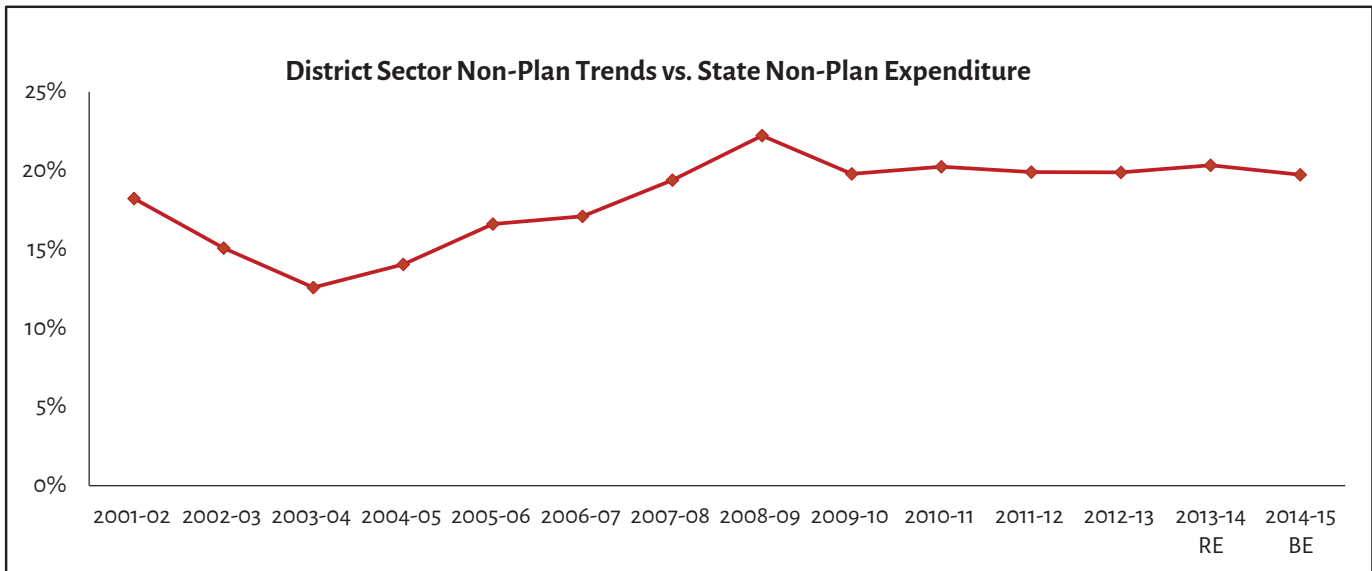


Source: Economic Survey of Karnataka, 2014-15; Planning Department, GoK, for data for FY 2012-13 to FY 2014-15.

The share of funds from the non-plan outlay of the state plan to fund the district sector non-plan has remained almost constant (Fig 2.8).⁵

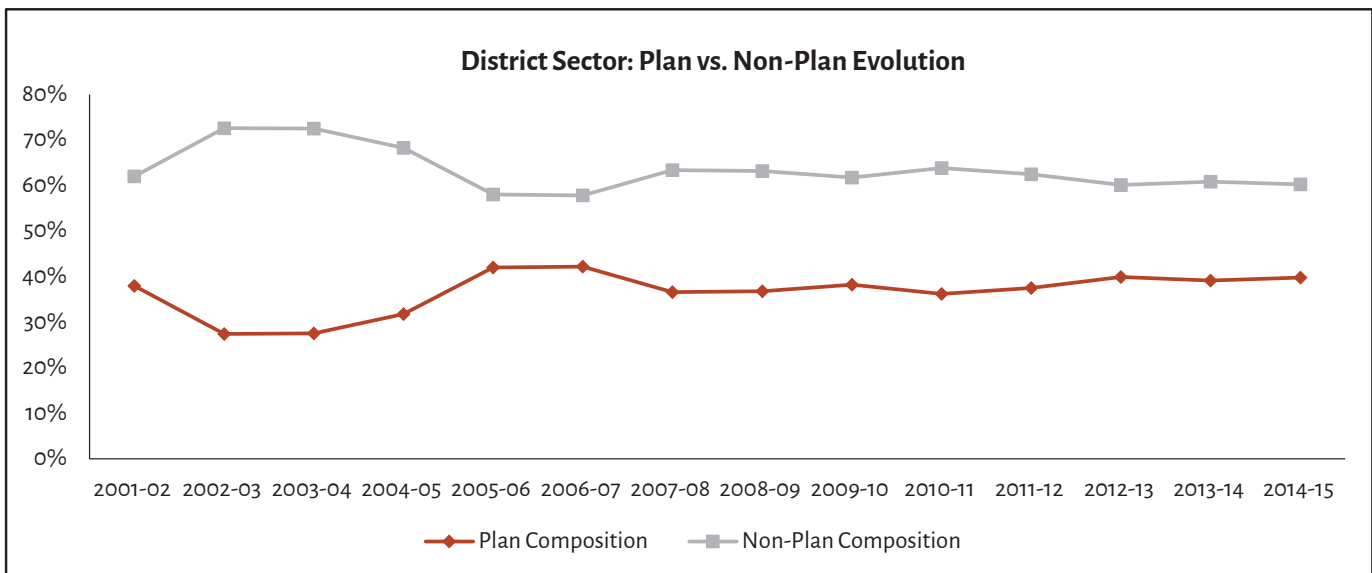
The inter se ratio between plan and non-plan allocations in the district sector varied from FY 2001-02 to FY 2005-06, following which it has remained nearly stable at about 40:60 (Fig 2.9).

Fig 2.8



Source: Accounts at a Glance, 1960-2014, Finance Department, GoK.

Fig 2.9

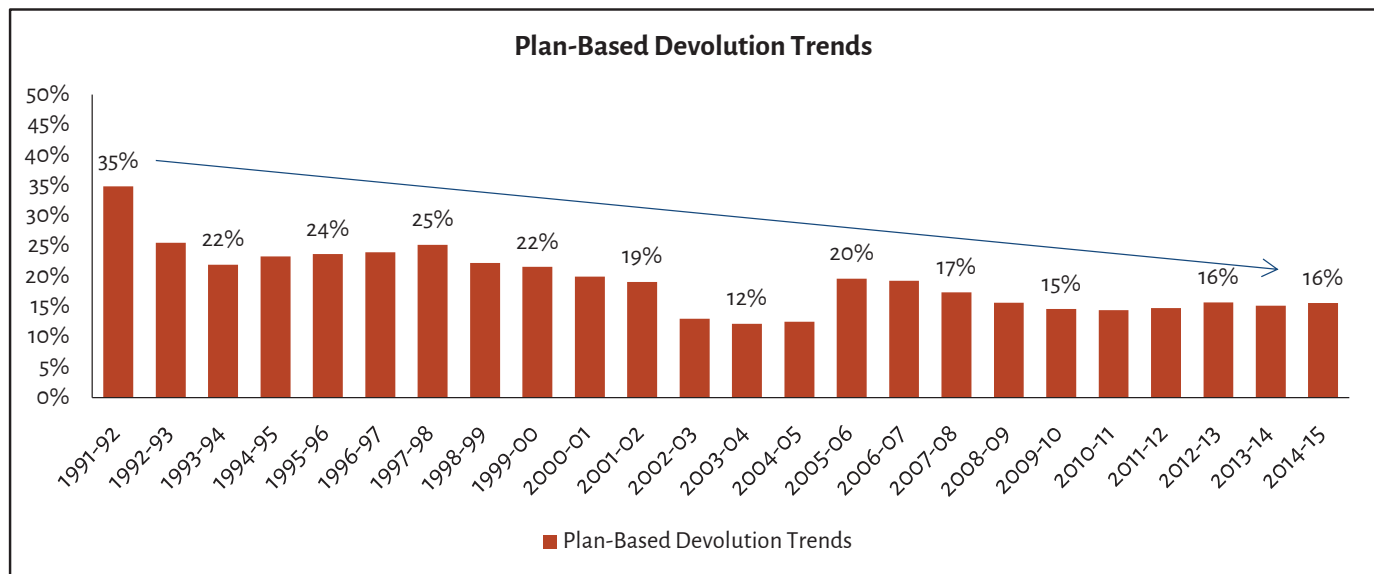


Source: For plan: Economic Survey of Karnataka, 2014-15; Planning Department, GoK, for data for FY 2012-13 to FY 2014-15. For non-plan: Accounts at a Glance, 1960-2014, Finance Department, GoK.

Trends in devolution in Karnataka

Devolution of plan funds has dropped consistently from 35 per cent in FY 1991-92 to 16 per cent in FY 2014-15 (Fig 2.10). If salary allocations on the plan side are excluded, the percentage of devolution would drop further.⁶

Fig 2.10



Source: For plan: Economic Survey of Karnataka, 2014-15; Planning Department, GoK, for data for FY 2012-13 to FY 2014-15. For non-plan: Accounts at a Glance, 1960-2014, Finance Department, GoK.

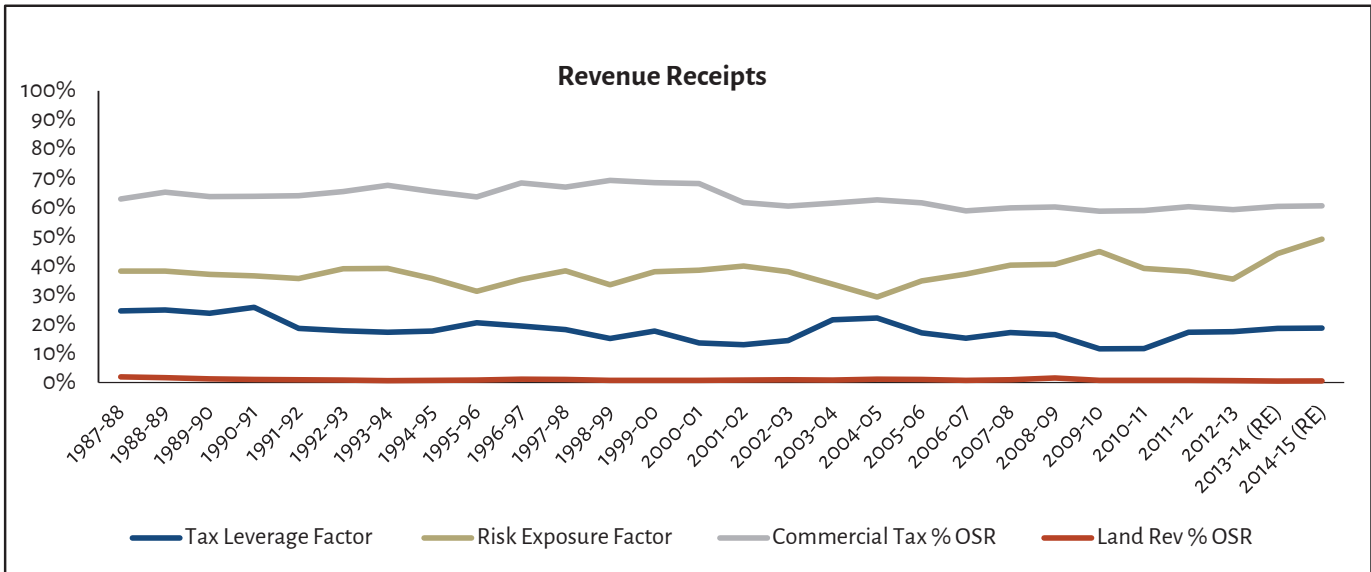
State fiscal health and decentralisation

Empirical analysis in India shows that structural deficits in the country are due to fiscal mismanagement at both Union and state levels (Rao, 2000). During different phases of development, Karnataka has sometimes tended towards fiscal imprudence, even though on a relative scale, it has been able to implement fiscal correctives more effectively than other states.

Karnataka's recent history of fiscal consolidation can be traced back to the enactment of the State Fiscal Responsibility Act (FRA) in 2003. As the state embarked on a path of fiscal consolidation, it has been successful

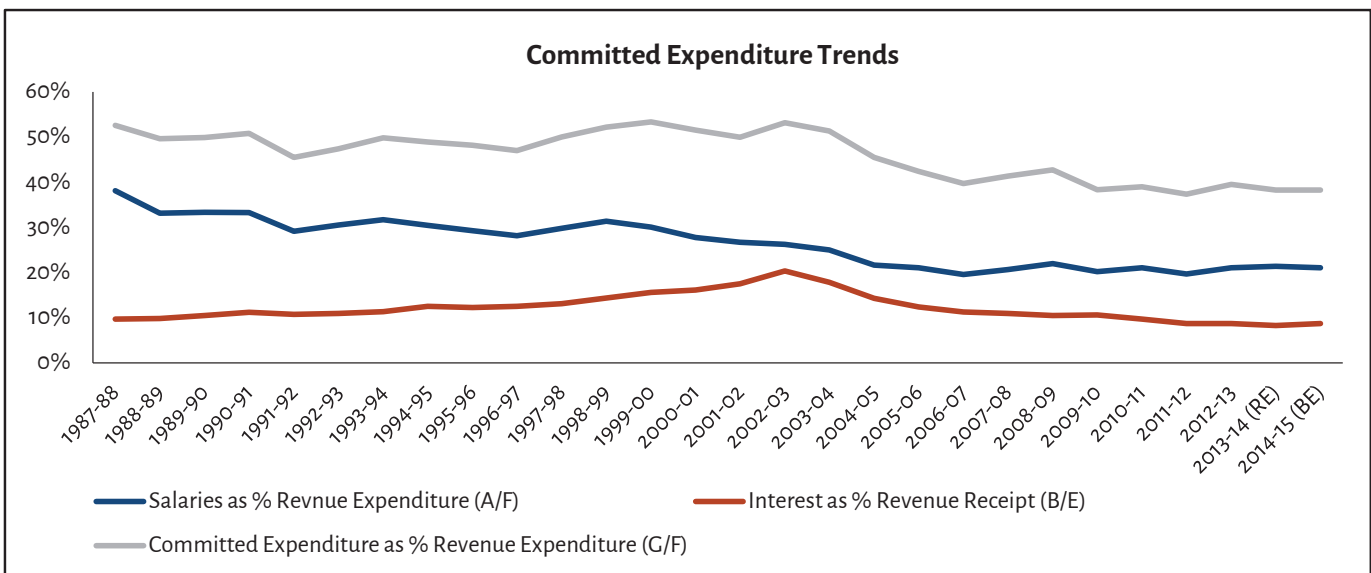
in recording revenue surpluses since FY 2004-05.⁷ Historically, the state's own source revenue (OSR) streams have been strong (Fig 2.11). According to FY 2014-15 revised estimates (RE) constituted 67 per cent of the state's total receipts with a tax leverage factor of 19 per cent. However, there is considerable financial assistance provided by the union government that is critical for delivering the social services of the state. This is reflected in the fairly high risk exposure factor of 49 per cent. Commercial tax is the highest form of tax revenue and non-tax revenues have not grown over time. Land revenue collection, as is the case with most other states, has declined to negligible levels.

Fig 2.11



Source: Accounts at a Glance, 1960-2014, Finance Department, GoK.

Fig 2.12



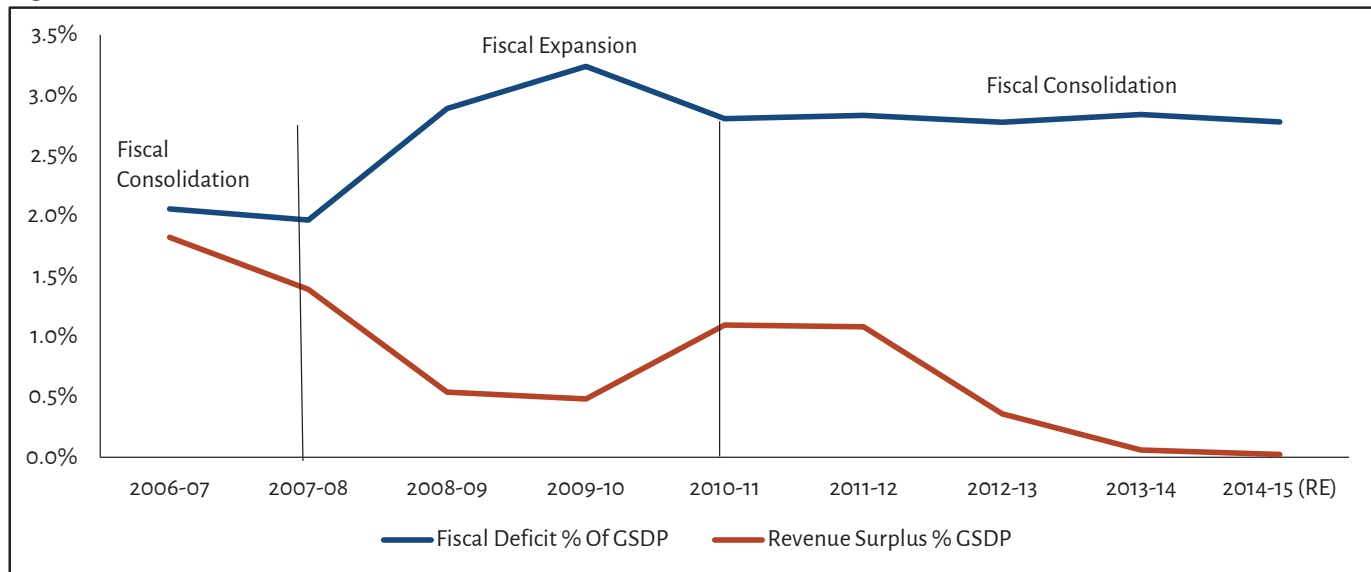
Source: Accounts at a Glance, 1960-2014, Finance Department, GoK.

Committed expenditure has shown a decreasing trend and both salaries and interest payments are within the 35 and 15 per cent limits as set by the Finance Commission (FC) (Fig 2.12).

Barring FY 2008-09 and FY 2009-10, when there were deviations from the fiscal consolidation path to tide over the economic slowdown, yearly fiscal deficits have been within the limit of 3 per cent of gross state domestic product (GSDP) as prescribed under the FRA (Fig 2.13).

Karnataka's medium term financial plan (MTFP) for FY 2015-19 envisages that the state will maintain a slim revenue surplus due to marginal reduction in its own taxes by 2 per cent, high expenditure on subsidies, and commitment of an additional ₹4700 crore towards critical sectors adversely affected by reduced devolution from the Union for CSSs. It also indicates that given the constraints, the state will continue on the path of fiscal consolidation.

Fig 2.13



Source: Karnataka MTFP, 2015-19.

Karnataka's efforts at fiscal consolidation and decentralisation

There exists an uneasy relationship between Karnataka's efforts at fiscal consolidation since 2001 and its commitment to decentralisation. On the one hand, the state has been keen to maintain its position as one of the champions of decentralisation. On the other, there seems to be a persistent belief that transferring of funds to LGs would lead to fiscal fragmentation and be inimical to prudent financial management. In the wake of fiscal pressure in FY 2000-01, an important cornerstone of the fiscal consolidation strategy of the state has been to cut back on fiscal decentralisation.⁸ The state has on various occasions slashed general purpose development grants going to the panchayats and even abolished the basic grants for ZPs and TPs on one occasion. There has been backtracking on these steps as well, as the state has balanced its commitment to decentralisation and increased grants based on political pressure. However, many of these grants have come with pre-conditions on expenditure, and even prior deduction conditionalities to meet payments that LGs owe state organs or parastatals. Year-wise variations notwithstanding, the state has attempted to meet the fiscal deficit targets by attempting to reduce LG expenditures through reducing their plan allocations (Rao, Amar Nath & Vani, 2003). However, it is interesting that while plan funds that are devolved to PRIs have been declining, expenditure on non-plan has not. The state seems comfortable with this approach since, with all staff being largely state controlled, it matters little if salary payments are routed through the panchayats. In fact,

the state sees this approach as meeting its commitment towards decentralisation – it generates good numbers that can be officially reported as 'devolution' while controlling expenditures by LGs by restricting plan expenditure or limiting it largely to scheme-specific grants.

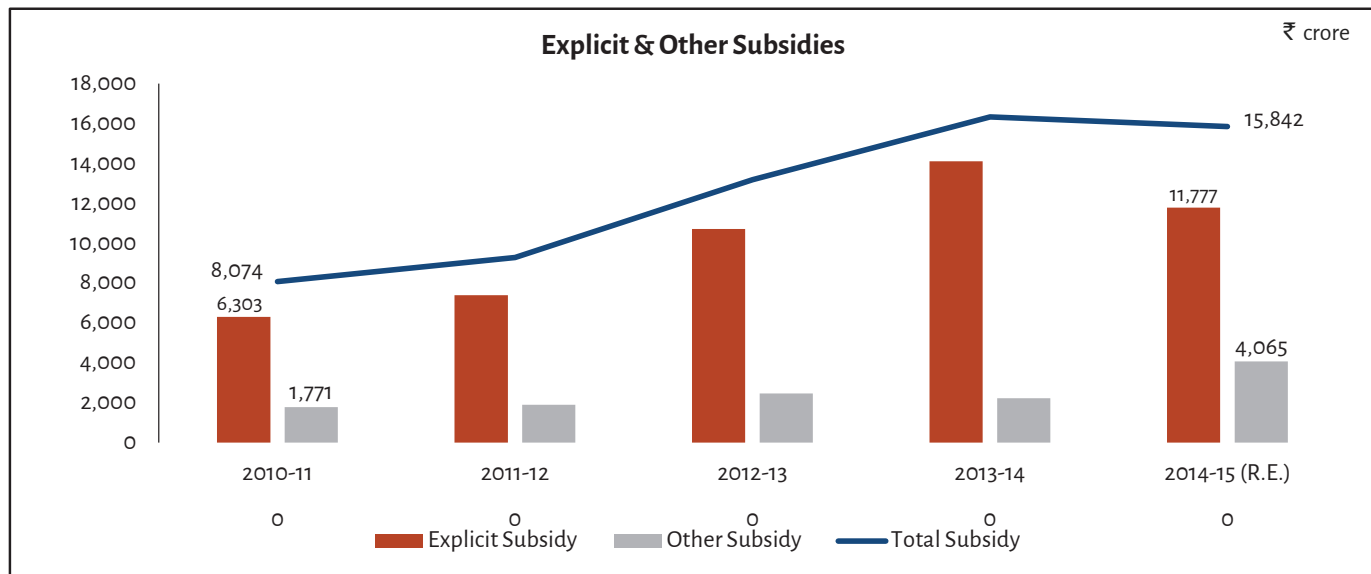
There is enough evidence to show that the crunch in the state's fiscal space is due to reasons other than decentralisation. The most recent MTFP reiterates that fiscal challenges are primarily due to the unsustainable expenditure on various subsidies, which accounts for 14 per cent of RE (Fig 2.14).⁹

Conclusions

The conclusions that emerge from the above analysis of the state's approach to fiscal decentralisation are the following:

- While at the state level, total plan and non-plan allocations have grown multifold, the proportion of allocations made to panchayats has fallen. Within these, non-plan allocations have increased while plan funds have decreased in proportion. This trend is glaring because while total expense for salaries as a component of the state's committed expenditure has seen a declining trend, it constitutes 80 per cent of the non-plan allocations transferred to panchayats. Since most of the allocated funds are either tied to specific purposes or are used for paying salaries, the conclusion that emerges is that the fiscal space of the LGs has been confined and is largely inflexible.

Fig 2.14



Source: Karnataka MTFP, 2015-19.

- Panchayats are primarily reduced to agencies of higher level governments to implement schemes initiated and designed at higher levels; they have little expenditure autonomy in planning and designing programmes.
- A large number of transferred schemes, many of them too small to really make an impact, makes the intergovernmental fiscal architecture complicated, inefficient and opaque, and adversely affects the quality of service delivery. It necessitates a large administrative effort to keep track of and implement these programmes.
- Panchayats, while often blamed for lack of capacity to implement these programmes, have very little say in the acquisition of their capacities; they have to make do with the limited capacities the state places at their disposal. They have very little control or superintendence powers over these limited capacities, because the staff deputed to them are paid through specific purpose non-plan transfers allocated by the state. Karnataka conforms to the observation that in a multilevel fiscal system like India, LGs have limited fiscal or policy clout (Singh, 2007).
- Given that the panchayats and their limited (transferred) capacities are burdened with agency functions, they have very little motivation or capacity to plan or financially contribute to the performance of their devolved responsibilities. Their OSR, such as property tax, are left uncollected; agency payments from higher level governments act as soft budget constraints that provide little incentive for panchayats

to collect their taxes and make up the deficits. These trends result in a downward spiral that makes LGs more and more dependent on higher levels of government for meeting their financing needs.

- There is little danger that decentralisation will lead to macroeconomic instability in Karnataka because of the state's fairly strong fiscal position and strong OSR. Any projected crunch in the Karnataka's fiscal space is due to reasons other than decentralisation; the most recent MTFP reiterates that fiscal challenges are primarily due to the unsustainable spend on various subsidies, which accounts for 14 per cent of RE. Hence, instead of reducing allocations to PRIs in order to achieve fiscal targets, the state should focus on the core issues that strain its revenue stream.

Karnataka is a proactive state with respect to financial planning: it spends a large proportion of its resources on delivering economic and social services, and has adopted the path of decentralisation for delivering these services. However, whatever might have been the political vision of democratic decentralisation, in practice it has not been effectively operationalised through a process of fiscal devolution. In a financially prudent state that envisions efficient governance for its citizens, one would expect more devolution instead of the current trend of deconcentration of LGs. The state should entrust more responsibility to PRIs by devolving activities, funds and requisite ability to raise its own revenues. This will entail efficient allocation of resources and better service delivery to its citizens.

Chapter 3
METHODOLOGY

A review of the literature revealed that there are hardly any studies that track allocations and expenditures across a multitude of sectors, right down to the GP level, in Karnataka. Hence, a combination of primary and secondary research was adopted in the course of the project. The study was conducted across all 30 GPs (comprising 343 villages) in Mulbagal taluk of Kolar district in Karnataka. The municipality for Mulbagal town, the only urban area within the taluk, was excluded from the study as the focus was on GPs.

The rationale behind the selection of these 30 GPs was to leverage the existing collaboration of Avantika Foundation with the government of Karnataka to implement an 'Innovative Project' to strengthen GPs under the auspices of the Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) through the ZP Kolar. The lead researcher and the advisor are also co-founders of Avantika Foundation. Their understanding of the district, its dynamics and stakeholder relationships, coupled with the fact of Mulbagal being a backward taluk, made the choice of this taluk attractive from a research standpoint. Annexure 1.3 provides a background of Kolar district.

The data investigation comprised two activities: budgetary analysis which involved understanding secondary data that is openly available, and field level data collection which involved gathering of data to understand expenditures across the 30 GPs that are part of the sample.

Budgetary analysis

The process of budgetary analysis adopted for this study was designed de novo and is described in the Standard Operating Procedures (SOPs; Annexures 1.4, 1.5 and 1.6). The objectives of the budgetary analysis were to:

- a. Identify schemes and connected financial streams devolved to the panchayats.
- b. Examine schemes not devolved to the panchayats in the state budget and identify those that ought to be devolved to them, based on the functions assigned to them under the KPR Act and activity mapping orders issued by the government.
- c. Identify all departments and entities that implement schemes and programmes in the rural areas of Mulbagal taluk and divide them into two categories: (a) those that function under the control and supervision

of the panchayats and (b) those that function autonomously and/or outside the purview of the panchayats.

The SOPs describe how these databases were created. These databases were used as inputs for the field research component of the project. The budgetary analysis was followed by the development of formats for collecting data from the identified entities on allocations, releases and expenditure pertaining to schemes.

Field strategy

AI's field experience shows that obtaining data from field level offices is beset with problems. Poor accounting processes often mean that data is outdated or inaccurate. Further, even if data is available, officials are usually reluctant to share it with external researchers. Seeking data through the Right to Information Act leads to delays and there is no guarantee that the information provided is accurate or complete. Keeping these potential hurdles in mind, the good offices of Avantika Foundation, which works with the ZP Kolar and the GPs in Mulbagal taluk, were leveraged. In order to run the 'Panchayat Strengthening Pilot Project', an 'Innovative Project' under the RGPSA, Avantika Foundation maintains an office in the premises of the ZP and liaises with its officers. These arrangements were utilised to pursue data gathering. Critical support was provided by the CEO, ZP Kolar.

The CEO plays a dual role, namely that of the secretary to the ZP as also that of the reporting authority for several key state department offices that function in the district. This enabled him to provide insights on the data availability and issue instructions for providing data to the research team. The CEO ZP deputed an able and dedicated team of officials of the ZP to support the research team. ZP officials accompanying the research team to departmental field offices facilitated the obtaining of data from the latter. This learning is likely to help future researchers in Karnataka to leverage such arrangements to pursue their research.

The following steps were undertaken as part of the field exercise:

- Creation of data templates based on budgetary analysis. All versions of the templates, from the original baseline version to the revised versions, have been included in the electronic archive that forms part of the deliverables of this research.

- Review of the draft templates, validation and incorporation of review comments from the ZP CEO, Kolar.
- Meetings with the ZP CEO to obtain his approval for and ownership of the data collection exercise through the ZP CEO's office.
- Appointment of a nodal officer by the ZP CEO to help the research team to obtain data from different branches of the ZP office and the departmental field offices in the district.
- Issuance of official memos by the ZP CEO, requesting data inputs from the respective heads of department of the corresponding department/entities for all templates.
- Submission of filled templates to the research team from the ZP CEO office.
- Validation and review if data found to be complete.
- Course correction along with departments/entities where data was not available as requested.

- Devising attribution methodologies/alternate options wherever data was not available in the circulated template formats.

The field survey commenced on 15 June 2015 and ended on 30 November 2015. Some of the reasons for the extensive time spent on the field are:

- Collection of data was a challenge and some departments took a much longer time than expected. Many departments had not closed their books of accounts for FY 2014-15, when data was being sought by the research team. In fact the ZP Kolar and TP Mulbagal's accounts were unaudited at the time of receipt of data.
- Several departments witnessed transfers of key staff, which resulted in delays and problems of coordination with the new incumbents.
- There were delays in formal communication with field departments/entities, due to the need to obtain formal approvals from the CEO's office.



- The templates for data collection listed out the schemes that were identified based upon the desk work undertaken in the budgetary analysis. However, field surveys sometimes discovered mismatches between the schemes identified in the templates and the schemes that were actually implemented by field departments/entities.
- The field survey was administered to all government entities across Kolar district which expend public funds. Annexure 1.7 provides details of the same. All surveys were facilitated by the office of the ZP CEO, Kolar.

Exclusions

Releases were made available, but were not researched given that they occur through the Treasury. While the release information for ZP and TP schemes was made available as 'Release Orders' by the Finance department, there were a few gaps between released amounts and allocated amounts. The Chief Accounting Officer's (CAO) office at ZP Kolar mentioned that Treasury releases fall in line with allocations and they function as a readily available fund. There are minor variations but these are factored by the ZP and TP and reconciled with the Treasury department. The Treasury in Karnataka is being upgraded to address requirements spelt out by the district sector. Since the Treasury was not covered in this research study, we recommend that researchers in the space pursue the same based on data that has been produced during the course of this study.

Data gaps

In spite of the support received from the ZP CEO and the various field departments, the research team faced several

challenges with regard to data collection. It was evident that as we moved away from the district level to the taluk and GPs, the rigour in record-keeping dropped, which led to lack of accuracy of data. For instance, while online systems for accounting exist at the ZP level, we discovered that records are maintained in spreadsheets at the TP level and in handwritten 'student notebooks' at the GP level.

- Even though departmental heads were cooperative, staff who were to provide data faced difficulties in understanding the template design. While the research team assumed that budget templates were standardised, we discovered that formats for maintenance of data differed across departments, and in some cases, even across schemes within a department.
- Obtaining data for the state sector schemes proved difficult. There are no budget documents (similar to the link book) that indicate the allocations within each scheme to different implementing agencies. Release orders for state sector schemes are also not published, unlike the district sector schemes.
- In spite of the state government pursuing the computerisation of account books, most GPs had not entirely moved into the system or there were gaps in the data entered in the computerised system. This necessitated reliance on handwritten accounts, which were said to be more up-to-date. Many GPs could not locate registers of past years as many of the Panchayat Development Officers (PDOs) had been transferred post the GP elections held in May and June 2015.

Chapter 4
BUDGETARY ANALYSIS

In this chapter we analyse the extent of functional devolution and examine how far it matches the financial devolution to panchayats in Karnataka. We first juxtapose budget heads with funds devolved to the panchayats along with the functions assigned to them. We then examine the budgetary allocations of funds specifically to panchayats in Kolar district and Mulbagal taluk. The chapter concludes with our findings and recommendations.

Comparing functional and fiscal assignments to panchayats

Using the enabling powers under Article 243G of the Constitution (states determine the extent and degree of functional devolution to panchayats) and based on the matters contained in the Eleventh Schedule (illustrative list of matters that may be entrusted to panchayats), Karnataka devolves a range of functions through the KPR Act 1993. The details are contained not only in specific sections, but also in Schedules I, II and III of the Act, which relates to the GP, TP and ZP respectively.

A comparison of the provisions of the KPR Act with the matters detailed in the Eleventh Schedule of the Constitution shows that certain powers and

responsibilities in respect of all 29 matters have been devolved to ZPs, in 28 matters to TPs and in 25 matters to GPs. While this establishes a high degree of functional devolution, the question is whether the allocation of funds is sufficient for the entities to effectively perform the functions devolved.

Arrangements for the devolution of funds to panchayats comprises the demarcation of a 'district sector' within the state budget, through which funds are allocated to each ZP and TP via a 'link book'. However, the link book does not break down fiscal transfers to the level of a GP. The absence of a link document at the GP level hinders transparency in (a) fiscal flows to the accounts of each GP and (b) ascertaining the further break-up of ZP and TP allocations to the granularity of each GP. This makes it difficult for the GPs to hold the ZP and TP accountable for their performance even though all expenditure of the latter takes place within the jurisdiction of one or the other GP.

A mapping of the budget heads in the link book against the functions devolved upon the panchayats in Schedules I, II and III of the KPR Act clearly reveals that from the budgeting stage itself fiscal devolution does not mirror functional devolution (Tables 4.1 and 4.2).¹⁰

Table 4.1

Description	Zilla Panchayat	Taluk Panchayat	Gram Panchayat
No. of subjects of Eleventh Schedule functionally devolved	29	28	25
No. of subjects fiscally devolved and with budget heads assigned to them	24	17	3
No. of subjects that do not have funds allocated though budgets heads exist	-	2	3

Source: Compiled based on information in Schedules I, II and III of KPR Act 1993 and district sector link documents 2014-15.

Table 4.2

S. No.	Matter in the Eleventh Schedule	Whether funds are devolved to the panchayats under the link book		
		Zilla Panchayat	Taluk Panchayat	Gram Panchayat
1	Agriculture, including agriculture extension	√	√	Devolved but no budget heads or funds
2	Land improvement, implementation of land reforms, land consolidation & soil conservation	√	Devolved but no funds	Not devolved
3	Minor irrigation, water management & watershed development	√	Devolved but no budget head or funds	Not devolved
4	Animal husbandry, dairy & poultry	√	√	Devolved but no budget head or funds
5	Fisheries	√	Devolved but no budget head or funds	Devolved but no budget head or funds
6	Social forestry	√	Devolved but no budget head or funds	Devolved but no budget head or funds
7	Minor forest produce	Merged with social forestry		
8	Small-scale industries	√	Not devolved	Not devolved
9	Khadi, village & cottage industries	√	√	Devolved but no budget heads or funds
10	Rural housing	Devolved but no budget heads or funds	Devolved but no budget heads or funds	Devolved, budget head present but no funds
11	Drinking water	√	√	Devolved but no budget heads or funds
12	Fuel & fodder	Merged with social forestry		
13	Roads, culverts, bridges, ferries, waterways & other means of communication	√	√	Devolved but no budget heads or funds
14	Rural electrification including distribution of electricity	Devolved but no budget heads or funds	Devolved but no budget heads or funds	Devolved but no budget heads or funds
15	Non-conventional energy sources	√	Devolved but no budget heads or funds	Devolved, budget head present but no funds
16	Poverty alleviation programme	√	√	Devolved but no budget heads or funds

17	Education including primary & secondary schools	√	√	Devolved but no budget heads or funds
18	Technical training & vocational education	√	√	Not devolved
19	Adult & non-formal education	Devolved but no budget heads or funds	Devolved but no budget heads or funds	Devolved but no budget heads or funds
20	Libraries	Clubbed with art & culture & library		
21	Cultural activities	√	Devolved but no budget heads or funds	Devolved, budget head present, but no funds
22	Markets & fairs	Devolved but no budget heads or funds	Devolved but no budget heads or funds	Devolved but no budget heads or funds
23	Health & sanitation, including hospitals, primary health centres & dispensaries	Merged with family welfare		
24	Family welfare	√	√	Devolved but no budget heads or funds
25	Women & child development	√	√	Devolved but no budget heads or funds
26	Social welfare including welfare of the handicapped & mentally retarded	√	Devolved, budget head present, but no funds	Devolved but no budget heads or funds
27	Welfare of the weaker sections, & in particular of the SC & ST	√	√	Devolved but no budget heads or funds
28	Public distribution system	Devolved but no budget heads or funds	Devolved but no budget heads or funds	Devolved but no budget heads or funds
29	Maintenance of community assets	√	Devolved but no budget heads or funds	Devolved but no budget heads or funds

Source: Compiled based on information in Schedules I, II and III of KPR Act 1993 and district sector link documents 2014-15.

Analysis of district sector schemes

Allocation of devolved funds

The state budget documents consisting of the district sector (as detailed in the district and taluk link documents) and the state sector for FY 2014-15 were analysed. The district sector allocations comprised 219 ZP schemes, 87 TP schemes and 16 GP schemes (Table 4.3). Total devolution was about 18 per cent, of which the allocation for non-plan expenditure was higher.

A break-up of the district sector plan budget (Table 4.4) for FY 2014-15 in terms of departments or functions revealed that 80 per cent of the allocations in terms of volume were concentrated in the ZP and TP schemes. Functions with 10 per cent or more allocations include women & children, grants to PRIs, housing, rural employment and education. Primary and secondary education had the highest allocation of 29 per cent.

Table 4.3

S. No.	Allocations	Amount
1	Total state plan budget (₹ crore)	67,076
2	Total state non-plan budget (₹ crore)	83,303
3	Total state budget (1 + 2) (₹ crore)	1,50,379
4	District sector plan budget (₹ crore)	10,481
5	District sector non-plan budget (₹ crore)	15,862
6	Total district sector (4 +5) (₹ crore)	26,343
7	Plan devolution % (district sector plan/total plan)	16
8	Non-plan devolution % (district sector non-plan/total non-plan)	19
9	Total devolution % (district sector/total state budget)	18

Source: www.finance.kar.nic.in, Finance Department, CoK; District Link Document, 2014-15, Kolar; Taluk Link Document, 2014-15, Mulbagal; Planning Department, CoK.

Table 4.4

Function/Department	ZP Schemes	TP Schemes	GP Schemes	Total
Agricultural Marketing	3			3
Agriculture	41	2		43
Animal Husbandry	25	130		155
Area Development & Other Rural Development Programmes	46		41	86
Art & Culture & Library	1			1
AYUSH	10			10
Cooperation	4	1		5
Employment & Training	4	0.4		5
Family Welfare Programmes	468			468
Fisheries	8			8
Forestry & Wildlife	28			28
Grants to PRIs	235	184	591	1,010
Handlooms & Textiles (Village & Small industries)	3			3
Horticulture	20	2		22
Mass Education	3			3
Medical & Public Health	172	9		181
Minor Irrigation			1	1
Primary & Secondary Education	1,722	1,271		2,993
Roads & Bridges	154	6		159
Rural Employment Programmes	1,510			1,510
Rural Energy Programmes			16	16
Rural Livelihood Programmes			150	150
Rural Water Supply	75		162	237
Science & Technology	2			2

Secretariat Economic Services	17			17
Sericulture	5	1		6
Sports & Youth Services	16		14	29
Village & Small Industries	6			6
Welfare of Backward Classes	160	26		187
Welfare of dDisabled & Senior Citizens	10			10
Welfare of Minorities	21	43		21
Welfare of SC & ST	106	406		512
Welfare of Women & Children	253	714		968
Nutrition		569		569
Special Component Plan		31		31
Tribal Sub-Plan		10		10
Housing			1,020	1,020
Grand Total	5,126	3,362	1,993	10,480

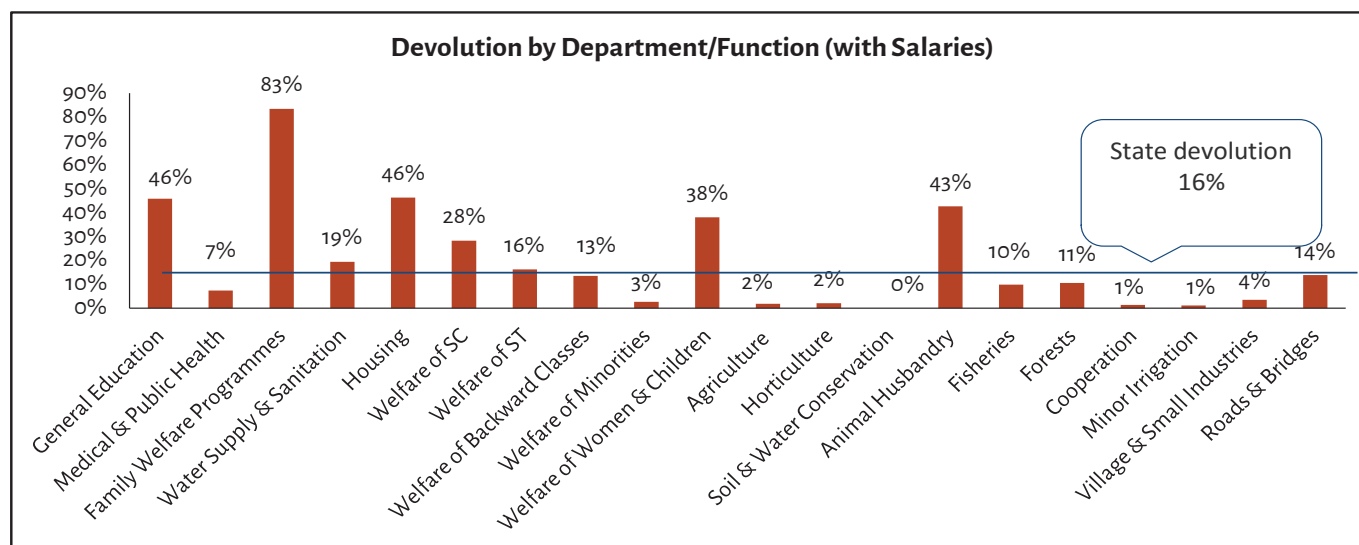
Source: www.finance.kar.nic.in, Finance Department, GoK; District Link Document, 2014-15, Kolar; Taluk Link Document, 2014-15, Mulbagal; Planning Department, GoK.

Salaries

23 per cent of the district sector plan (₹2,447 crore) is allocated for salaries. Since these allocations are 'pass-through payments' to state departmental staff posted on deputation to the panchayats with little supervisory

control of the latter over them, to term these funds 'devolved' would be misleading. Figs 4.1 and 4.2 present the extent of plan devolution for departments/functions with and without salaries, for about 20 major Heads of Account (HoAs).

Fig 4.1

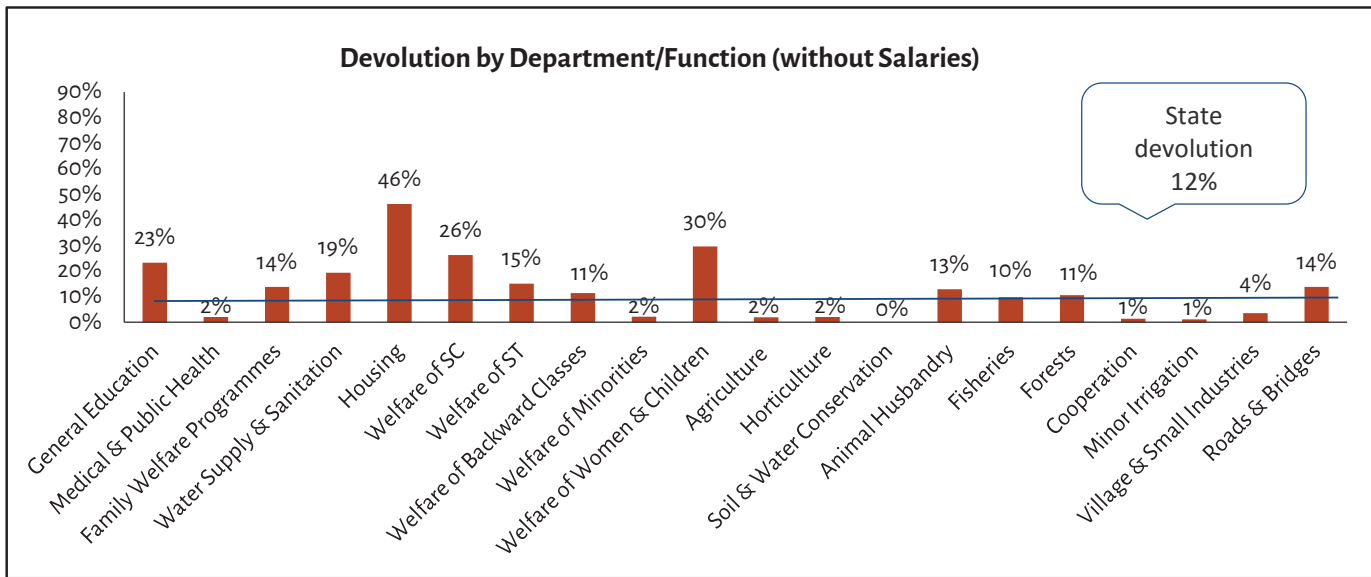


Source: www.finance.kar.nic.in, Finance Department, GoK; District Link Document, 2014-15, Kolar; Taluk Link Document, 2014-15, Mulbagal; Planning Department, GoK.

Of the 20 HoAs, 12 have devolution below the state's plan devolution average of 16 per cent. These include Agriculture (2 per cent), Horticulture (2 per cent), Minor Irrigation (1 per cent) and Village & Small Industries (4 per cent), the mainstay of rural Karnataka. Health, Welfare of Backward Classes, Welfare of Minorities, Soil & Water Conservation, Fisheries, Forests, Cooperation and Roads &

Bridges are other heads that fall below the state's average plan devolution. Deducting salaries from the district sector plan reduces the allocation for devolved plan schemes to ₹80 crore. The percentages of devolution under General Education, Medical & Public Health, Family Welfare and Welfare of Women & Children also drop sharply. Annexure 1.8 provides details of this aspect.

Fig 4.2



Source: www.finance.kar.nic.in, Finance Department, GoK; District Link Document, 2014-15, Kolar; Taluk Link Document, 2014-15, Mulbagal; Planning Department, GoK.

Number of schemes/link codes

There are 320 link codes (188 under plan and 132 under non-plan) corresponding to the budget heads in the district sector for FY 2014-15 (Table 4.5).

Table 4.5

Function/Department	>1000 ₹lakh	500 to 1000 ₹lakh	100 to 500 ₹lakh	<100 ₹lakh	Total
Agricultural Marketing			1		1
Agriculture	1	2	4	3	10
Animal Husbandry	5	2	3	2	12
Area Development & Other Rural Development Programmes	2				2
Art & Culture & Library			1		1
AYUSH		1	1	1	3
Cooperation			2	9	11
Crop Husbandry	3		1		4
Employment & Training			1	1	2
Family Welfare Programmes	6	1	2	3	12
Fisheries	1		3	2	6
Forestry & Wild Life	2		1		3
General Education	7	1	3	3	14
Grants to Panchayat Raj Institutions	6	2			8
Handlooms & Textiles (Village & Small Industries)			1	2	3
Horticulture		1	5	4	10
Housing	1				1
Industries			1		1
Labour & Employment		1			1
Mass Education			1	1	2
Medical & Public Health	13	3	11	4	31
Minor Irrigation	1		1	4	6
Nutrition	2				2
Other Rural Development Programmes	10		1	1	12
Primary & Secondary Education	7	3	2	2	14
Public Works	2		1		3
Roads & Bridges	3	1			4
Rural Employment Programmes	1				1
Rural Energy Programmes	1		2		3
Rural Livelihood Programmes	1				1
Rural Water Supply	3				3
Science & Technology			1		1
Secretariat Economic Services	2		2	2	6
Sericulture			1	3	4

Social Security & Welfare	1		2	3	6
Soil & Water Conservation	2			1	3
Special Component Plan	2			1	3
Special Programmes for Rural Development				1	1
Sports & Youth Services	1	1	5	5	12
Tribal Sub-Plan		1	1		2
Village & Small Industries	1	3	4	3	11
Water Supply & Sanitation			1	1	2
Welfare of Backward Classes	2	1	4	2	9
Welfare of Disabled & Senior Citizens		1	1		2
Welfare of Minorities	1		1	6	8
Welfare of SC & ST	21	8	15	14	58
Welfare of Women & Children	4			1	5
Grand Total	115	33	87	85	320

Source: www.finance.kar.nic.in, Finance Department, GoK; District Link Document, 2014-15, Kolar; Taluk Link Document, 2014-15, Mulbagal; Planning Department, GoK.

205 link codes with allocations less than ₹10 crore reveal a skewness that causes administrative inefficiency and accounting overload. There is a need to rationalise the extent of devolution. This can be done by merging small schemes with larger schemes. This will offer greater flexibility to the panchayats while reducing the accounting overload with respect to keeping track of allocations, releases and expenditure.

Allocations, Kolar district and Mulbagal taluk

The flow of district sector funds from the state to Mulbagal taluk is detailed in Table 4.6. Kolar's district sector budget (plan and non-plan) is 2 per cent of the overall district sector budget for FY 2014-15. Its plan devolution is 2 per cent of the overall district sector plan for Karnataka.¹¹ If salaries are excluded from the plan allocation for Kolar district, then the total plan allocation

drops from 31 per cent to 23 per cent of the district sector budget for Kolar.

₹72 crore was allocated as a part of the district sector budget for Mulbagal taluk. ₹5 crore of the plan allocation for Mulbagal pertains to salaries. Excluding salaries, the plan allocation for Mulbagal is ₹9 crore, which corresponds to just 13 per cent of the overall district sector budget for Mulbagal taluk. At the district and taluk levels, the effect of removing salaries from plan devolution is pronounced. This implies that the amount of plan funding that provides some level of discretion to the PRIs concerned is quite low.

Clearly, there is a need to re-examine the meaning of a 'devolved' sector as the term is being interpreted currently. The term ideally involves (a) a clear and

Table 4.6

Fund Description	Total Allocation (₹ crore)	Total Plan Allocation (₹ crore)	Total Non-Plan Allocation (₹ crore)	% of Non-Plan in Total Allocation	Plan Allocations			% of Non-Plan + Salary Plan in Total Allocation
					With Salaries (₹ crore)	Without Salaries (₹ crore)	% of Salary Allocation	
District Sector	26,343	10,481	15,862	60	10,481	8,034	23	69
Kolar	598	187	410	69	187	131	30	78
Mulbagal	72	14	58	81	14	9	34	87

Source: www.finance.kar.nic.in, Finance Department, GoK; District Link Document, 2014-15, Kolar; Taluk Link Document, 2014-15, Mulbagal; Planning Department, GoK.

Table 4.7

Function/Department	State Sector Schemes That Could Be Devolved	
	No. of Schemes	Allocations (₹ crore)
Agriculture	10	1,579
Animal Husbandry	12	174
Art & Culture & Library	4	96
AYUSH	4	26
Cooperation	2	363
Family Welfare Programmes	3	31
Fisheries	11	67
Forestry & Wild Life	16	203
Horticulture	9	357
Housing	4	1,078
Labour & Employment	8	290
Mass Education	2	8
Medical & Public Health	11	1,500
Minor Irrigation	11	903
Planning	1	14
Primary & Secondary Education	25	6,498
RDPR	4	454
Roads & Bridges	11	1,688
Rural Energy Programmes	1	20
Rural Water Supply	3	1,512
Sericulture	2	129
Soil & Water Conservation	4	852
Sports & Youth Services	9	96
Village & Small Industries	9	199
Welfare of Backward Classes	19	765
Welfare of Disabled & Senior Citizens	1	42
Welfare of Minorities	16	528
Welfare of SC & ST	25	2,117
Welfare of Women & Children	32	1,007
Grand Total	269	22,596

Source: www.finance.kar.nic.in, Finance Department, GoK; District Link Document, 2014-15, Kolar; Taluk Link Document, 2014-15, Mulbagal; Planning Department, GoK.

precise functional ambit for LGs, (b) a matching financial allocation with a significant level of autonomy and flexibility in operation, and (c) both these leading to a strong local accountability system, under which the LG is accountable to its voters and citizens for its actions. However, if the predominant part of the allocations made to PRIs consists of non-plan and salary allocations in the plan component, which offers very little flexibility in

operation, it is pointless to use the term 'devolution' to describe these allocations.

Analysis of state sector schemes

There are several schemes pertaining to the activities devolved to the panchayats that are not included in the district sector. Instead, they are implemented through

state line departments and their parastatals and agencies as state sector schemes. This results in further mismatches between the functional assignments and fiscal transfers to the panchayats. We also used the 'activity map' issued (to further amplify the functional assignments contained in the KPR Act) in 2003 by the government, to single out schemes now within the state sector budget that could be devolved to panchayats. 269 such schemes, with an allocation of ₹22,596 crore, were identified this way in the FY 2014-15 state budget (Table 4.7).

Many state sector schemes have descriptions similar to schemes in the district sector. State sector 'overlapping' schemes, with similar objectives to those in the district sectors (comprising an allocation of ₹6357 crore), indicate the tendency of state departments to dilute devolution through recentralisation.

Conclusions

- Even though the KPR Act has entrusted one or the other activity in respect of all 29 matters listed in the Eleventh Schedule of the Constitution to a PRI, an analysis of the budget heads in the state budget and the district sector reveals a significant disparity between the entrustment of these functions and the allocation of finances to carry out these functions. This leaves the panchayats at all three levels with several unfunded or inadequately funded mandates, the extent of which can vary from one department to the other. For example, while the functions for adult & non-formal education and markets & fairs have been devolved to all three levels of panchayats, no budget heads or finances have been allocated for carrying out these responsibilities.
- Salaries make up a large chunk of the district sector allocations, as compared to plan funds for development activities which offer flexibility to the panchayats to plan and implement activities pertaining to their devolved functions. In effect, the ZP and TP function as 'pass-through agencies' for the receipt and dispensing of salaries to state staff who are deputed to the latter.
- Devolution is very low in many departments, including Agriculture, Horticulture, Village & Small Industries and Minor Irrigation, and below the state average for the following departments: Health, Welfare of

Backward Classes, Welfare of Minorities, Soil & Water Conservation, Fisheries, Forests, Cooperation and Roads & Bridges.

- There are far too many schemes in the district link document, making the management of the allocations cumbersome, inefficient and opaque.
- There is sufficient evidence to show that allocations made under the district sector are not fully released to the ZP and TP. However, this evidence is based purely on the release orders that were uploaded by the Finance department. Besides, the research team did not pursue this line of enquiry at the district/taluk Treasury. However, if the finding mentioned above is true, then there is no transparency regarding where the amounts retained by the state are diverted or what happened to them. This is a research thread that future researchers in the space could pursue.
- The state retains a significant amount of money that is eligible for devolution according to the pattern of devolution contained in the KPR Act 1993 and the activity map for 2003. 269 schemes are eligible for devolution. Of these, 16 per cent are partially devolved schemes and 84 per cent are non-devolved. In case of partially devolved schemes, the state has created HoAs that are identical or similar sounding to those in the district sector, and retained fund allocations in these centralised HoAs without devolving them to the panchayats. By retaining parallel schemes in the state sector, despite their meeting devolution criteria as specified under the activity map, departments seem to be displaying a resistance to the overall vision of devolution of powers and responsibilities to the panchayats. Considered in conjunction with the fact that what is transferred to the panchayats comprises non-plan and plan salary allocations, there is overall evidence of a tendency to curb and restrict the autonomy that ought to be given to LGs to ensure that the political commitment to devolution has any real meaning. This constant trend of reducing the LGs to act predominantly as agents of the state is a disturbing one and casts a cloud over the administrative commitment towards devolution.

Recommendations

- In order to ensure a match between fiscal allocations and functional devolution, there is a vital need for a department-wise review of devolution, across each of

the activities assigned to panchayats under the KPR Act and the activity mapping of 2003.

- Apart from the need to reduce overlapping and parallel HoAs, there is a need to increase the size of devolved plan allocations. Our evaluation of the budget documents of FY 2014-15 shows that the scope for additional devolution already exists.
- There is an urgent need to reduce the number of schemes to make them manageable and administratively feasible. Small schemes with low fund allocations serve to complicate the accounting process and make it inefficient.
- Transparency of sub-allocations is limited through the district and taluk link books to the ZP and TP levels alone. There is a need to create a GP link document for all GPs and publish allocations for the same, thereby ensuring transparency at the GP level and enabling public participation. Only transparency up to the GP level for all schemes can leverage public participation for bottom-up planning that enables people's needs to be dovetailed to available funds, regardless of the level at which these are administered and implemented.

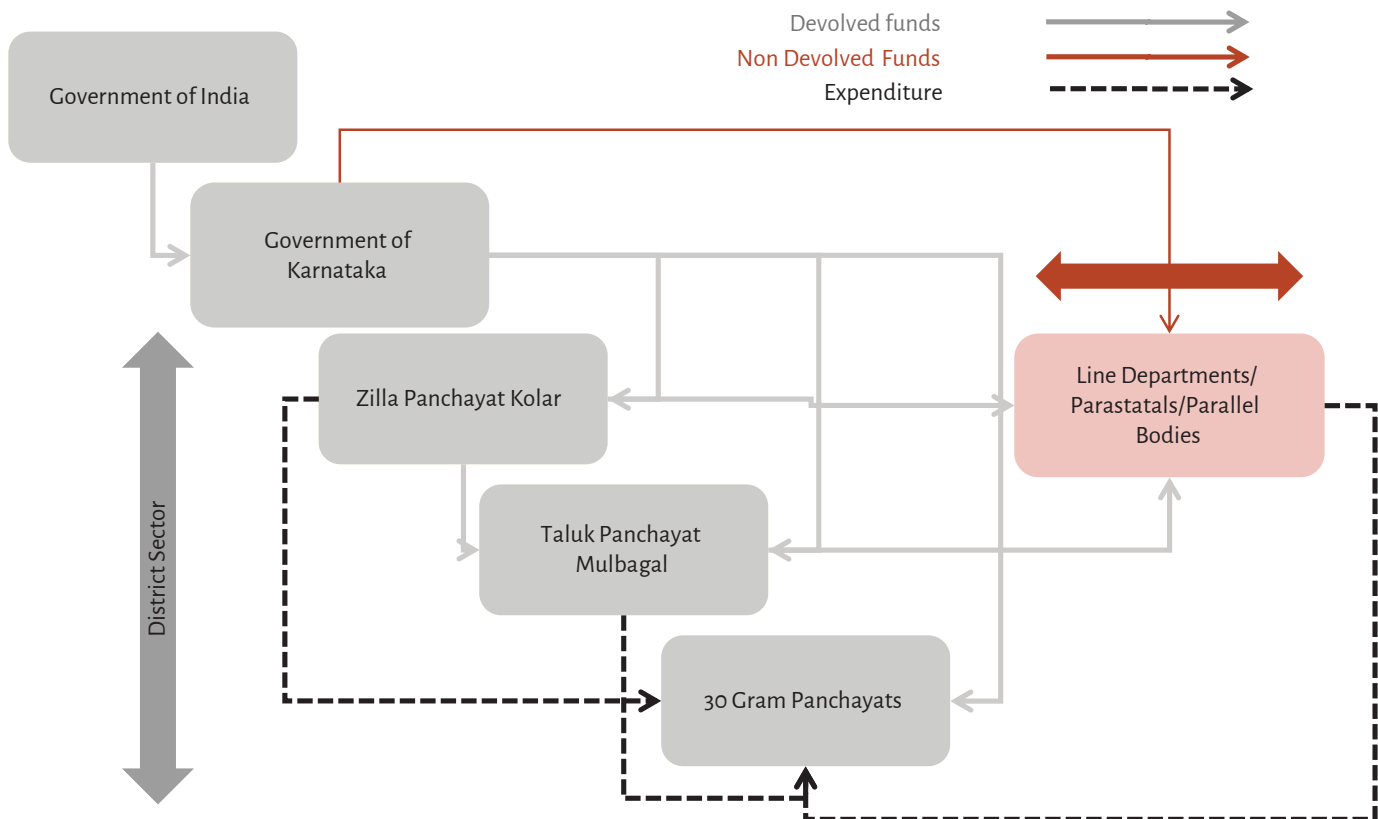
Chapter 5
PUBLIC EXPENDITURE
ANALYSIS

The importance and need for bottom-up decentralised planning through the panchayats has been repeatedly emphasised in Karnataka. The best way to find out whether this emphasis translates into practice is to analyse the nature and characteristics of local expenditure, to ascertain if there is sufficient local freedom and flexibility in the interests of decentralised planning and implementation. In this chapter, we critically analyse the extent of decentralisation in the workflows between the ZPs, TPs, state line departments and their parastatals. We examine the expenditure incurred by the ZP Kolar and the TP Mulbagal from the allocations made to them through the district sector budget. We also examine data obtained from selected state line departments (namely Agriculture, Horticulture, Women & Child Development and Minor Irrigation) and one parastatal (namely the Karnataka Rural Water Supply and Sanitation Agency [KRWSSA] for Rural Water Supply). The choice of departments and the parastatal was dictated from the perspective of a GP's needs, obtained from the 'Innovation Project' to strengthen 30 GPs of Mulbagal taluk under the RGPSA. At the end we summarise our findings from the field and offer recommendations.

Interrelationships between panchayats and departments

There is no perfect separation between the devolved funds in the district sector and the non-devolved funds in the state sector, from an implementation standpoint. While state sector funds flow directly from the state to line departments, parastatals and parallel bodies without the intervention of any level of panchayats, ZPs and TPs also implement district sector devolved schemes through the very same entities. This indicates that the historical separation of departments – into a district unit that deals solely with the plans and programmes of the panchayats, and a state unit that implements state departmental programmes – has now blurred. Thus, a District Health Officer or a Joint Director Agriculture posted on deputation with the ZP might wear three distinct hats. For instance, they may be answerable to the ZP for the implementation of schemes that are devolved. Their office might also be entrusted with state sector schemes for which they may directly receive funds; hence they would not be accountable to the ZP for the implementation of such schemes. Additionally, they might also be placed as the CEO of a parastatal, which might receive money through the banking route for implementation of schemes

Fig 5.1



entrusted to it. If that is the case, a separate set of accountability systems is applicable. As evident there is no single point accountability of a department; accountability relationships are diffused and therefore weak.

Second, each department aligns its implementation with its own internal organisational tiered system, which in turn may or may not align with LG jurisdictions. For example, the Education department at a taluk level implements its work through 'clusters', while the department of Women & Child Development organises itself around 'circles', which are sub-taluk level agglomerations of anganwadis located in villages and habitations. Since clusters and circles do not align, it is difficult, if not impossible, to combine or compare expenditures of the two departments to present data from the perspective of a GP, thereby diluting transparency and accountability.

Releases and expenditures in the ZP

The sequence of events that follows the receipt of government orders (GOs) issued by the Finance department of Karnataka was studied in order to find out the step-by-step process by which the ZP Kolar draws the funds allocated to it for schemes contained in the link book.

Table 5.1 provides details of the GOs studied, along with the quantum of funds and dates of release. The amounts are released from the consolidated fund of the state government to the Kolar district Treasury for implementation of ZP schemes as detailed in the link document. These funds are meant for implementation of ZP schemes mentioned in the annexures of the release orders. The funds are accounted in the books of the ZP as per the Model Panchayat Accounting System (MPAS). The CAO, ZP Kolar, is responsible for carrying out the reconciliation of these withdrawals from the consolidated fund with the Treasury and with the Principal Accountant General (PAG).

Table 5.1

Government Order No.	Date	Amount Released (₹ Lakh)	Remarks
FD 4 ZPA 2014	2 April 2014	4,495	State Scheme
FD 4 ZPA 2014(4)	4 April 2014	1,171	CSS
FD 48 ZPA 2014	1 August 2014	5,611	State Scheme
FD 48 ZPA 2014(48)	1 August 2014	1,417	CSS
FD 48 ZPA 2014	1 December 2014	3,372	State Scheme
FD 48 ZPA 2014(48)	5 December 2014	850	CSS

Source: ZP-TP-GP release orders for FY 2014-15 - <http://www.finance.kar.nic.in/gos/zptpgp.htm>.

Procedure of fund access and expenditure at the ZP

The process of accessing and expending these funds is as detailed below (see Annexure 1.9 for a diagrammatic representation):

- For each scheme mentioned in the release order, the CAO, ZP Kolar, presents a white coloured payee's receipt (separately for plan and non-plan) for the respective amounts mentioned in the annexures of the release order, to the district Treasury.
- The Treasury officer concerned with approval deposits the amount to Fund I or Fund II of the ZP maintained in the Treasury. Fund I is for CSSs and Fund II is for state schemes. Once the amounts are deposited to Fund I or Fund II of the ZP in the Treasury, they are accounted in the books of the ZP.
- These details are uploaded in the Treasury Network Management Centre (TNMC), which digitally networks all treasuries.
- The CAO releases funds scheme-wise to the Implementing Officers (IOs) concerned of the various line departments/parastatals/societies that implement schemes on behalf of the ZP, within its jurisdiction.
- IOs draw funds as required for the implementation, within the quantum of amount released by the CAO, by presenting yellow coloured bills on Fund I or Fund II of the ZP.
- The IOs are responsible for reconciliation of the expenditure with the Treasury and the CAO of the ZP.

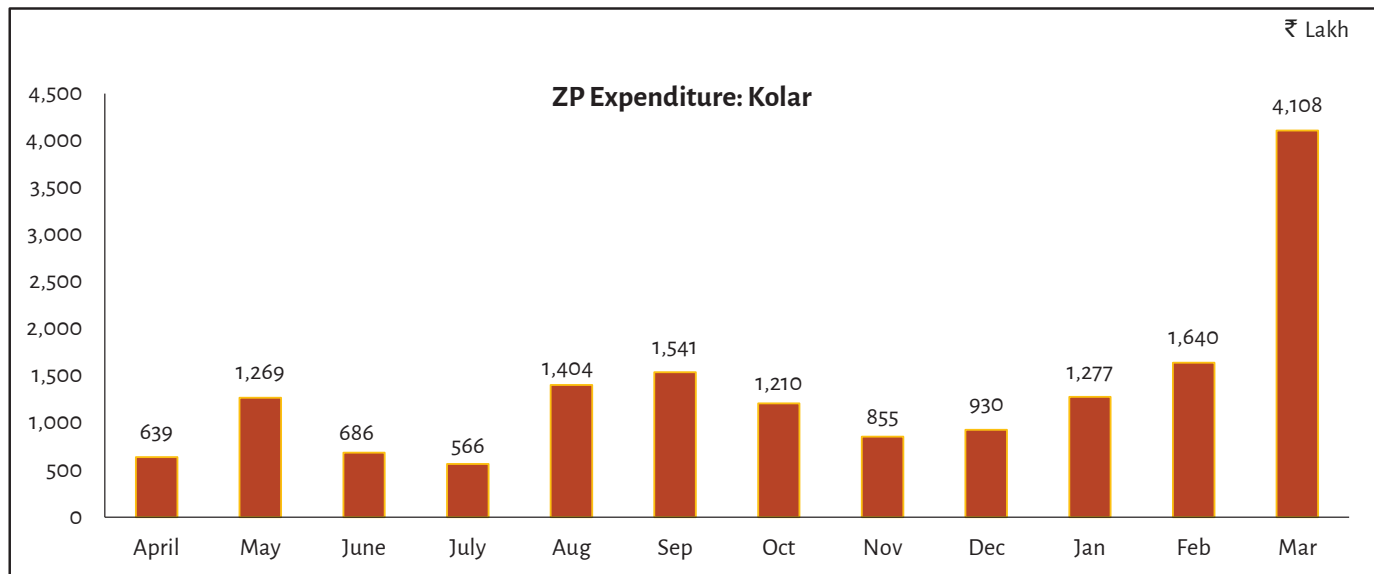
Expenditure and fund utilisation at the ZP

There is clear evidence of unevenness and randomness in the expenditure patterns of the ZP. A staggering 24.3 per cent of the total released amount was spent in March 2015 alone, revealing that the expenditure peaks towards the end of the financial year, particularly the last three months. Fig 5.2 provides the expenditure trends for ZP Kolar for FY 2014-15.

Table 5.2 provides details of overall fund utilisation at ZP Kolar for FY 2014-15. 15 per cent of the entire ZP Kolar funds, corresponding to ₹2,879 lakh, was not utilised.

A comparison of the expenditure trends and the utilisation of funds reveals significant inefficiencies with respect to ZP budgets, released funds and subsequently the expenditure incurred.

Fig 5.2



Source: CAO, ZP Kolar, Office of the CEO, ZP Kolar - Unaudited financials ZP Kolar 2014-15

Table 5.2

Function	Total (₹ Lakh)	Expenditure (₹ Lakh)	Unutilised (₹ Lakh)	% of Unutilised Funds
ZP Kolar	18,982	16,101	2,879	15%
2202 Education	7,029	6,330	700	10%
2210 Health	4,117	3,026	1,091	26%
2211 Family Welfare	1,264	842	422	33%
2225 Welfare of SC/ST & Other Backward Classes	2,570	2,116	453	18%

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Releases and expenditures in the TP

Table 5.3

S. No.	Government Order No.	Date	Amount Released (₹ Lakh)	Remarks
1	FD 48 ZPA 2014	2 April 2014	1,881	State Scheme
2	FD 48 ZPA 2014(48)	4 April 2014	238	CSS
3	FD 48 ZPA 2014	1 August 2014	2,347	State Scheme
4	FD 48 ZPA 2014(48)	1 August 2014	650	CSS
5	FD 48 ZPA 2014	1 December 2014	1,411	State Scheme
6	FD 48 ZPA 2014(48)	5 December 2014	179	CSS

Source: ZP-TP-GP release orders for FY 2014-15 - <http://www.finance.kar.nic.in/gos/zptpgp.htm>.

The TP Mulbagal receives its funds as part of a calendarised series of GOs issued by the Finance department, GoK (Table 5.3). The amounts are released from the consolidated fund of the state government to the Mulbagal taluk Sub-Treasury for implementation of TP schemes as detailed in the link document. The Executive Officer (EO), TP Mulbagal, is responsible for carrying out the reconciliation of these withdrawals from the consolidated fund with the Treasury and the PAG.

Procedure of fund access and expenditure at the TP

The procedures for the TP to access and spend funds are very similar to the procedures for ZP funds, with the EO playing the same role as the CAO does at the ZP level. Annexure 1.10 details the procedure to access and expend funds at the TP level.

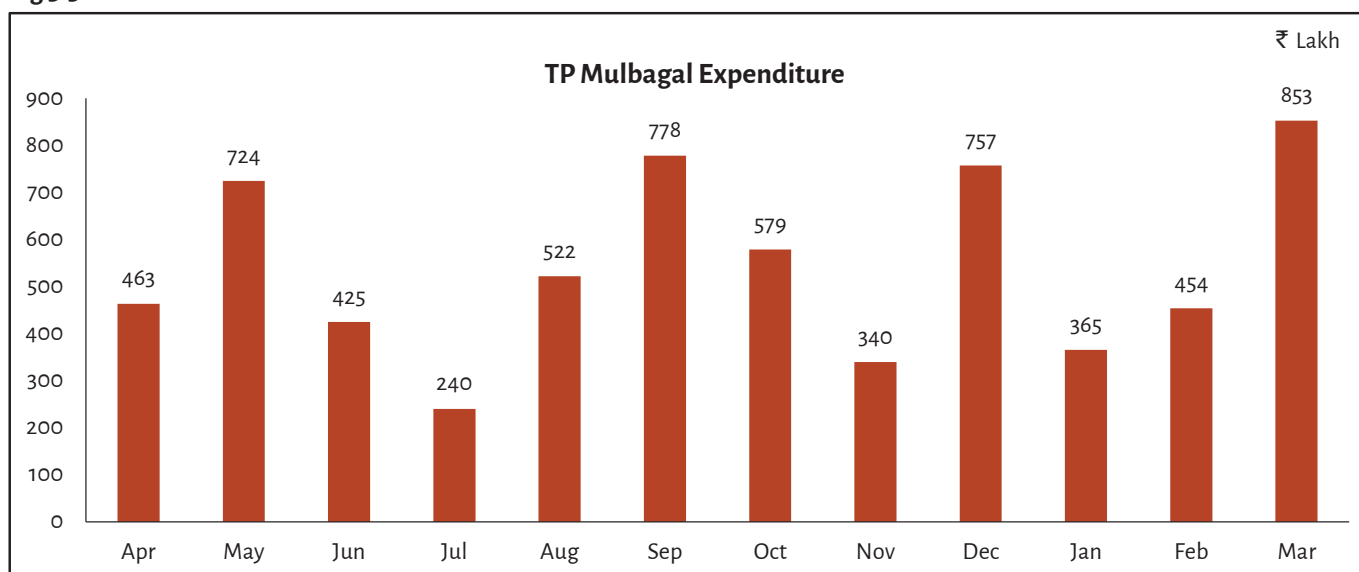
- For each scheme mentioned in the release order, the EO, TP Mulbagal, presents a white coloured payee's receipt (separately for plan and non-plan) for the respective amounts mentioned in the annexures of the release orders to the Treasury.

- The Treasury officer concerned with approval deposits the amount to Fund I (CSSs) or Fund II (state schemes) of the TP maintained in the Treasury and uploads these details in the TNMC. Once deposited, the amounts are accounted in the books of the TP as per the MPAS. These funds are meant for implementation of TP schemes mentioned in the annexures of the release orders.
- The EO releases funds scheme-wise to the IOs concerned of various line departments/parastatals/societies that implement schemes on behalf of the TPs in its jurisdiction.
- The IOs draw funds as required for the implementation, within the quantum of the amount released by the EO, by presenting yellow coloured bills, drawn on Fund I or Fund II of the TP. They are responsible for the reconciliation of the expenditure with the Treasury and the EO of the TP.

Fund utilisation at the TP

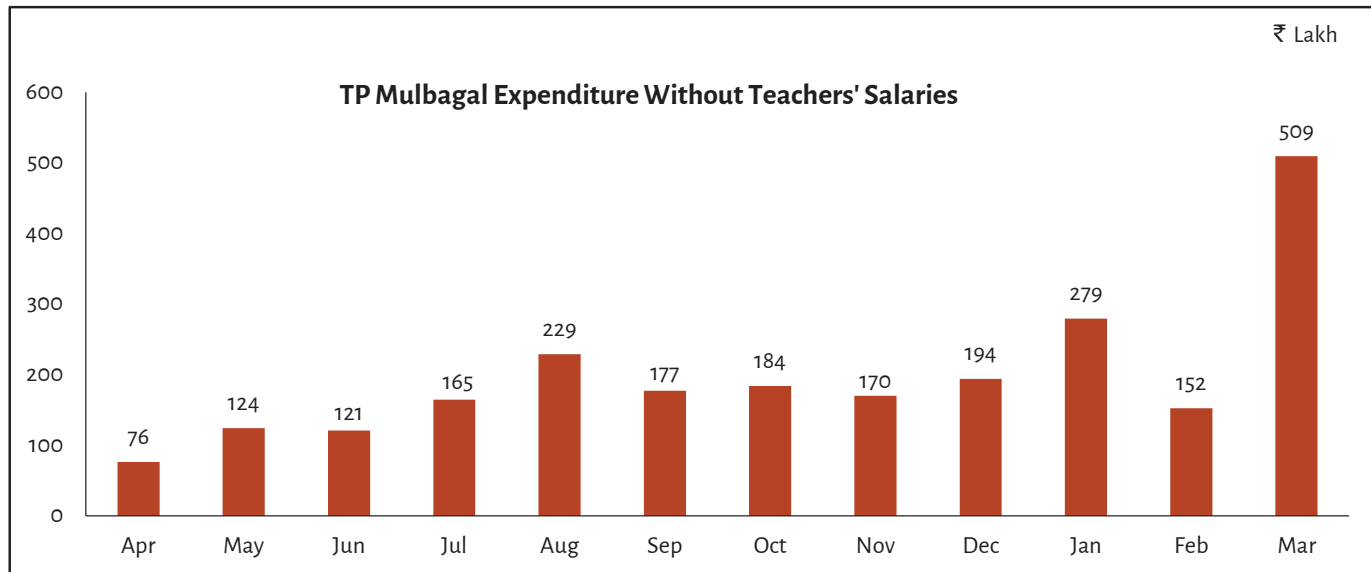
Fig 5.3 provides the expenditure trends for FY 2014-15.

Fig 5.3



Source: EO, Mulbagal; Office of the ZP CEO, Kolar.

Fig 5.4



Source: EO, Mulbagal; Office of the ZP CEO, Kolar.

As compared to the month-to-month expenditure pattern of the ZP, the expenditure at the TP level indicates a lesser degree of skewness towards the end of the year. While expenditure is maximised during the last month of the financial year to ensure budget utilisation, there are other peaks of expenditure as well, roughly corresponding to one peak every quarter. This could be because teachers' salaries are a significant part of the TP budget; since they are paid reasonably regularly, this might reduce the skewness in expenditures over the year. Analysis of expenditure excluding teachers' salaries (in elementary schools, Grant in Aid [GIA] schools, high schools and primary schools) reveals greater lumpiness and bunching up of expenditure in the last month of the fiscal year (Fig 5.4).

Findings

- Fund release orders are issued in three calendarised batches that seem to be predefined. This is a good practice because it establishes certainty and regularity in the allocation of funds to the ZP and TP respectively, and enables them to plan upfront for deploying the funds in an effective manner.
- The trend of lumpiness and randomness as seen in the expenditure of funds is further accentuated if regular and large volume expenditures, such as salaries, are excluded.
- One of the reasons for both unevenness and the expenditure deficits that follow could be that in reality, most schematic expenditures are planned and budgeted for centrally, with the ZP and TPs having

little say in local adaptations or flexible use of funds to address local priorities.

- The other point of concern is that the GPs, in whose jurisdiction all expenditures are ultimately undertaken, might be largely unaware of and have little control over the expenditure items, sequencing and regularity of expenditure of ZP and TP schemes. In spite of a periodic system of fund allocations assigned by the state government, there is no downward accountability system, which holds the ZP and the TP accountable for their physical and financial performance, nor an upward system that questions the lumpiness of expenditures at these levels.

Releases and expenditures in the state sector

As described earlier, line departments at the zilla and taluk levels play a dual role. On the one hand, they implement district sector schemes on behalf of the ZP and the TP. Releases and expenditure are captured in the ZP and the TP accounts, and at the time of implementation of such schemes, the public financial accountability of the IOs of departments lies with the ZP or the TP as the case may be. However, state departments still hold on to schemes that ought to be devolved, in accordance with the functional assignments, to the panchayats. Hence, the line departments and parastatals also play the role of deconcentrated agents of the state, to implement such centrally operated and controlled schemes. The research team examined the processes that operate in the allocation, release and expenditure of such schemes centralised to the state level in five line departments that

have a significant grassroots level presence and impact. The results are presented below:

Agriculture

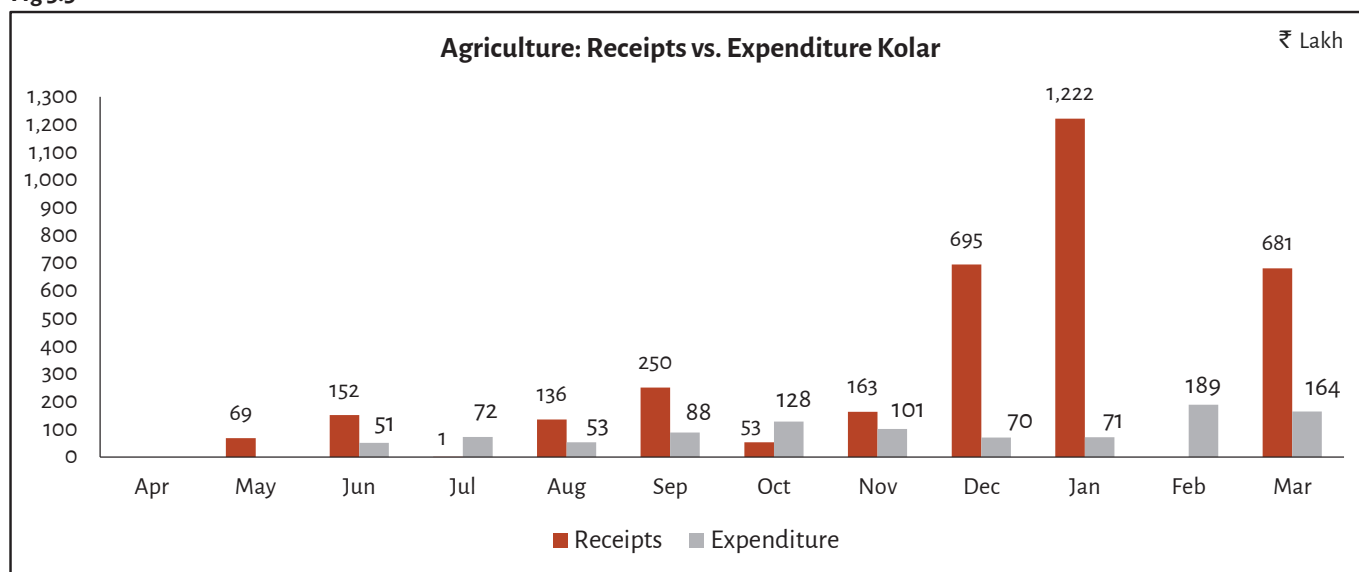
The allocation for the district is made by the state and in turn, the district office of the Agriculture department sub-allocates funds for the taluk level departmental offices. However, there is no transparency in such allocations or scheme specifics, in the same manner as provided by the link documents in respect of district sector schemes. The budget and the sub-allocations are not published in the public domain. Fig 5.5 provides a glimpse of the receipt and expenditure of funds for Agriculture during FY 2014-15 in Kolar district.

year. This was because the Krishi Bhagya scheme, which provides benefits to small and marginal farmers, was launched only in September 2014.

The delayed releases and the skewed expenditure resulted in a significant backlog of ₹2,433 lakh of unutilised funds (largely due to Krishi Bhagya) remaining unspent with the Agriculture department at the end of the fiscal year. This comprised 71 per cent of the total funds released under the state sector for Agriculture in FY 2014-15. Expenditure increased drastically in the months of February and March. A stand-alone view of expenses (Fig 5.6) further corroborates the randomness and lumpiness in expenditure.

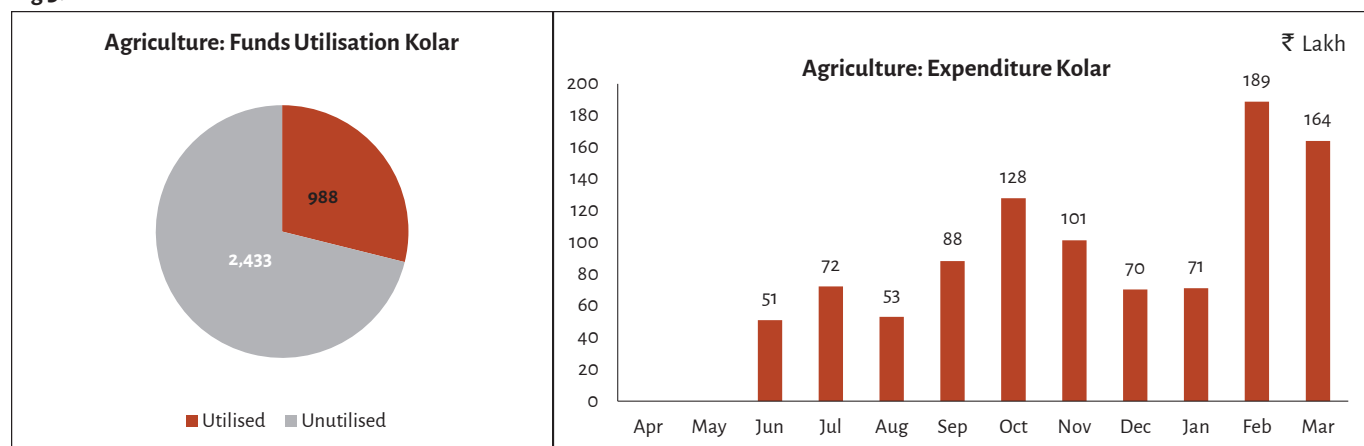
Release of funds was random from month to month, peaking towards the last four months of the financial

Fig 5.5



Source: EO, Mulbagal; Office of the ZP CEO, Kolar.

Fig 5.6



Source: EO, Mulbagal; Office of the ZP CEO, Kolar.

Horticulture

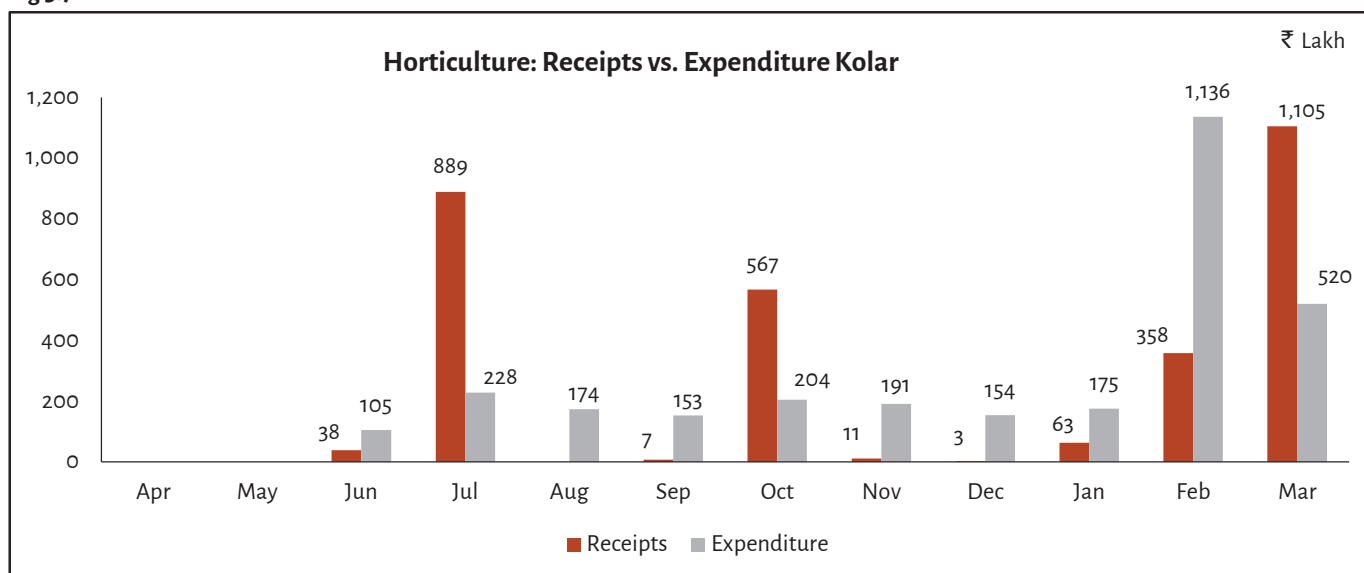
The state department indicates budgetary provisions for the Kolar district office of the department, which in turn makes sub-allocations for Mulbagal taluk. This too is a centralised budgeting system wherein budgets for the state are published, but the details of the district and taluk allocations are not in the public domain.

Fig 5.7 provides an idea of receipts and expenditure for the Horticulture department in Kolar district. While the department utilised all its funds, a surge in expenditure occurred in February and March 2015. The significant increase in expenditure in February was largely due to the 90 per cent subsidy paid out to beneficiaries for a drip irrigation scheme. Receipts and expenditure follow a pattern that appears chaotic and ad hoc. The department at Kolar received its first tranche of funds (₹39 lakh) only in June, a good three months into the financial year.

Women & Child Development

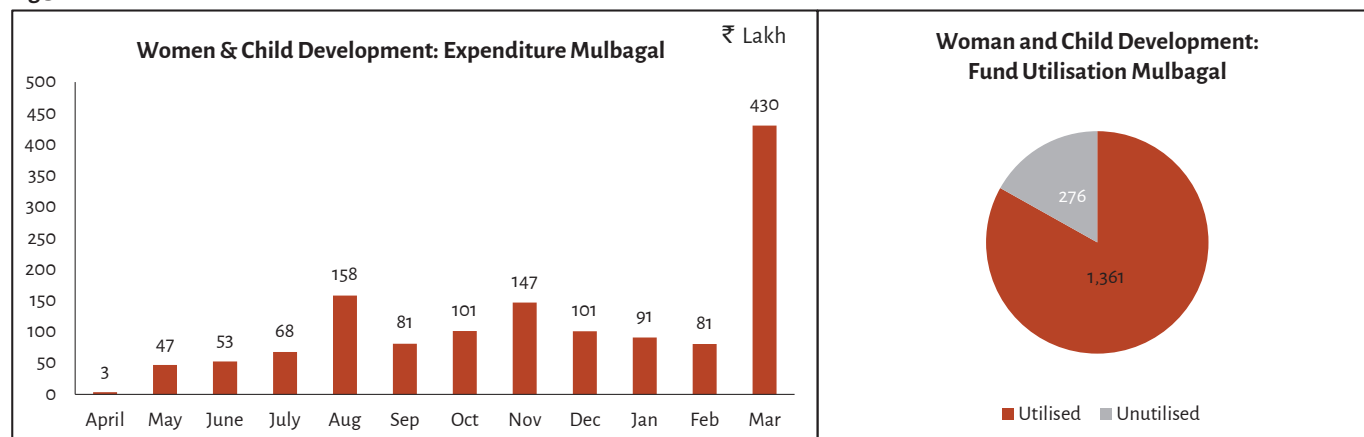
The research team was unable to obtain data from the district office due to lack of staff and transfers of those conversant with relevant data. Data was obtained from the taluk office of the department. At the sub-taluk level, the departmental activities are organised into circles, which do not correspond to the GPs. In Mulbagal taluk there was a surge of expenditure in March 2015. Further, 17 per cent of the money released was not utilised (Fig 5.8). 34 per cent of funds released for the Integrated Child Development Services (ICDS) program (CSS) was unspent, comprising nearly 57 per cent of all unspent funds at the taluk level of the department. The data provides another instance of centralised budgeting and subsequent inefficiencies in expenditure.

Fig 5.7



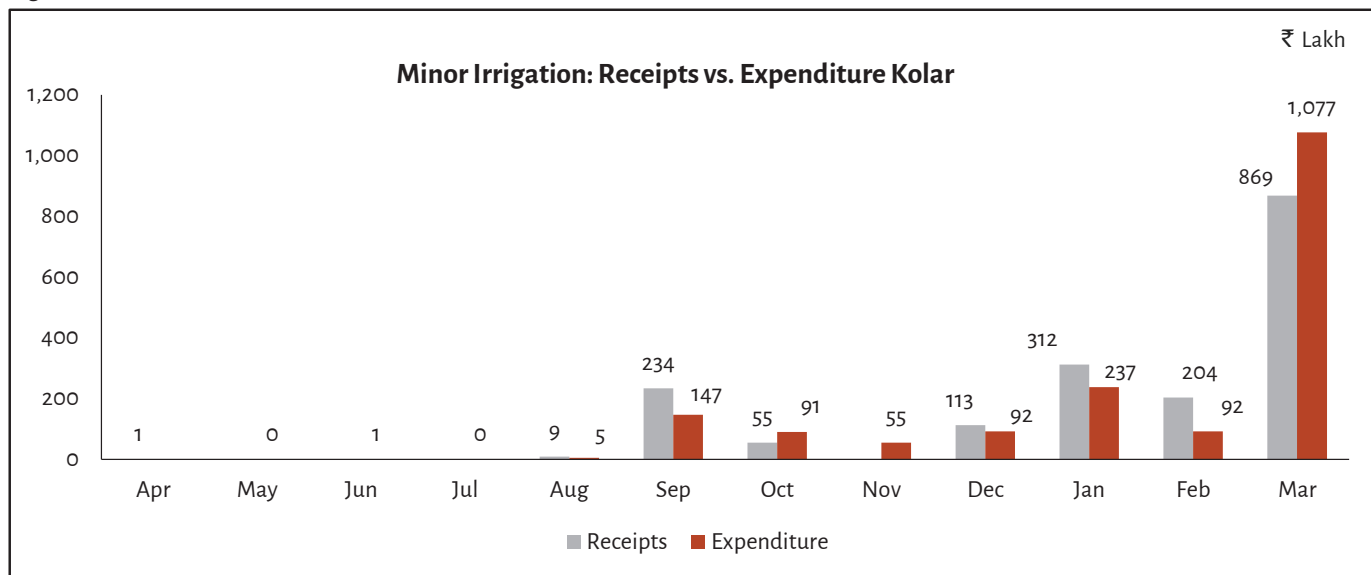
Source: EO, Mulbagal; Office of the ZP CEO, Kolar.

Fig 5.8



Source: EO, Mulbagal; Office of the ZP CEO, Kolar.

Fig 5.9



Source: EO, Mulbagal; Office of the ZP CEO, Kolar.

Minor Irrigation

Receipts and expenditure of the Minor Irrigation department in Kolar for FY 2014-15 (Fig 5.9). Only ₹10 lakh was released to the department upto September 2014, five months into the fiscal year. The fund receipts built up later and peaked in March 2015, when over ₹800 lakh were released. The released funds were immediately spent in the same month.

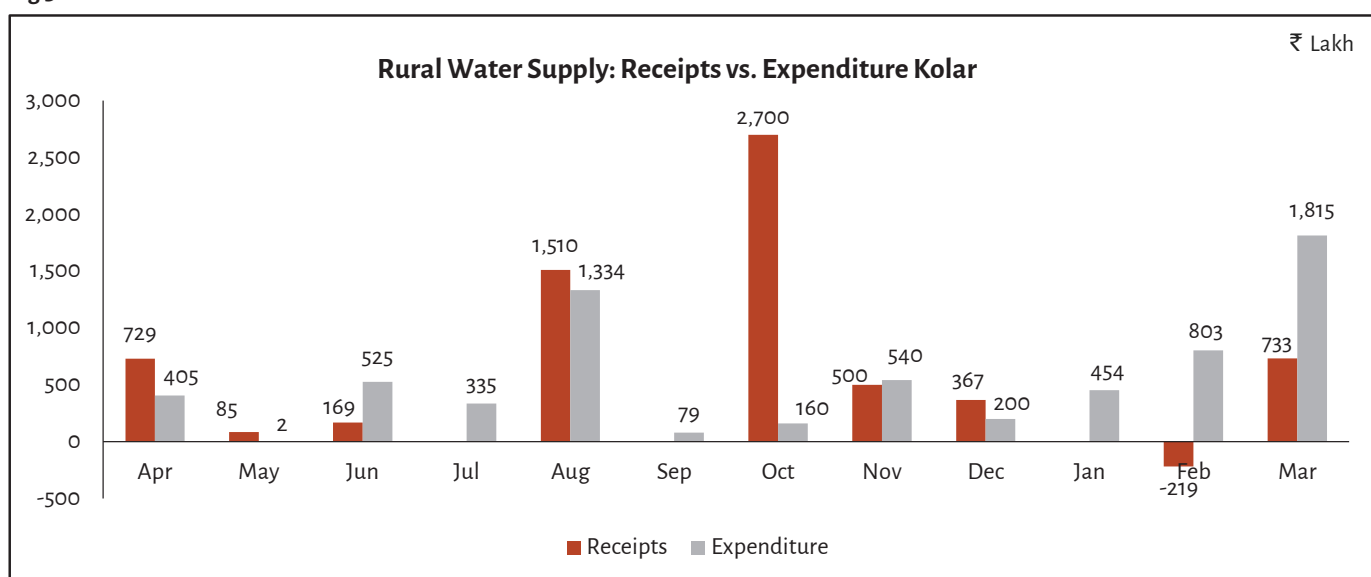
bulk of the funds was received in October 2014, most of the expenditure was incurred in March 2015. Water supply is a critical requirement of the drought-prone district of Kolar. While the demand can be assumed to be continuous, as witnessed with all the other departments and the ZP Kolar and TP Mulbagal, here too we clearly obtain evidence of lumpiness in expenditure.

Rural Water Supply

The Rural Water Supply scheme is implemented by the KRWSSA which is a parastatal of the RDPR department. Fig 5.10 illustrates the receipts and expenditure incurred for this scheme in Kolar district during FY 2014-15. While the

The negative balance in February is explained by the fact that in the data presented by KRWSSA, the parastatal that implements water supply programmes, on 26 February 2015 there was a negative entry of ₹300 lakh, being the money returned to the agency, as also a positive entry of ₹81 lakh. This results in a net negative balance of ₹219 lakh.

Fig 5.10



Source: EO, Mulbagal; Office of the ZP CEO, Kolar.

Key observations from the field

Apart from data analysis, discussions were also held by the research team with elected GP members and officers of the ZP, TP and state government. Most individuals we spoke to preferred to remain anonymous as their views involved financial releases and expenditure. Based on the data received from various departments and also the research team's discussions, the following are the key findings with respect to the district and sub-district level implementation of state and district sector schemes:

Transparency in budget allocations and sub-allocations

- Budgets and allocations for the district sector (ZP and TP) schemes are published and are available on the public domain, both at district and taluk levels across the state. In contrast, budgeting for state sector schemes is not transparent. Allocations made to district and taluk budgets are opaque and not available in the public domain. Consequently, there is no visibility or transparency with respect to state sector line department budgets at a district or a taluk level. Details of release orders or expenditure statements with respect to line departments and their operations are not publicly available information.
- Regardless of whether schemes are in the district or state sector, allocations and expenditures by the ZP, TP and state line departments are not known to the GPs in Mulbagal and in many cases, they are unaware of the existence of these schemes to begin with.
- In general, the government has been poor at communicating vital data relating to allocations, releases and expenditures, both with respect to state and district sector schemes. Websites are rarely updated and no proactive steps are taken to communicate such details to the general public. On the other hand, there is resistance to the provision of such details, which can be overcome only by relying on the support and goodwill of higher level officers.

Regularity of release of allocated funds

- In the case of the district sector, there is a degree of regularity in the release of funds. Release orders are published by the Finance department for all ZP and TP schemes thrice a year with a very clear communication of SOPs governing how money is to be drawn from the Treasury. In the case of state sector schemes there is no coordination or synchronisation of releases between

departments, with each one following its own random pattern of release.

- The Khajane treasury system is largely instrumental for the smooth and regular process of releases of funds in the district sector. The budget documents, district sector link books and release documents confirm the high quality of outputs generated by this system. Further reforms in the offing, such as the introduction of Khajane-2 by next year, will further streamline the process by shifting most of it online. By introducing a seamless interoperability between the Treasury and departmental accounts, the procedure of manual reconciliation of data will be eliminated.

Expenditure of released funds

- Expenditure follows release patterns of randomness with lumpiness towards the end of the financial year. While some departments are able to spend nearly all the funds released by the end of the financial year, significant backlogs in expenditure build up in others towards the end of the year. Since many hands are involved in the process of allocation, release and expenditure, it is nearly impossible to hold anyone accountable for the progressive bunching of expenditures at the end of the year and accumulation of unspent releases.
- Considerable expenditure occurs for schemes involving beneficiaries both with respect to state and district sector schemes. This is a process that involves patronage benefits and is also vulnerable to corruption. Stipulations in the KPR Act that the list of beneficiaries selected through the gram sabha shall not be tampered with, or altered at any other level, are largely ignored.

Conclusions

- In conclusion, fiscal decentralisation is weak due to two reasons. First, there is a mismatch between functional and financial devolution, leading to several unfunded mandates at the panchayat levels. Second, regardless of whether they are centralised or decentralised, releases and expenditures are lumpy and inefficient.
- Creeping centralisation might have been driven by the desire to bypass convoluted consultation, approval and accounting processes at the ZP level. But substituting a decentralised with a centralised

approach has not solved the problem; in fact, it might have worsened it. It is seen that allocations through the district sector are more transparent than those in the state sector, because the latter is displayed in the link book. Similarly, there is a greater regularity in the release of funds in the district sector as compared to the state sector; in the latter, the releases are random and seriously delayed in some departments. Clearly, centralising schemes by including them in the state sector has not solved the problem of smooth local expenditure; it has only made local expenditure dependent on an equally convoluted centralised process of prior approval, involving the state line department concerned, the Planning department and the Finance department.

- In the case of district sector and state sector schemes, a large number of schemes and lumpy releases combine to create a non-transparent and non-accountable fiscal flow mechanism. It is one that is difficult to use to hold defaulters or blockers in the flow stream to account for their failures to ensure smooth flow.
- It is evident that in practice, planning and plan implementation follow a top-down approach. For both the district and the state sectors, there is a clear flow-down of fund allocations that are finalised centrally at the state Finance department. The granularity of budgeting stops at the taluk level. Therefore, GPs are unaware of the enormous expenditures undertaken by the ZP, TP and the state departments within their jurisdictions; they are hence unable to monitor such expenses, to either alert people of such expenditures or place details before the gram sabhas.

Recommendations

We explore the possibility of reform through pragmatic recommendations as detailed below. Substantial incremental change is the stepping stone to strategic large systemic change.

Quick wins

- Create and publish the following documents in the public domain:
 - Budgets of district sector and all line departments by the Finance department on the same lines as its publication of details for the ZP and TP schemes
 - Link document for all state line departments and parastatals, similar to that for the district sector, on the first day of April of every FY along with supporting communication
 - Quarterly progress of actual expenditure against allocated and released amounts
- Ensure that release orders are published by the district sector and all line departments, and are made available immediately in the public domain. Follow the good practice of the ZP and TP wherein there is a clear periodicity and publication of the same. Extend this communication to the ZP, TP and all GPs across the state.
- Communicate allocations, release and expenditure details to the ZPs, TPs and GPs. This is likely to induce a significant behavioural change by enforcing accountability on all the actors in the system.

Strategic recommendations

- The effective way to meet public needs is by enabling decentralised bottom-up planning to better map public funds to public needs. Budgetary allocations can then occur based on availability of funds.
- Decentralised perspective plans prepared by the panchayats could be tied as an input up to the state's FC.
- The state government could simplify the state and district sector budgets by reducing the number of line items to a few strategic budgeting heads. This would reduce accounting overload, and promote greater flexibility in local planning, based on informed decision-making on how to utilise fund allocations.

Chapter 6
PUBLIC EXPENDITURE
IN GRAM PANCHAYATS

Of the three tiers of panchayats, the GP occupies a unique position amongst rural LGs for the following reasons:

- The GP is the smallest sized LG and therefore closest to the people. It also has the longest history, being analogous to the village level self-governing arrangements that have been recognised for centuries. The ZPs, on the other hand, can trace their history back to the district boards established during British colonial times by Lord Ripon in 1882. The TPs are of even more recent origin; they can be traced back to the implementation of the recommendations of the Balwant Rai Mehta Committee Report in 1959.
- Of all the levels of rural LGs, the public accountability system at the GP is the strongest: it is legally accountable to the gram sabhas and ward sabhas for several of its functions, including planning and implementation of schemes and important activities such as beneficiary selection and location of public amenities. Neither the ZP nor the TP is answerable to people's assemblies such as the gram sabha.
- The GP is authorised to collect property tax, which cannot be levied by the ZPs and TPs.
- The GP performs core civic functions such as provision of water and sanitation, and maintenance of internal roads, drains and streetlights. It is also responsible for the development, construction and maintenance of community assets ranging from roadside tree plantations, public parks, burial grounds, bus stands to shelters for cattle, bathing ghats, slaughterhouses, dispensaries and schools. For these functions, the GP is authorised to collect fees and user charges from the public. The GP also exercises regulatory and licencing powers for habitation planning and public health, including the issue of construction licences, trade licences, regulatory orders and directions to ensure sanitation and clear waste. It is also authorised to levy fines as a deterrent to violation of its regulatory orders.

- As the GP represents the first mile of governance, all expenditures incurred by any department of the state government, its parastatals, the ZP, TP and their implementing offices, end up in the jurisdiction of one or the other GP (or municipality in urban areas). Currently, such spends are incurred through a large number of schemes being implemented, with money flowing through several channels.
- Paradoxically, even though GPs are significantly impacted by these expenditures, they are largely unaware of the planning process underlying the design and implementation of such schemes. They have no influence over the quantum or the prioritisation of activities under these outlays. Current arrangements do not enable them to ascertain at one glance the GP-wise allocation details for various schemes entrusted to the ZP and the TP under the link book. As far as state sector schemes are concerned, the situation is worse, as the break-up of the outlays to the district and taluk is totally opaque.

These shortcomings in fiscal transparency leave a critically important question unanswered: can the public know with reasonable certainty how much money the government intends to spend, directly or through the ZPs and TPs, in the geographic jurisdiction of a GP?

In this chapter, we detail the results of efforts to determine the allocations, flow and quantum of funds expended in the jurisdiction of each of the 30 GPs in Mulbagal taluk. At the end we also offer recommendations.

More than 2 lakh people live in the 30 GPs and are affected by the expenditures investigated in this report. Table 6.1 provides some key statistics for these 30 GPs as per the 2011 Census.

Our aim was to investigate the 'budget envelope' of each GP, defined as the sum of 'traceable expenditure' and 'traceable unspent funds' under any scheme implemented by any agency of the state, the ZP, TP and the GP itself, in the jurisdiction of that GP.

Table 6.1

S. No.	Gram Panchayat	Number of Households	Total Population	Total Males	Total Females	Population in the Age Group 0-6
1	Agara	1,367	6,520	3,323	3,197	712
2	Alangur	1,282	6,407	3,252	3,155	807
3	Amblikal	1,496	7,346	3,665	3,681	850
4	Angondahalli	1,442	7,063	3,547	3,516	810
5	Avani	1,578	7,098	3,570	3,528	780
6	Balla	1,270	6,193	3,199	2,994	625
7	Byrakur	1,690	7,752	3,913	3,839	752
8	Devarayasamudra	1,630	7,627	3,867	3,760	897
9	Dulappalli	879	3,844	1,972	1,872	421
10	Emmenatha	1,303	6,209	3,144	3,065	658
11	Gudipalli	1,196	5,967	3,002	2,965	688
12	Gummakallu	1,840	9,524	4,747	4,777	1,145
13	H Gollahalli	1,252	6,104	3,010	3,094	712
14	Hanumanahalli	1,272	5,946	2,957	2,989	655
15	Hebbani	1,722	7,959	3,963	3,996	906
16	Kappalamadagu	1,602	7,390	3,705	3,685	904
17	Kurudumale	1,221	6,033	3,036	2,997	782
18	Mallanayakanahalli	1,361	6,568	3,230	3,338	729
19	Mothakapalli	1,440	6,878	3,511	3,367	762
20	Mudigere	1,854	9,235	4,673	4,562	1,211
21	Mudiyanur	1,267	5,770	2,902	2,868	655
22	Mustoor	1,532	7,041	3,505	3,536	883
23	Nangali	1,773	7,845	3,990	3,855	891
24	Oorkuntemittur	1,145	5,301	2,685	2,616	661
25	Pitchaguntlahalli	1,378	6,807	3,414	3,393	900
26	Rajendrahalli	1,088	5,058	2,530	2,528	510
27	Sonnawadi	1,593	7,710	3,941	3,769	861
28	Thayalur	1,122	5,091	2,555	2,536	545
29	Thimmaravuthanahalli	1,360	6,824	3,465	3,359	779
30	Utthanur	1,398	6,549	3,338	3,211	714
	Total	42,353	2,01,659	1,01,611	1,00,048	23,205

Source: 2011 Census of India

Practical realities: field experience and course corrections

Field experiences

Several difficulties were experienced in obtaining reliable and useful data, necessitating course corrections and adaptations as follows:

- The ZP and the TP suggested that the details of expenditures on their respective schemes at the level of each GP be obtained from the line departments implementing these schemes, as they themselves did not keep track of the same.
- Line departments were approached to provide GP-wise allocation and expenditure data for both district sector and state sector schemes. Some departments provided this information in the formats provided. Others provided data in the formats as maintained by them, while some did not maintain data and were therefore unable to provide any. Nearly all departments indicated that the request for expenditure of data at the granularity of GPs was unprecedented.

Course corrections

- Templates originally created to obtain expenditure data for each GP from ZP and TP accounts were modified, with the focus on collecting details of state sector schemes from line departments. As expenditure for district sector schemes was also available with the line departments, the templates were modified to accommodate this as well. These changes met with varying degrees of success. In cases where departments returned templates unfilled, discussions were held with the individuals concerned to apprise them of the research project's information needs. If all else failed, information was accepted in whatever format it was available.
- For those departments where the district level offices could not provide GP-wise expenditure details, the concerned taluk offices were approached. Wherever data was provided in department-specific formats, context-specific data processing was done to assess the expenditure incurred and unspent amount for each GP. Table 6.2 provides a list of all entities (state line departments, parastatals, and panchayats) from where expenditure and unspent amount data for each GP was collected.

Table 6.2

Expenditure Head	Is GP-wise data readily available?	Can GP-wise data be processed?	Source of Data	Remarks
Agriculture	Yes	Yes	Agriculture Department, Kolar	Data is maintained at the district office
BESCOM	Yes	Yes	BESCOM, Kolar	Data is maintained at the district office
Food & Civil Supplies	Yes	Yes	KFCSC, Kolar	Data on quantum of food supplies delivered to GP is maintained at the district office
Horticulture	Yes	Yes	Horticulture Department, Kolar	Data is maintained at district office
Housing	Yes	Yes	TP, RGRHCL	Data is maintained online in RGRHCL's system
Minor Irrigation	Yes	Yes	Minor Irrigation Department, Kolar	Data is maintained at the district office
Road & Bridges	Yes	Yes	KRRDA, Kolar	Data is maintained at the district office
Rural Water Supply	Yes	Yes	ZP Kolar, KRWSSA	Data is maintained at the district office
Watershed	Yes	Yes	Watershed Department, Kolar	Data is maintained at the district office

RDPR	Yes	Yes	ZP Kolar, RDPR Bangalore	MGNREGA, FC Grants, other RDPR schemes; data is maintained at Kolar and online systems
GPs	Yes	Yes	30 GPs of Mulbagal	Own revenues and spend information around own revenues, RDPR statutory grants and 13th FC Grants
Animal Husbandry	Partially	Partially	Animal Husbandry Department, Kolar	Data is maintained at the district office
Minorities	Partially	Partially	Minorities Corporation, Kolar	Data is maintained across district and taluk offices
Backward Classes	No	Yes	Backward Classes department, Mulbagal	Data is maintained at the taluk office
Medical & Public Health	No	Yes	DHO, Kolar	Data is maintained at the district office
Education	No	Yes	DDPI, Kolar, BEO, Mulbagal	Data is maintained across district and taluk offices
Social Welfare	No	Yes	Social Welfare Department, Mulbagal, Ambedkar Corporation, Kolar	Data is maintained across district and taluk offices
Women & Child Welfare	No	Yes	CDPO, Mulbagal	Data is maintained at the taluk level
Cooperation	No	No	Cooperation Department, Kolar	The department did not provide information on GP-wise expenditure and hence was excluded from the analysis
Forests	No	No	Forest Department, Kolar	The department did not respond to our information request and was excluded from the analysis
Sericulture	No	No	Sericulture Department, Kolar	The department did not provide information on GP-wise expenditure and hence was excluded from the analysis
Village & Small Industries	No	No	Village & Small Industries Department	The department did not respond to our information request and was excluded from the analysis

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Note: BESCOM: Bangalore Electricity Supply Company Ltd.; KFCSC: Karnataka Food and Civil Supplies Corporation; KRDDA: Karnataka Road Development Authority; DHO: District Health Officer; DDPI: Deputy Director of Public Instruction; BEO: Block Education Officer; CDPO: Child Development Project Officer.

- In the absence of each department making a priori allocations for each GP based on internal advance planning, against which the expenditures can be cross-checked, we assumed that if there were no unspent funds for a scheme, then the expenditure incurred in the jurisdiction of a GP equals the overall budget envelope for the GP.

Where details of GP-wise expenditure were not provided by the entities concerned, methodologies for attributing expenses to GPs were developed, based on department-specific logic.

Department-wise expenditure in GPs

This section describes expenses incurred during FY 2014-15 by various entities in the geographical jurisdiction of each of the 30 GPs. Each subsection describes the approach taken towards GP-wise attributions of generic departmental expenditure. Department-wise budget envelopes for FY 2014-15 have been calculated for each GP based on the expenditure incurred. The budget envelope comprises the total expenditure and the money left unspent at the end of the fiscal year. These include both

district sector and state sector schemes, but the key focus has been on the number of schemes and the expenditure associated with them.

Agriculture

Table 6.3 profiles the Agriculture department schemes. Except Krishi Bhagya, the department's internal structure for all other schemes is centred around the Raitha Samparka Kendras (Farmer Service Centres) located at each 'hobli' – a revenue department sub-taluk organisational level which comprises villages that make up several GPs.

Attributions

Attributions were adopted at two points in the analysis as follows:

- Attribution of Krishi Bhagya: Krishi Bhagya, a new scheme for FY 2014-15, predominantly targets small and marginal farmers. Since it was started mid-year, though fund releases were made according to allocations, no expenditure was undertaken during the fiscal year.

Table 6.3

List of Schemes	
1. Supply of seeds and other inputs 2. Other agricultural schemes 3. Krishi Bhagya 4. Micro/drip irrigation 5. Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize 6. Rashtriya Krishi Vikas Yojana	
No. of schemes traced to GP jurisdiction (based on data sufficiency)	6
No. of schemes for which GP-wise expenditure data is available	5
No. of schemes for which GP-wise expenditure data is not available	1
Scheme or schemes where attributions were undertaken	<ul style="list-style-type: none"> • Krishi Bhagya scheme where funds were released but not spent • Attribution of unspent funds in case of other schemes
Special considerations	Though budgeted in FY 2014-15 Krishi Bhagya was launched in September 2014. Unspent amounts attributed to GP budget envelope

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

- Attribution of unspent amounts: The Agriculture department had a total allocation of ₹2,391 lakh for Krishi Bhagya for Kolar district, of which ₹2,386 lakh was not spent during the year. This unspent amount was attributed to each GP in the following manner:

- The total number of small and marginal farmers in Kolar district and the percentage of them belonging to Mulbagal taluk were ascertained from the Agricultural Census of 2011. The ratio of such farmers in Mulbagal taluk to those in Kolar district (21.7 per cent) was used to apportion ₹518 lakh of the Kolar district Krishi Bhagya scheme's unspent amount to Mulbagal taluk as its budget envelope under the scheme.
- For the remaining five schemes where expenditure data was available, the ratio of expenditure of each GP to the total expenditure was used to apportion the unspent amount, scheme-wise, to each GP.
- The ratios between GPs for all schemes put together was used to attribute the Mulbagal Krishi Bhagya budget envelope to each GP.
- The actual spends of five schemes, GP-wise, was added to the attributions of the unspent amount and the Krishi Bhagya scheme, to get the overall budget envelope for Agriculture for each GP.

Total budget envelope

Fig 6.1 provides details of the budget envelope of each GP for Agriculture in FY 2014-15. Appendix 1.1 provides GP-wise details of the expenditure and budget envelope, while Annexure 1.11 provides scheme-wise GP expenditure.

Horticulture

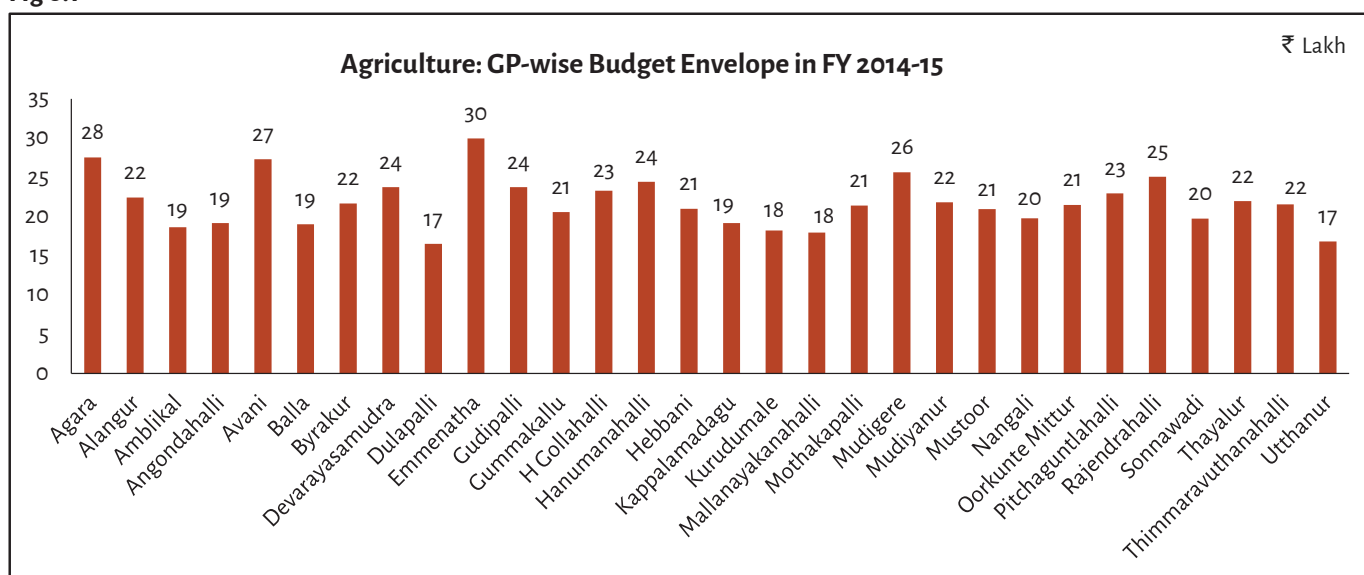
Table 6.4 profiles the various schemes of the Horticulture department as applicable to GPs.

Table 6.4

List of Schemes	
1.	Comprehensive horticulture development
2.	Scheme for integrated control of pests and diseases of horticultural crops
3.	Rashtriya Krishi Vikas Yojana: Horticulture
4.	Drip irrigation
No. of schemes traced to GP jurisdiction (based on data sufficiency)	4
No. of schemes for which GP-wise expenditure data is available	4
No. of schemes for which GP-wise expenditure data is not available	0
Attributions	None
Special considerations	None

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Fig 6.1



Source: Agriculture Department, ZP CEO, Kolar.

The Horticulture department provided details of expenditure incurred in the geographical jurisdiction of each of the 30 GPs in FY 2014-15, in the circulated template. Since all funds were spent, there was no need for an attribution exercise. Fig 6.2 provides a graphical illustration of the budget envelope for the Horticulture department in each of the 30 GPs. Appendix 1.2 provides GP-wise details of expenditure and budget envelope in Horticulture; Annexure 1.12 provides scheme-wise GP expenditure.

It is apparent that expenditures were skewed in favour of some panchayats as opposed to others. Two GPs, Pitchaguntlahalli and Sonawadi, witnessed expenditure higher than ₹50 lakh. Three GPs had expenditures more than ₹40 lakh while Alangur, Avani, Hanumanahalli and Rajendrahalli GPs witnessed expenditure of about ₹10 lakh each.

Minor Irrigation

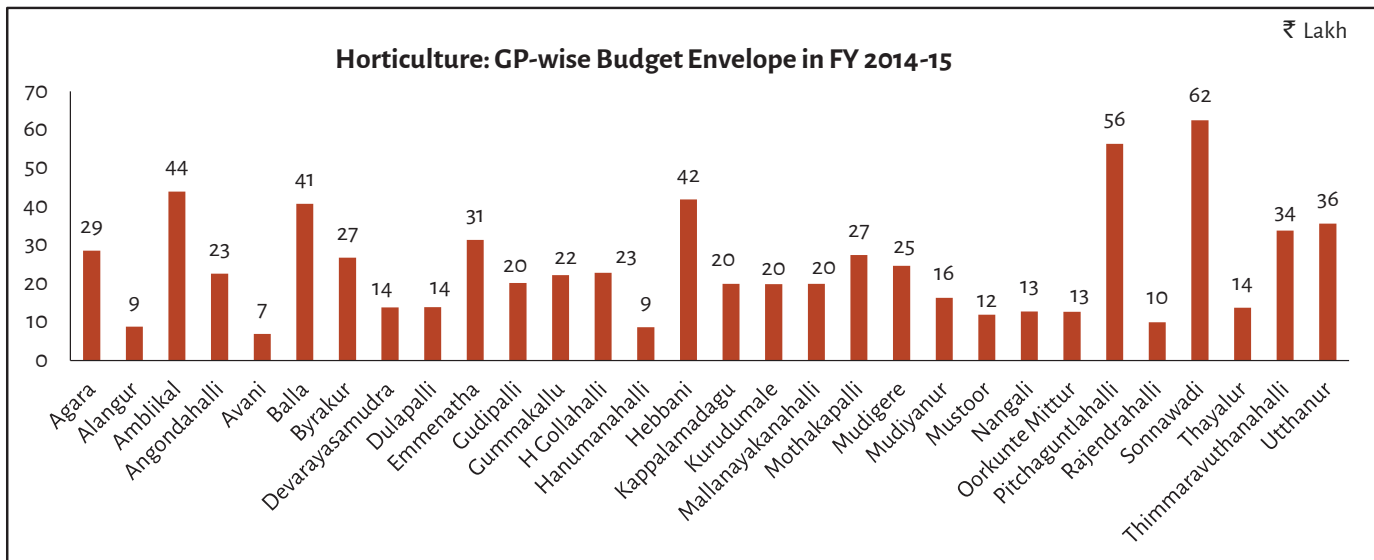
Table 6.5 profiles the schemes of the Minor Irrigation department.

Table 6.5

List of Schemes	
1. Accelerated Irrigation Benefit Programme 2. Restoration of tanks/water bodies: 13th FC Grants 3. Special Component Plan 4. Tribal Sub-Plan 5. Lump sum for new works	
No. of schemes traced to GP jurisdiction (based on data sufficiency)	5
No. of schemes for which GP-wise expenditure data is available	5
No. of schemes for which GP-wise expenditure data is not available	0
Attributions	None
Special considerations	None

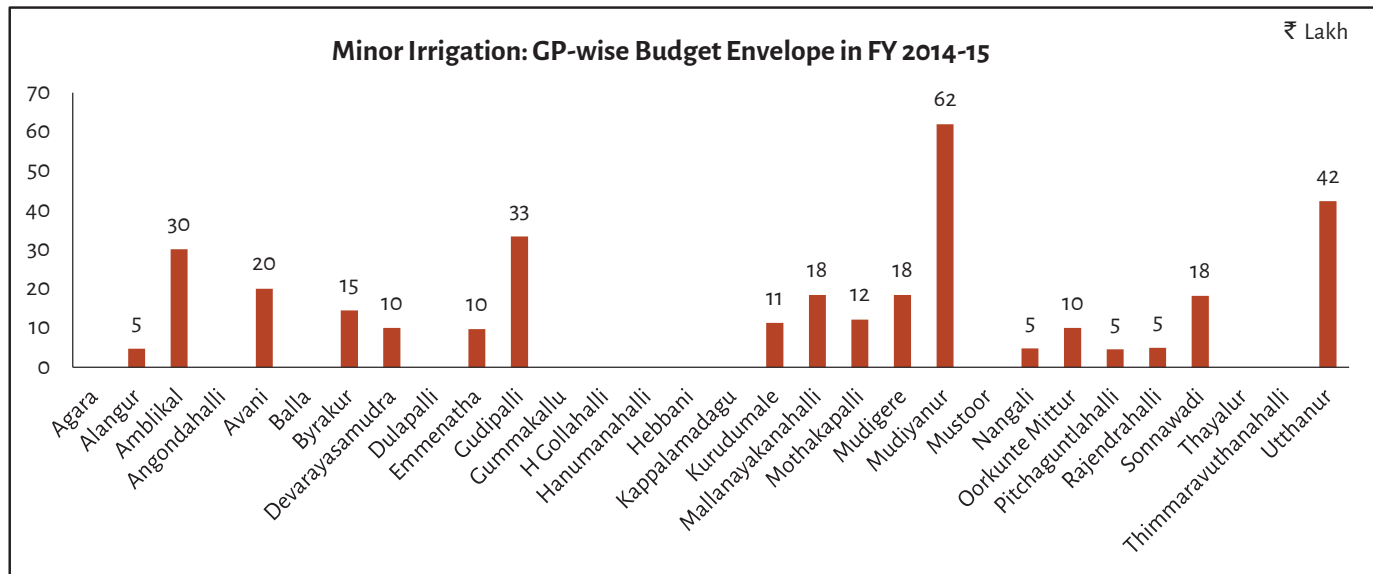
Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June-30th November, 2014.

Fig 6.2



Source: Senior Assistant Director, Horticulture Department, ZP CEO, Kolar.

Fig 6.3



Source: Minor Irrigation Department, Kolar, ZP CEO, Kolar.

The department provided details of the expenditure incurred in the geographical jurisdiction of each of the 30 GPs in FY 2014-15, in the circulated template. Since all funds for these schemes were spent, there was no need for an attribution exercise. Fig 6.3 provides a graphical illustration of the budget envelope for the Minor Irrigation department in each of the 30 GPs. Appendix 1.3 provides GP-wise details of the expenditure and budget envelope.

The expenditure in Minor Irrigation is skewed to an even greater extent than seen in the Horticulture department. Expenditure was incurred in 18 GPs, of which the expenditure incurred in Mudiyanur and Utthanur GPs was ₹62 lakh and ₹42.4 lakh respectively. No expenditure was incurred in the remaining 12 GPs. Annexure 1.13 provides specifics of expenditure associated with the Minor Irrigation department.

Housing

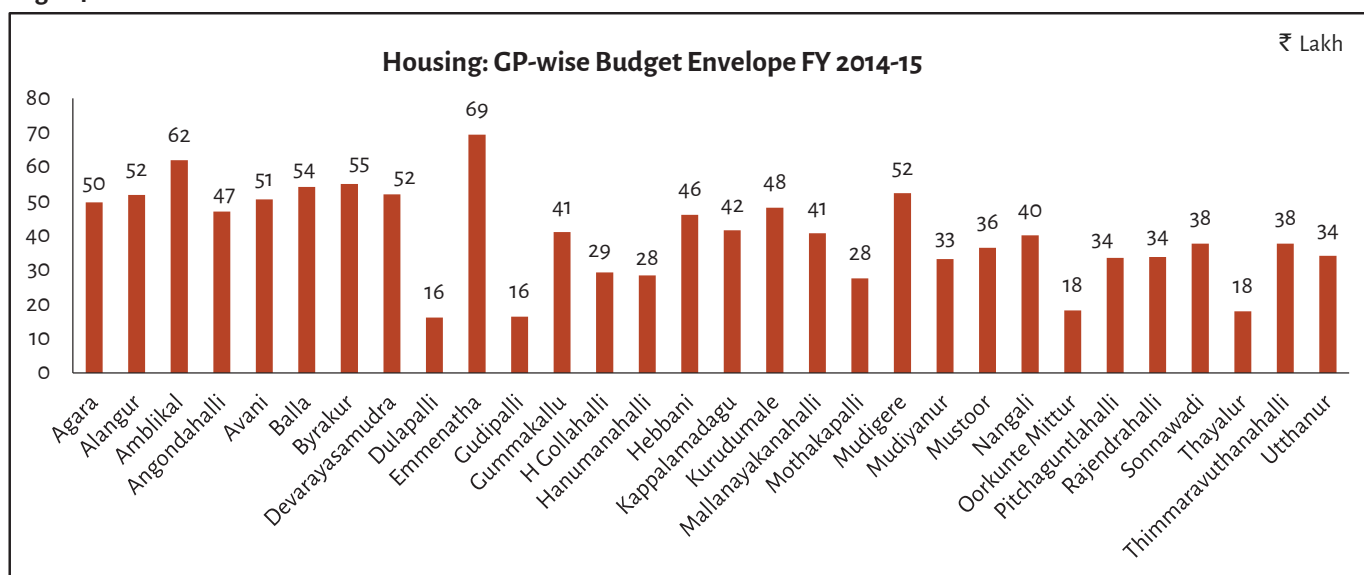
The Housing department is one of the few departments where data is captured at a GP level in an online system developed and maintained by the parastatal concerned with housing, the Rajiv Gandhi Rural Housing Corporation Ltd. (RGRHCL). Thus, the TP Mulbagal did not have any difficulty in providing GP-wise details of expenditure incurred under these programmes. Table 6.6. details the schemes of the Housing department.

Table 6.6

List of Schemes	
1. Indira Awas Yojana (FY 2014-15 series)	
2. Indira Awas Yojana (FY 2013-14 series)	
3. Basava Vasati Yojane (FY 2013-14 series)	
No. of schemes traced to GP jurisdiction (based on data sufficiency)	2
No. of schemes for which GP-wise expenditure data is available	2
No. of schemes for which GP-wise expenditure data is not available	0
Attributions	None
Special considerations	None

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Fig 6.4



Source: Rajiv Gandhi Rural Housing Corporation Limited, EO, TP Mulbagal, ZP CEO, Kolar.

Emmenatha and Amblikal GPs incurred the highest expenditure on housing, while Dulapalli and Gudipalli GPs incurred the lowest expenditure during FY 2014-15. Appendix 1.4 and Annexure 1.14 provide GP-wise details of the budget envelope and schemes.

Rural Water Supply

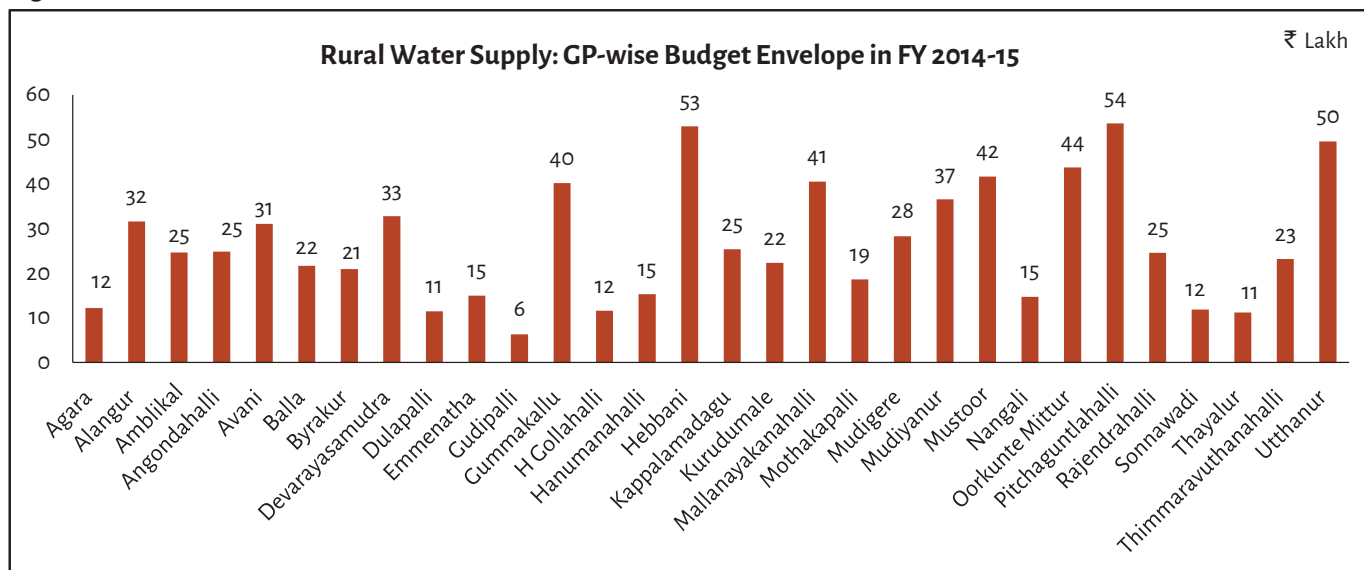
Implementation of the Rural Water Supply programme is undertaken through a parastatal of the RDPR department, the KRWSSA. Table 6.7 details the schemes on which direct expenditure for FY 2014-15 was incurred in the 30 GPs.

Table 6.7

List of Schemes	
1. Rural Water Supply (including Scheduled Caste Sub-Plan, Tribal Sub-Plan and other expenses)	
No. of schemes traced to GP jurisdiction (based on data sufficiency)	1
No. of schemes for which GP-wise expenditure data is available	1
No. of schemes for which GP-wise expenditure data is not available	0
Attributions	None
Special considerations	None

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June-30th November, 2014.

Fig 6.5



Source: ZP CEO, Kolar; KRWSSA.

Fig 6.5 provides a graphical illustration of the budget envelope for the Rural Water Supply in each of the 30 GPs. Appendix 1.5 provides GP-wise details of the budget envelope.

Only 39 per cent of the allocated funds was spent in Mulbagal taluk. Releases were not in alignment with allocations and Kolar district itself received only 70 per cent of its allocated funds for FY 2014-15. This is significant, given the fact that Kolar district as a whole and specifically Mulbagal have been drought-prone for a long time and there is a significant shortage of drinking water.

Watershed

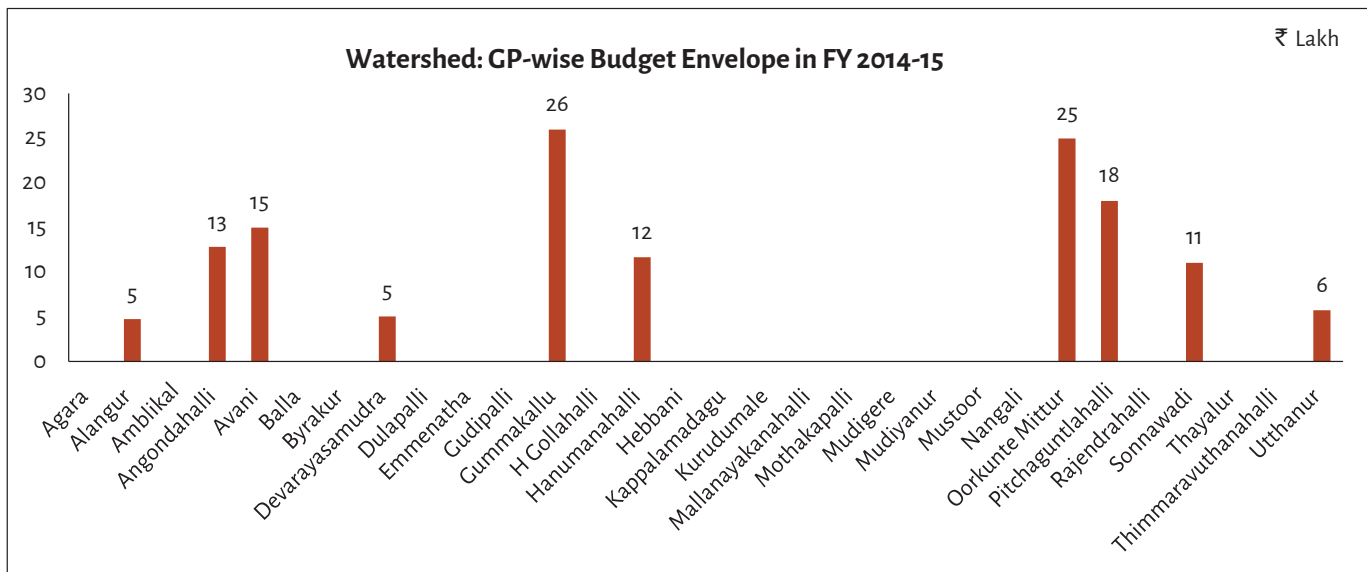
Table 6.8 details the schemes where direct expenditure for FY 2014-15 was undertaken in the geographic jurisdiction of the 30 GPs in Mulbagal taluk.

Table 6.8

List of Schemes	
1. Integrated Watershed Management Programme (including Scheduled Caste Sub-Plan, Tribal Sub-Plan and other expenses)	
No. of schemes traced to GP jurisdiction (based on data sufficiency)	1
No. of schemes for which GP-wise expenditure data is available	1
No. of schemes for which GP-wise expenditure data is not available	0
Attributions	None
Special considerations	None

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Fig 6.6



Source: Watershed Department, ZP CEO, Kolar.

Fig 6.6 illustrates the budget envelope for the Watershed department in each of the 30 GPs. Appendix 1.6 provides GP-wise details of the expenditure and budget envelope.

Expenditure was incurred in only 10 out of the 30 GPs in Mulbagal during FY 2014-15. Gummakallu and Oorkunte Mittur were the GPs that incurred maximum expenditure in their geographic jurisdiction.

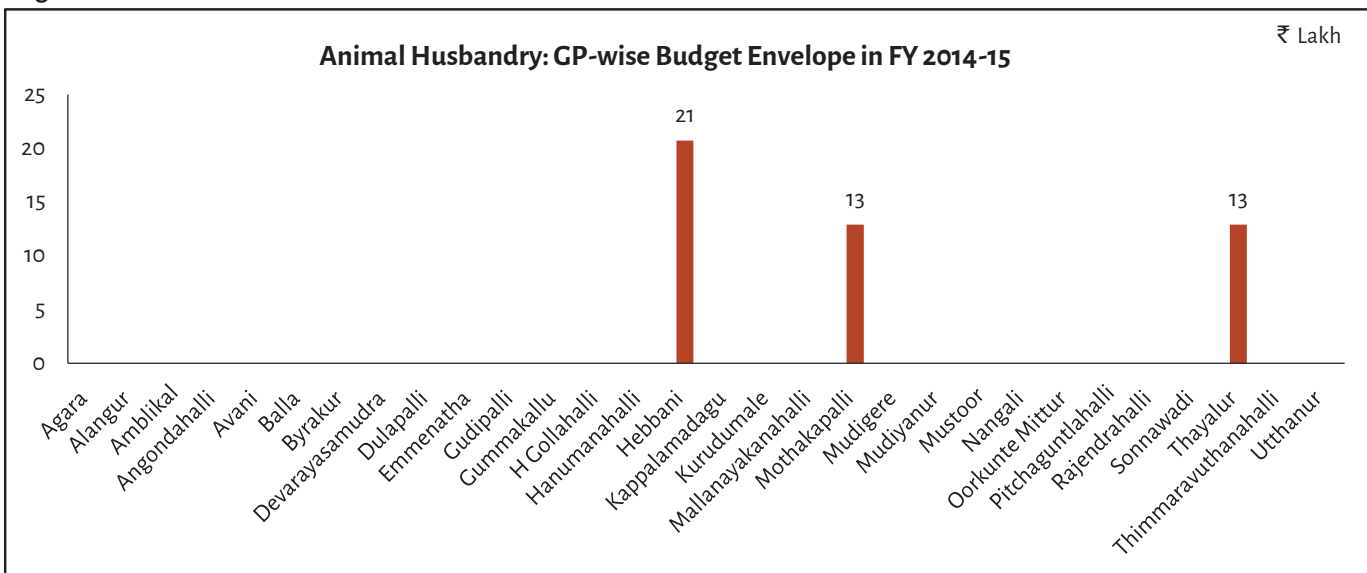
Animal Husbandry

In the Animal Husbandry department, it is nearly impossible to link expenses to a GP level, as services provided are not confined to one GP alone. For example,

campus for vaccination of animals and sterilisation are often organised at a central location where animals are brought from various villages. In such circumstances, traceability and linkage of expenditure to GPs was impossible.

However, expenditure information was obtained for two schemes pertaining to capital investments. Expenditures were incurred in the jurisdictions of Hebbani, Mothakapalli and Thayalur respectively. Fig 6.7 illustrates the budget envelope for the Animal Husbandry department in the three GPs in whose jurisdiction expenditure was incurred in FY 2014-15. Table 6.9 provides GP-wise details of the budget envelope.

Fig 6.7



Source: Deputy Director, Animal Husbandry Department, ZP CEO, Kolar.

Table 6.9

Scheme	Spend in Hebbani (₹ lakh)	Spend in Mothakapalli (₹ lakh)	Spend in Thayalur (₹ lakh)
Establishment and strengthening of existing hospitals and dispensaries	–	13	13
Construction of dispensaries under Regional Infrastructure Development Fund	21	–	–

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Health Services & Public Health

Data was not easily available for the Health department. Due to unavailability of data as per the templates, these were modified to seek data on the basis of Public Health Centres (PHCs) rather than on a GP-wise basis. Though PHCs are assigned a certain jurisdiction of operation by the department, the choice of visiting any one of them rests with the citizen. Thus, it is not possible to precisely assign expenditure at the PHC level to individual GPs. Therefore, the expenditure incurred in any PHC was attributed to the GP in which it is located. Since most PHCs are located at GP headquarters this did not pose any difficulty. However, in the few cases where this was not so, a triangulation approach was adopted (Table 6.10) to assign the expenditure to GPs.

Table 6.10

- A map of villages and GPs was obtained from the local government directory of the Ministry of Panchayati Raj, GoI.
- A similar map of GPs and village-wise demographic data, based on Census 2011, was obtained from the Decentralisation Analysis Cell (DAC), RDPR, GoK.
- A third map that provided a comprehensive mapping of census villages and habitations (that might have been missed in other maps) was obtained from the website of the Ministry of Drinking Water & Sanitation, GoI.
- Locations/villages/habitations where there was expenditure were mapped back to the GP, through which a GP-wise view of expenditure was constructed.

Data Set 'Village GP Map' provides the complete listing of habitation/village mapped to GPs.

Table 6.11 details the schemes /expenses at each of the PHCs in Mulbagal taluk.

Even after the modification of the templates, the research team faced difficulties in the data collection. The team was directed to the office of the Taluk Health Officer at Mulbagal, who stated that as per the Health department's own standards for accounting and reporting, his office only

maintained a few expenses. For the remaining data, the research team was redirected back to the District Health Officer's (DHO) office at Kolar. There were further delays due to the transfer of the DHO and establishing contact with the new incumbent, before all the data was obtained.

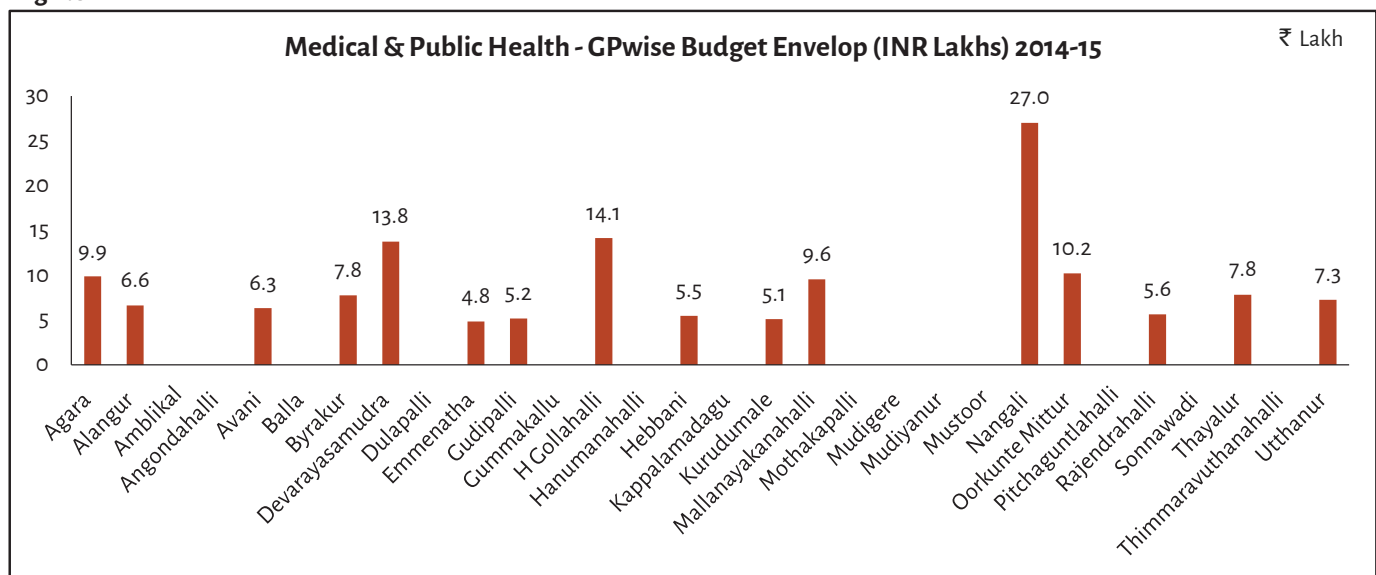
Fig 6.8 provides a graphical illustration of the budget envelope for Health department, for the 30 GPs of

Table 6.11

List of Schemes	
1. Primary Health Centres (salaries & office expenses)	
2. Taluk Level General Hospitals (salaries & office expenses)	
3. Local Fund Combined Hospitals and Dispensaries (salaries & office expenses)	
4. Primary Health Centres (GOI Pattern) (salaries & office expenses)	
5. Rural Family Welfare Centres at PHCs (salaries & office expenses)	
6. Rural Sub Centres (Opened Under Family Welfare) (salaries & office expenses)	
7. Population Centres (salaries & office expenses)	
8. National Rural Health Mission (NRHM)	
No. of schemes traced to PHC jurisdiction (based on data sufficiency)	8
No. of schemes for which PHC-wise expenditure data is available	8
No. of schemes for which PHC-wise expenditure data is not available	0
Attributions	None
Special considerations	PHCs have been mapped to GPs to obtain GP-wise expenses

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Fig 6.8



Source: DHO, Kolar; ZP CEO, Kolar.

Mulbagal. As indicated earlier, the PHCs have been mapped to GPs. Appendix 1.7 provides details of the expenditure and budget envelope at a GP level. Annexure 1.15 provides a detailed scheme-wise view of expenditure at the PHC level, mapped to GPs.

Electricity Supply

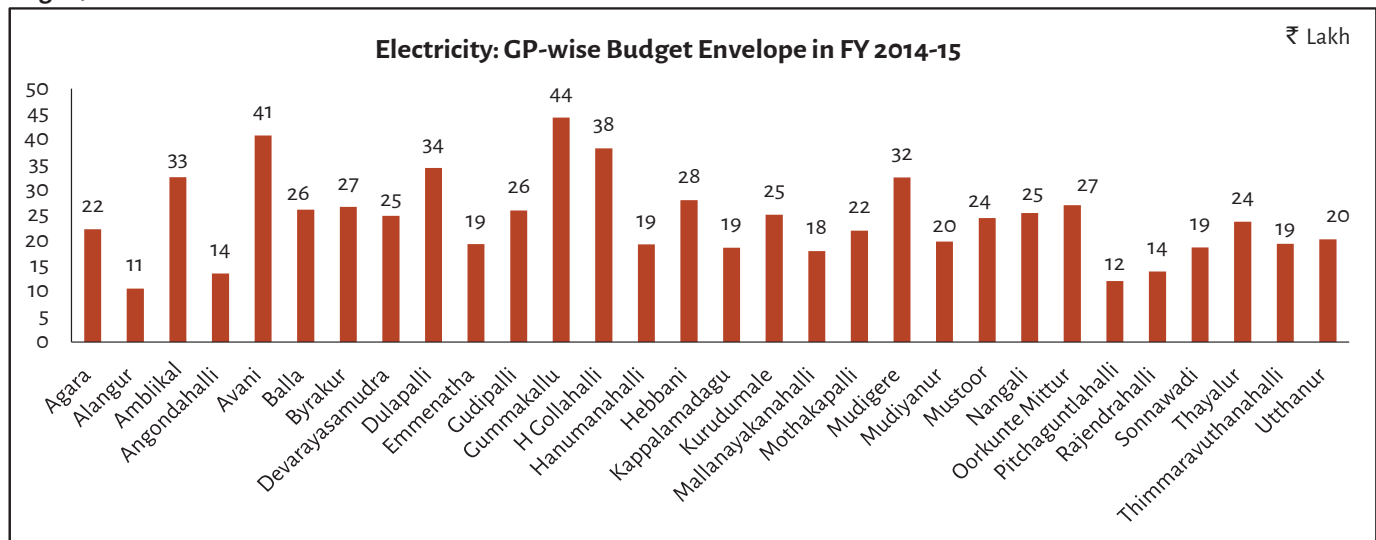
The Bangalore Electricity Supply Company Ltd. (BESCOM) is a parastatal that provides electricity to all GPs in Mulbagal taluk. Streetlights and Water Supply are the two major public services that consume electricity within the jurisdiction of a GP. As the provision of these two services are devolved to GPs, it is established that the public expenditure on electricity is directly incurred by the GPs.

Our research yielded interesting insights on payment of electricity bills. BESCOM maintains that GPs do not pay their electricity bills, which is disputed by GPs. GPs have long complained of excessive consumption charges of electricity, because several installations continue to be

unmetered, while BESCOM consistently maintains that GPs wilfully default on the payment of such bills. Research into this question is beyond the scope of this study. Suffice it to say that as of today, the government has accepted BESCOM's viewpoint and has installed a system for a centralised process of payment of electricity bills by GPs. Each GP receives two sets of grants annually, namely the Central Finance Commission (CFC) Grants and the RDPR Statutory Grants. The RDPR department has directed that 25 per cent of the CFC Grants and 60 per cent of the RDPR Statutory Grants be deposited into an ESCROW account maintained for each GP, from where the BESCOM withdraws such amounts based on dues.

Fig 6.9 shows the expenditure incurred on electricity (both Streetlights and Water Supply combined) in the 30 GPs of Mulbagal. Appendix 1.8 provides details of annual expenditure on electricity (Streetlights and Water Supply) across the 30 GPs.

Fig 6.9



Source: BESCOM, Kolar; ZP CEO, Kolar.

Education

The department's activities are not aligned to GPs but are organised along its own hierarchies, which comprise taluk level offices headed by a Block Education Officer (BEO) and 'clusters' at the sub-taluk level that have jurisdiction over a set of schools spread across a certain geographic area. A large part of the Education department's schemes are placed at the TP level for implementation. The department's allocations comprise 67 per cent of Mulbagal TP's budget.

Table 6.12 provides details of all the schemes/expenses that can be directly attributed to a GP's geographical jurisdiction.

Table 6.12

List of Schemes	
1. Activities to promote universalisation of primary education – Akshara Dasoha 2. GIA to private high schools (GIA salaries) 3. Primary schools (consolidated salaries) 4. High schools (consolidated salaries) 5. GIA to elementary schools (GIA salaries) 6. Sarva Shiksha Abhiyan (SSA; consolidated expenses)	
No. of schemes traced to GP jurisdiction (based on data sufficiency)	6
No. of schemes for which GP-wise expenditure data is available	0
No. of schemes for which GP-wise expenditure data is not available	6
Attributions	These have been made to compute salaries and apportion the same to each school and subsequently each GP
Special considerations	Village-wise school locations have been mapped to GPs using the 'triangulation approach'

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Obtaining data from the Education department proved to be difficult. We discovered that data resided individually and in an isolated fashion across the district, block and clusters. No school-wise expenditure sheet was available, as different schemes had different owners (accountable officers) who maintained data only for their schemes, in internally devised formats. Direct data collection from the BEO Mulbagal was more effective. For schemes administered by the district office, data was obtained from the ZP Kolar. Data was collected in whatever form available and was subsequently prepared to fit into the research template. However, only with respect to these six schemes could one attribute the expenses directly to the GP level.

In the case of Education, the budget envelope is not the same as the expenditure as there are unspent funds relating to some of the above-mentioned schemes. Attributions were made to assign unspent funds to GPs to construct the budget envelope.

Attributions for the Akshara Dasoha (Midday Meal) scheme

The Midday Meal programme in Kolar is administered by a central programme office located in the ZP office. Data provided by the department in internal formats was aligned to the research formats for analysis.

Some findings:

- At the overall scheme level, the expenditure for Mulbagal for FY 2014-15 was ₹4 crore.
- Direct meal expenses, based on actuals, came to ₹291 lakh.
- Lower primary schools (LPSs) and higher primary schools (HPS) accounted for ₹221 lakh while high schools and GIA schools accounted for ₹70 lakh of the expenditure.
- There was no traceability of expenditure for ₹108 lakh at the school level, with certain spends categorised as 'General Expenses'. However, this is a scheme which budgets separately for 'Overheads', from a salary standpoint. Attributions for the amount were made as follows:

- ▶ 76 per cent of direct meal expenses were incurred by LPSs and HPSs taken together and 24 per cent by high schools and GIA schools. By applying this ratio to ₹108 lakh, ₹82 lakh was attributed to LP/HP schools and ₹26 lakh to high schools and GIA schools.
- ▶ The ratio of the expense of each LP/HP school to the total expenditure was applied to ₹82 lakh to obtain proportional attributions of expenditure for these schools. A similar exercise was done to proportionally attribute ₹26 lakh to high schools and GIA schools.

Attribution of GIA to private high schools and elementary schools

GIA salaries are provided to private high schools through a TP scheme. ₹430 lakh was expended as GIA to private high schools. Surprisingly, there was no traceability of such expenditure to each private high school where incurred. This made an attribution exercise inevitable. The details of all private high schools was obtained from the BEO's office and reconciled with the Unified District Information System for Education (UDISE) reports, to confirm private ownership. Data has been prepared by mapping schools from clusters to GPs using the triangulation approach.

The school-wise and total number of teachers working in private high schools was obtained. The per capita salary paid to each teacher, obtained by dividing ₹430 lakh with the total number of private high school teachers, was multiplied by the number of teachers in each school to obtain the attributed expenditure on GIA salaries for each private high school.

Similarly, elementary schools' GIA salaries are administered through a TP scheme. ₹21 lakh expended on this scheme was divided by the total number of elementary school teachers to compute per capita salary. This was then multiplied by the number of teachers in each school to obtain expenditure details for each school.

Attribution of salaries to primary schools and high schools

The same approach (as used above for private and GIA schools) was adopted to attribute salaries to government primary and high schools. The ₹3,250 lakh spent on

salaries of government primary school teachers was divided by the total number of such teachers to obtain the per capita salary. Similarly, the ₹326 lakh incurred on payment of salaries to high school teachers was divided by the total number of such teachers. These per capita values were extrapolated to the number of teachers in each school to obtain the total expenditure incurred on primary school and secondary school teacher salaries for each school. The mapping of schools to GPs already exists in the data set and provides us a GP-wise view of expenses.

Testing of attributions for accuracy

In order to check whether the attributions of salary were accurate, data of average teacher salaries was obtained from schools located in Devarayasamudra GP in Mulbagal taluk and compared with the per capita salaries arrived at through computations used for attribution. The deviations were within limits and indicated that our attributed calculations were slightly on the conservative side, but within the limits of acceptable accuracy. Details are in Table 6.13 and 6.14.

Table 6.13

Type of School	Head/Senior Teacher	Junior Teacher
Lower & Higher Primary Schools	₹35,000 pm	₹30,000 pm
High Schools	₹40,000 pm	₹35,000 pm

Source: Primary data collected from schools in Devarayasamudra GP in Mulbagal Taluk from 15th June- 30th November, 2014.

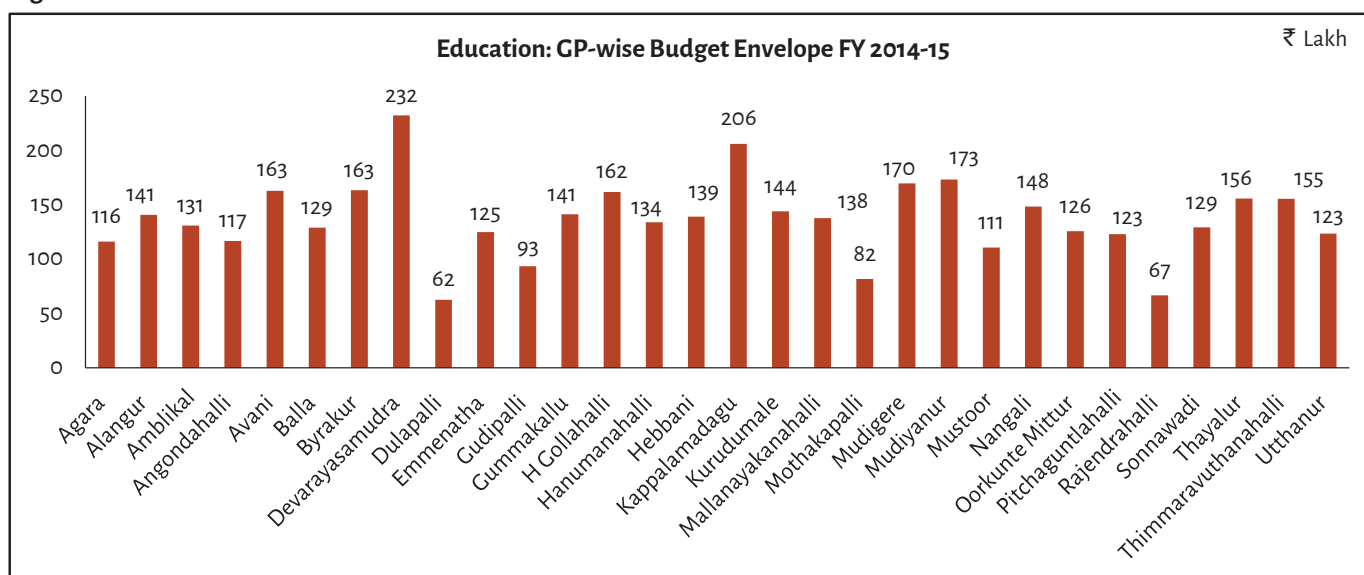
Per capita salaries arrived at in attribution computations are shown below (Table 6.14):

Table 6.14

Type of School	Per Capita Salary
Lower & Higher Primary Schools	₹26,922 pm
High Schools	₹31,459 pm
Elementary Schools GIA	₹23,058 pm
Private High Schools GIA	₹25,414 pm

Source: Compiled based on attributions defined by the research team of this study.

Fig 6.10



Source: BEO, Mulbagal; EO, TP, Mulbagal; ZP CEO, Kolar.

The data used for analysis for SSA comprised the actual amounts spent in each school as provided by the SSA society at Kolar. Hence no attribution was required for it. Appendix 1.9 provides details of the expenditure and budget envelope at a GP level. Annexure 1.16 provides a detailed scheme-wise view of expenditure at the GP level obtained after mapping all the schools to GPs using the triangulation approach. Fig 6.10 provides details of the total budget envelope of each GP for Education for FY 2014-15.

Devarayasamudra GP's budget envelope was the largest at ₹232.1 lakh and Dulapalli GP's budget envelope, at ₹62.4 lakh, was the smallest.

Women & Child Development

This department has a district office and taluk level offices, each headed by a Child Development Project Officer (CDPO). Each taluk is divided into 'circles' for the purpose of administration and coordination. At the first mile are the Anganwadi Centres (AWCs) which are located in villages and habitations. Data is maintained for the circles and no mapping exists between circles and GPs. Since data was not available as per the templates, the research team fitted the data obtained from departmental formats into the templates. Table 6.15 provides details of all the schemes/expenses that can be directly attributed to a GP's geographical jurisdiction.

Table 6.15

List of Schemes	
1. Integrated Child Development Services (ICDS) (salaries & honorarium) 2. Child welfare (honorarium) 3. Preschool feeding programme (general expenses) 4. Bhagyalakshmi (scheme data maintained online) 5. Indira Gandhi Matritva Sahyogi Yojana (IGMSY)	
No. of schemes traced to GP jurisdiction (based on data sufficiency)	5
No. of schemes for which GP-wise expenditure data is available	0
No. of schemes for which GP-wise expenditure data is not available	5
Attributions	For all schemes, attribution of expenses and unspent funds from the taluk to the GP was done by using some fundamental and realistic assumptions
Special considerations	Village-wise school locations were mapped to GPs and circles to GPs using the 'triangulation approach'

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June-30th November, 2014.

Expenditure at an anganwadi level was not available, as indicated by the CDPO's office at Mulbagal. Details of the 425 AWCs were obtained. As informed by the CDPO, all 425 AWCs are staffed similarly. The budget envelope for the department is not the same as expenditure as there were unspent funds that needed to be attributed to each GP. The subsections below detail the methodology of attribution with respect to each of the schemes/expenses.

Attributions for ICDS and child welfare (salaries and honorarium)

₹462 lakh was released towards salaries and honorarium in FY 2014-15 for the ICDS programme in Mulbagal taluk. Similarly, ₹186 lakh was released towards the child welfare scheme. Based on the assumption that all 425 AWCs in Mulbagal have the same staffing component, the average expenditure per AWC was calculated for both schemes. The unspent amounts of ₹158 lakh for the ICDS scheme and ₹5 lakh for the child welfare scheme were also attributed to each AWC by computing the average. The total of the expenditure per AWC and the unspent amount attributed to the AWC provided the budget envelope for the scheme. The mapping of circles to GPs through the triangulation approach provided the GP-wise budget envelope.

Attributions for the preschool feeding programme

₹781 lakh was released to Mulbagal for implementation of the preschool feeding programme scheme, with ₹104 lakh unspent at the end of FY 2014-15. This programme is applicable to all children under the age of 6 years. Since the budget documents describe the expenditure under the head 'General Expenses', a new method of attribution was adopted as follows:

- Children who were aged 0-3 years during the 2011 Census would still be eligible for this scheme as they would be less than 6 years old in FY 2014-15.
- Assuming birth rates to be uniform, it was estimated that over 57 per cent of children eligible for the scheme in 2011 would be entitled in FY 2014-15.
- These assumptions were applied GP-wise to make estimations of the number of children in each GP who fall in the category of 0-6 years.

- The capita expense per child under the age of 6 years was calculated and this amount was multiplied by the total number of children under the age of 6 years in each GP to attribute the expended amount. The unspent funds were attributed in the same manner.

Attribution for the Bhagyalakshmi scheme

The scheme seeks to remove the bias against girl children in Below Poverty Line families. Financial assistance is provided to the girl child through a parent subject to the fulfilment of certain conditions laid down in the scheme. Child-wise data under the scheme for Mulbagal taluk was obtained from the website of the scheme and the address of each child was mapped to the corresponding GP using the triangulation approach.

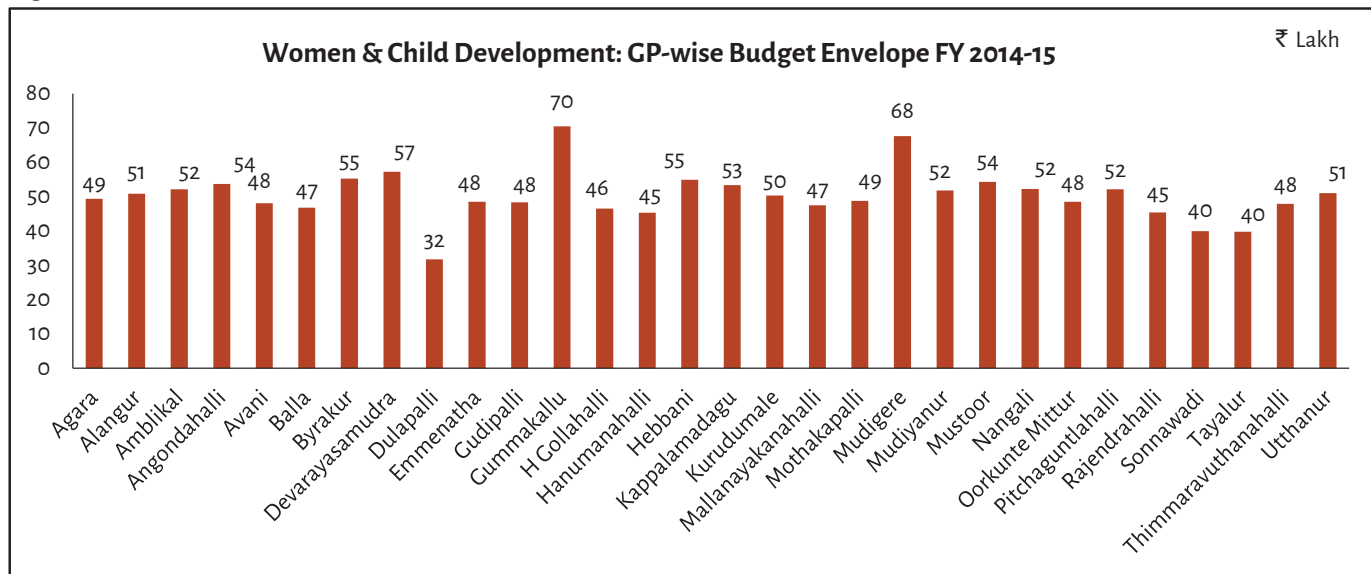
Attributions for the IGMSY scheme

The IGMSY is a CSS that provides maternity benefit to pregnant and lactating mothers of 19 years and above for the first two live births. It is a conditional cash transfer scheme, where the amount is directly transferred to beneficiaries who meet the eligibility criteria. ₹163 lakh was expended across Mulbagal taluk (including Mulbagal town). The data provided by the CDPO's office accounted for ₹148 lakh of expenditure. The remaining ₹15 lakh was attributed to each beneficiary based on the benefit received by the beneficiary as a percentage of the total benefits disbursed.

Fig 6.11 provides details of the total budget envelope of each GP for the Women & Child Development department for FY 2014-15. Appendix 1.10 provides details of the GP-wise expenditure and budget envelope for the department. Annexures 1.17 and 1.18 together provide GP-wise details of expenses across schemes.

Gummakallu and Mudigere GPs have the largest budget envelopes of ₹71 lakh and ₹68 lakh, while Dulapalli, at ₹32 lakh, has the smallest budget envelope for FY 2014-15.

Fig 6.11



Source: Department of Women & Child Development, Kolar; CDPO, Mulbagal; EO, TP Mulbagal; ZP CEO, Kolar.

Backward Classes & Minorities

While Backward Classes, Minorities and Social Welfare are separate departments at the state level, due to staff shortage in Kolar the administration of these departments is consolidated under a single administrative officer based out of Kolar. For the purpose of analysis, Backward Classes and Minorities departments have been combined. The Social Welfare department is analysed separately.

The taluk level office of the Backward Classes department at Mulbagal administers scholarship programmes to eligible students and also manages hostels for the Backward Classes across the taluk, including nine hostels in the geographic jurisdiction of the GPs. In addition, the Devaraj Urs Backward Classes Development Corporation (a parastatal of the department) implements its own schemes independently across Mulbagal. Similarly, the taluk office of the Minorities Department administers scholarship programmes for minorities and maintains minority hostels. There are no minority hostels in any GP in Mulbagal. The Karnataka Minorities Development Corporation (a parastatal of the department) administers its own schemes independently across Mulbagal.

Table 6.16 provides details of all schemes that can be directly attributed to a GP's geographical jurisdiction.

Data collection was hampered due to transfers of staff, as with other departments discussed earlier. However, both the Devaraj Urs Backward Classes Development

Corporation and the Minorities Development Corporation provided information in the template provided and therefore GP-wise actual expenditure for all schemes implemented by these two parastatals was obtained. For the remaining schemes, attributions had to be undertaken as described below:

Attributions for maintenance of Backward Classes hostels

There are 13 hostels for backward class students across Mulbagal including four in Mulbagal town itself. However, for the purpose of our analysis, we consider expenditure only at the nine hostels in the geographical jurisdictions of GPs across Mulbagal taluk. Table 6.17 provides the list of all the 13 hostels along with their total strength and number of students admitted in FY 2014-15.

As per the department's office in Mulbagal, expenditure is not maintained at the level of a hostel, even though each hostel stands apart as a cost centre with clear heads of expenditure. As hostel-wise expenditures were not available, the norms of expenditure for each hostel were obtained. The following attribution methodology was used to compute expenditure:

- The normative costs per student were extrapolated to the number of students admitted at each hostel.
- The direct expense is the expenditure incurred based on the admitted strength of students.

Table 6.16

List of Schemes	
1. Assistance to most Backward Classes and nomadic tribes 2. Food and accommodation assistance 3. Scholarships to Backward Classes students 4. Pre Matric scholarships for Backward Classes students 5. Payment of extra boarding and lodging charges 6. Maintenance of Backward Classes hostels 7. Devaraj Urs Backward Classes Development Corporation 8. Minorities Development Corporation	
No. of schemes traced to GP jurisdiction (based on data sufficiency)	8
No. of schemes for which GP-wise expenditure data is available	2
No. of schemes for which GP-wise expenditure data is not available	6
Attributions	Scholarships are traced to a location through the address of the recipient and the school of study. This is mapped to GPs through the triangulation approach. Department expenditure norms have been used for computing expenditure of hostels as hostel-wise expenditure sheets are not available.
Special considerations	Expenditure on post matric and higher education scholarships cannot be traced to a GP's jurisdiction, as students move out of villages into towns for education after completing their matriculation; hence the linkage of expenditure with a GP is lost

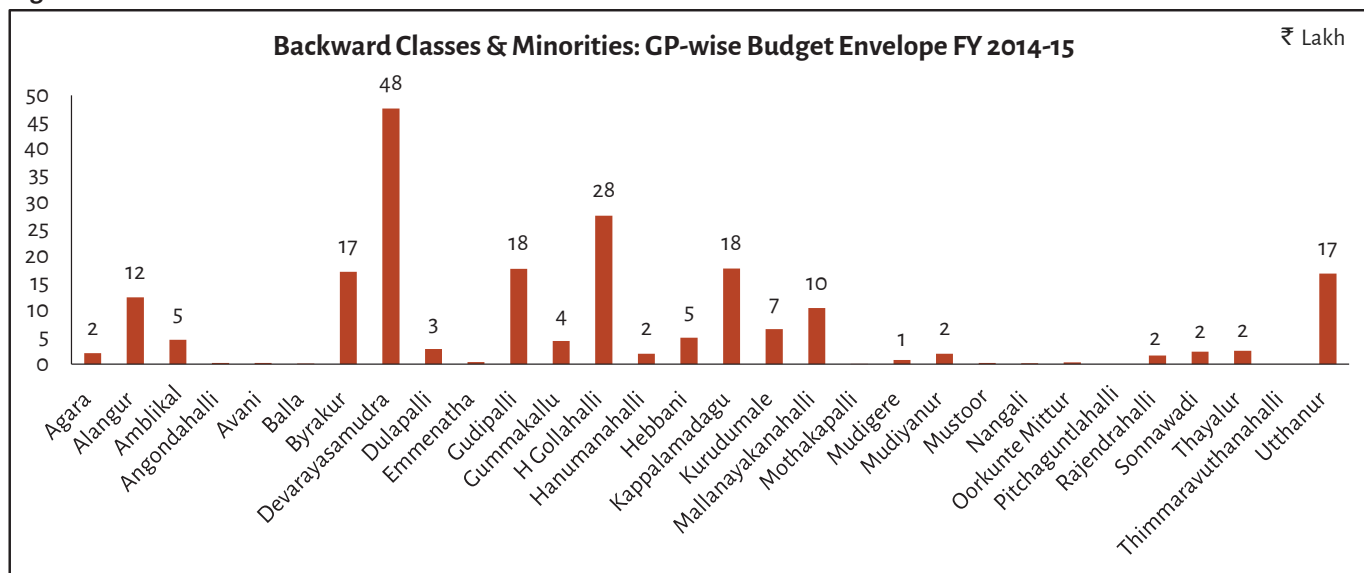
Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June-30th November, 2014.

Table 6.17

Hostel name	Type	Total Strength	Admitted
Post Matric Boys Hostel, Mulbagal Town	Boys	100	50
Post Matric Girls Hostel, Mulbagal Town	Girls	100	49
Pre Matric Boys Hostel, Mulbagal Town	Boys	70	53
Pre Matric Girls Hostel, Mulbagal Town	Girls	70	62
Pre Matric Boys Hostel, Devarayasamudra	Boys	100	100
Pre Matric Girls Hostel, Devarayasamudra	Girls	50	50
Pre Matric Boys Hostel, Utthanur	Boys	50	50
Pre Matric Boys Hostel, H Gollahalli	Boys	75	61
Pre Matric Boys Hostel, Gudipalli	Boys	50	50
Pre Matric Girls Hostel, Byrakur	Girls	50	50
Pre Matric Boys Hostel, N Vaddahalli	Boys	50	50
Pre Matric Boys Hostel, Alangur Cross	Boys	50	39
Pre Matric Boys Hostel, Mallanayakanahalli	Boys	50	35

Source: Compiled based on attributions defined by the research team of this study.

Fig 6.12



Source: Department of Backward Classes, Kolar; Department of Minorities, Kolar; Taluk Office of Backward Classes & Minorities, Mulbagal; ZP CEO, Kolar.

- The direct budget envelope is the expenditure that would have been incurred if the total number of students admitted in a hostel was the same as the capacity of the hostel.
- The location of each hostel was mapped to the corresponding GP based on the triangulation approach.

The total expenditure incurred was ₹202 lakh. The direct hostel expenses based on norms was ₹79 lakh. The remaining ₹124 lakh was attributed to each hostel by determining the ratio of direct expense at each hostel to the total direct expenses incurred (₹79 lakh). Fig 6.12 provides details of the total budget envelope of each GP for the Backward Classes and Minorities for FY 2014-15. As mentioned above, a few attributions exist in the computation of this budget envelope. Appendix 1.11 provides GP-wise expenditure and budget envelope details. Annexure 1.19 provides details of scheme-wise expenditure across GPs, while Annexure 1.20 provides the details of norms of expenditure across each of the hostels.

There are differences between the expenditure and the corresponding budget envelopes, largely due to attributions associated with the expenditures incurred

on maintaining hostels for the Backward Classes.

Devarayasamudra GP has the largest budget envelope for FY 2014-15 due to high annual maintenance in two hostels. All the GPs whose budget envelopes are in excess of ₹10 lakh are those with hostels for backward class students.

Social Welfare

The taluk office of the Social Welfare department at Mulbagal administers scholarship programmes to SC and ST students and also manages 11 SC/ST hostels across the taluk, including 9 hostels in the geographic jurisdiction of GPs. In addition, the Dr B.R. Ambedkar Development Corporation (a parastatal of the department) implements its own schemes independently across Mulbagal. Most of the corporation's schemes are targeted at individual beneficiaries. Table 6.18 provides details of all the schemes/expenses that can be directly attributed to a GP's geographical jurisdiction.

The Ambedkar Corporation provided data in its standard format, which was subsequently prepared and realigned to obtain mapping between habitations and GPs, and provide a GP-wise view of expenditure. The details of the attribution exercises undertaken are given below:

Table 6.18

List of Schemes	
1.	Social Welfare scholarships
2.	Safai Karmachari
3.	Scheduled Tribe Micro Credit
4.	Self Employment Programme
5.	Industry Services Businesses
6.	Self Employment Programme – Dairy
7.	Scheduled Tribe – Industry Services Business
8.	Scheduled Tribe – Self Employment Programme
9.	Social Welfare hostels
No. of schemes traced to GP jurisdiction (based on data sufficiency)	9
No. of schemes for which GP-wise expenditure data is available	0
No. of schemes for which GP-wise expenditure data is not available	9
Attributions	Scholarships can be traced to a physical location through the address of the student and the school of study. This is mapped to GPs using the triangulation approach
Special considerations	Department expenditure norms have been used for computing spend of Social Welfare hostels. Hostel-wise expenditure sheets are not available

Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June-30th November, 2014.

Attributions for maintenance of Social Welfare hostels

The department maintains 11 Social Welfare hostels across Mulbagal, of which nine are in the geographic jurisdiction of the GPs. Hostels with significant capacity, such as Mulbagal, had low occupation while some hostels with much lesser capacity (Thimmaravuthanahalli) were filled over capacity. Table 6.19 provides the list of all 11 hostels along with their total strength and number of students admitted in FY 2014-15.

As expenditure is not maintained at the level of a hostel, the norms of expenditure for each hostel were obtained from the Social Welfare department. The attribution methodology used for Social Welfare hostels is exactly the same as the one used for the hostels for the Backward Classes.

Table 6.19

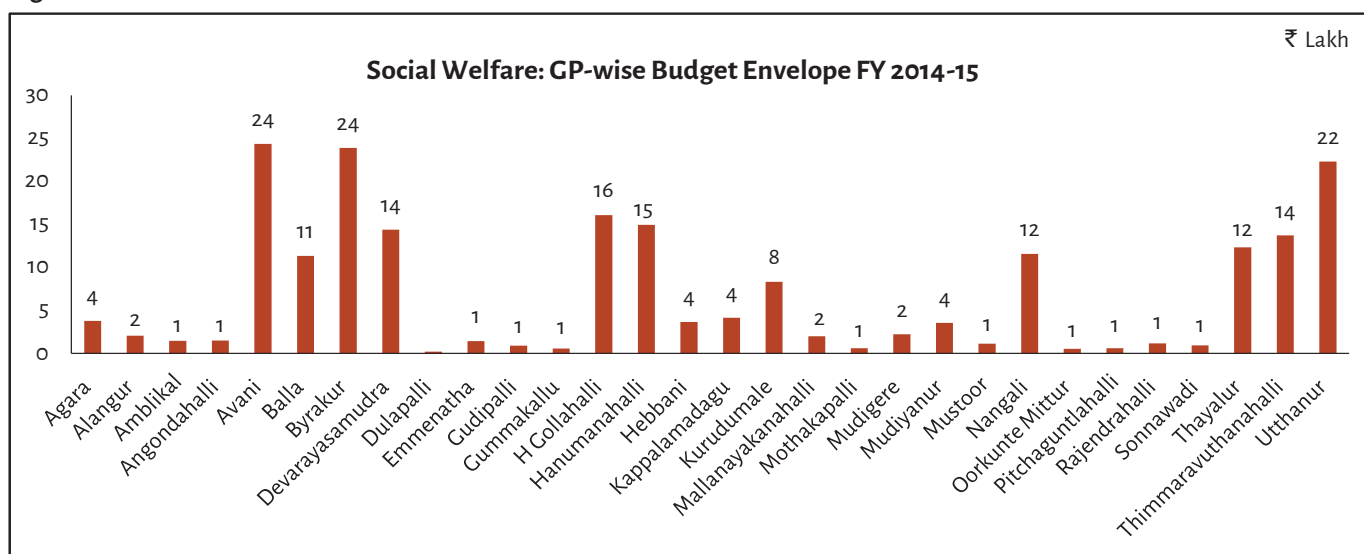
Hostel Name	Type	Total Strength	Admitted
Pre Matric Boys Hostel, Mulbagal	Boys	250	100
Pre Matric Girls Hostel, Mulbagal	Girls	60	45
Pre Matric Boys Hostel, Byrakur	Boys	100	100
Pre Matric Boys Hostel, Avani	Boys	100	100
Pre Matric Boys Hostel, Kashipura	Boys	50	50
Pre Matric Boys Hostel, Nangali	Boys	50	50
Pre Matric Boys Hostel, Thayalur	Boys	100	50
Pre Matric Boys Hostel, M Agrahara	Boys	60	60
Pre Matric Boys Hostel, Utthanur	Boys	50	50
Pre Matric Boys Hostel, H Gollahalli	Girls	70	65
Pre Matric Boys Hostel, Thimmaravuthanahalli	Boys	40	50

Source: Compiled based on attributions defined by the research team of this study.

Fig 6.13 shows details of the total budget envelope of each GP. Data Set 'Social Welfare – Master version 1.0' provides details of all information as shared by the various entities associated with the Social Welfare department. Appendix 1.12 provides GP-wise expenditure and budget envelope details. Annexure 1.21 provides details of scheme-wise expenditure across GPs, while Annexure 1.22 gives the details of norms of expenditure across each of the hostels.

Avani, Byrakur and Utthanur GPs had the largest budget envelopes. While the budget envelopes are not equal to expenditures, given that attributions exist, they still give us an idea of which habitations have a major chunk of SC and ST beneficiaries. All GPs with budget envelopes greater than ₹10 lakh are those that have Social Welfare hostels.

Fig 6.13



Source: Social Welfare Department, Mulbagal; EO,TP Mulbagal; ZP CEO, Kolar.

Public Distribution System (PDS)

A large amount of money is spent on food subsidies in Karnataka. While this is not a direct expenditure incurred at the point of expense, it is a public expenditure incurred by the government to subsidise food. A proxy to determine the magnitude of expenditure would be to establish the quantum of food items (such as rice, wheat, sugar and kerosene) delivered to various GPs through the corresponding fair price shops that operate in their respective geographic jurisdictions.

Data was made available to the research team by the Food & Civil Supplies department at Kolar as requested. The quantity of rice, wheat, sugar and kerosene distributed on a monthly basis through FY 2014-15, was obtained. Computing the total public expenditure on supply of essential commodities involves estimating both the direct subsidy on them as also indirect expenses such as transportation and storage costs. This is an interesting area of research that can be pursued further to establish the true costs incurred on distribution of essential commodities at the point of distribution to citizens. For the purpose of our calculations, only subsidy expenditures were taken into account.

Karnataka provides rice and wheat at ₹1 per kg under the Anna Bhagya scheme. Table 6.20 provides details of sale price and direct subsidy on various commodities as provided by the Food & Civil Supplies department. Typically, rice is procured at the national level by the Food

Corporation of India, a GoI corporation, and then issued at a Central Issue Price to the state. The difference between this price and the price at the point of sale comprises the subsidy. In Karnataka's case, the state procures rice as per the rates fixed by the union government for which it gets paid by the latter. The state subsidy applies over and above this price, in order to bridge the gap between the actual price and the sale price to the beneficiaries.

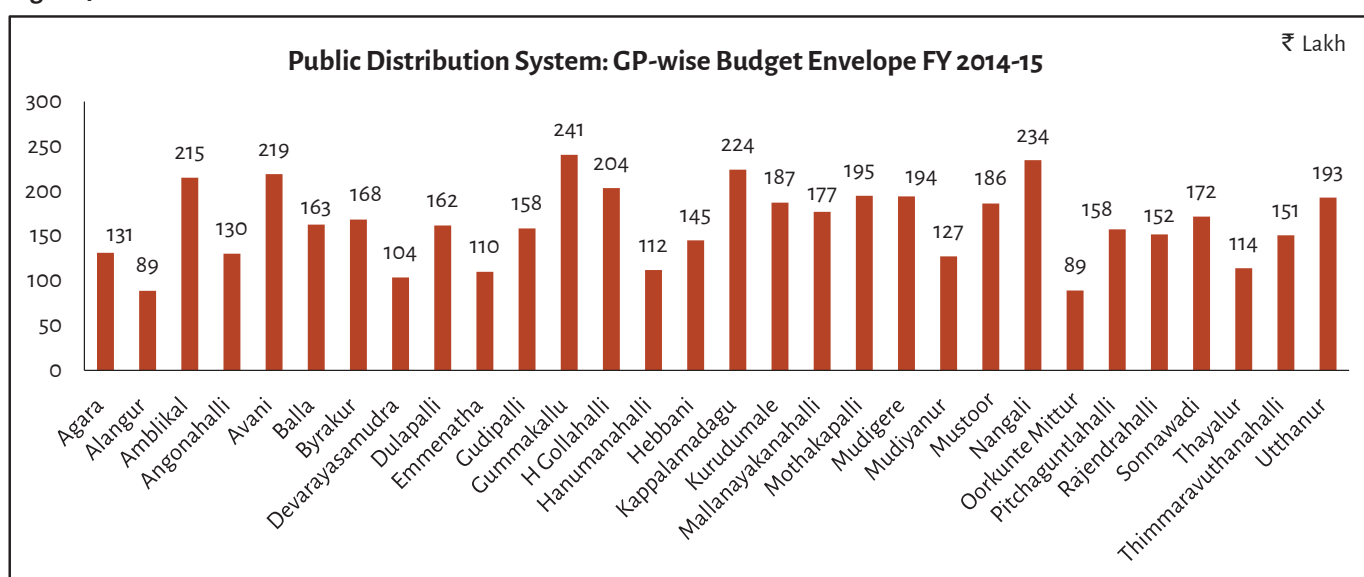
Table 6.20

Commodity	Subsidy Per Kg	Ration Shop Price
Common Rice	26.67	1
Wheat	20.96	1
Sugar	12.50	13.50
Kerosene	12.91	17.00

The subsidy amounts for the respective commodities are multiplied by the quantity of each commodity distributed in each GP to arrive at these details. PDS subsidies comprise a significant expenditure incurred by the government in the jurisdiction of each GP.

Fig 6.14 provides expenditure on subsidies incurred on PDS in the 30 GPs during FY 2014-15. Annexure 1.23 provides details of GP-wise expenditure for all commodities. Six GPs have an attributed budget envelope of over ₹200 lakh based on the quantum of PDS commodities distributed to beneficiaries in their geographic jurisdiction.

Fig 6.14



Source: Department of Food & Civil Supplies, Kolar; ZP CEO, Kolar.

Roads & Bridges

As per the data received from the Karnataka Public Works department, expenditure was incurred for maintenance of rural roads in the jurisdiction of five GPs under the Pradhan Mantri Gram Sadak Yojana during FY 2014-15. Fig 6.15 provides details of GP-wise expenditure incurred on road maintenance in the year. No money was released to Kolar as a part of the Chief Minister's Gram Sadak Yojana (CMGSY). While the expenditure amounts are small, rural roads certainly need more maintenance and upgrades. The allocations and spend for this purpose need to be much higher and in alignment with citizens' needs as expressed and conveyed in gram sabhas at each of the GPs.

Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA)

MGNREGA is one of the most important schemes implemented at the GP level. Expenditures on labour and material are incurred to complete works and generate employment. During FY 2014-15, Karnataka did not receive funds as budgeted, with fund allocations being significantly cut. This might have seriously impacted the guarantees of assured labour provision and timely payment enshrined in the Act, even though that aspect of implementation is not the subject of this study. We consider the expenditure that was incurred as the budget envelope for FY 2014-15. This includes pending

disbursements as well. Fig 6.16 provides details of GP-wise expenditure as attributed to MGNREGA. Annexure 1.24 provides details of expenditure.

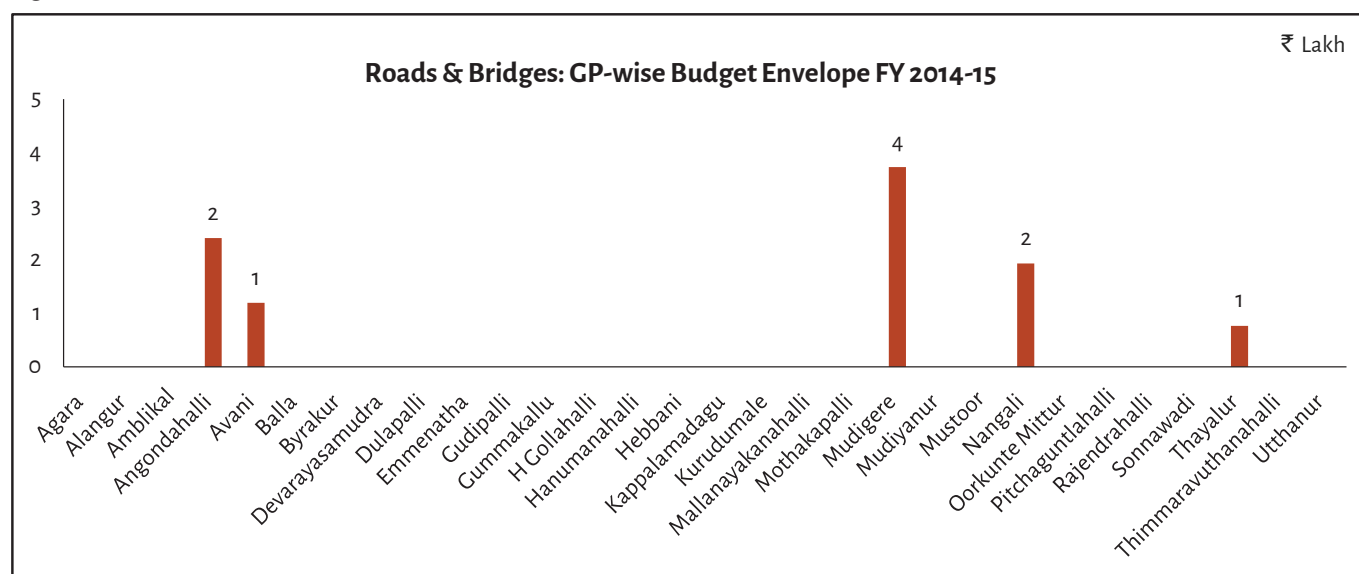
Utthanur, Balla and Alangur GPs incurred significant MGNREGA expenditure whereas Gudipalli had none. Mudigere GP too had a small expenditure worth ₹4 lakh in FY 2014-15. It would be interesting to determine the quantum of difference that MGNREGA allocations and expenditure would make to the overall budget envelope of a GP.

Swachh Bharat Abhiyan (SBA)

Data on expenditure under the SBA was obtained from each GP through close liaison with the PDOs. An interesting insight is that 19 per cent of the total funds received by all GPs was unutilised in FY 2014-15. Some of the PDOs even reported the previous year's unspent amounts. Fig 6.17 provides details of expenditure by each GP. Annexure 1.25 provides details of expenditure and unutilised funds.

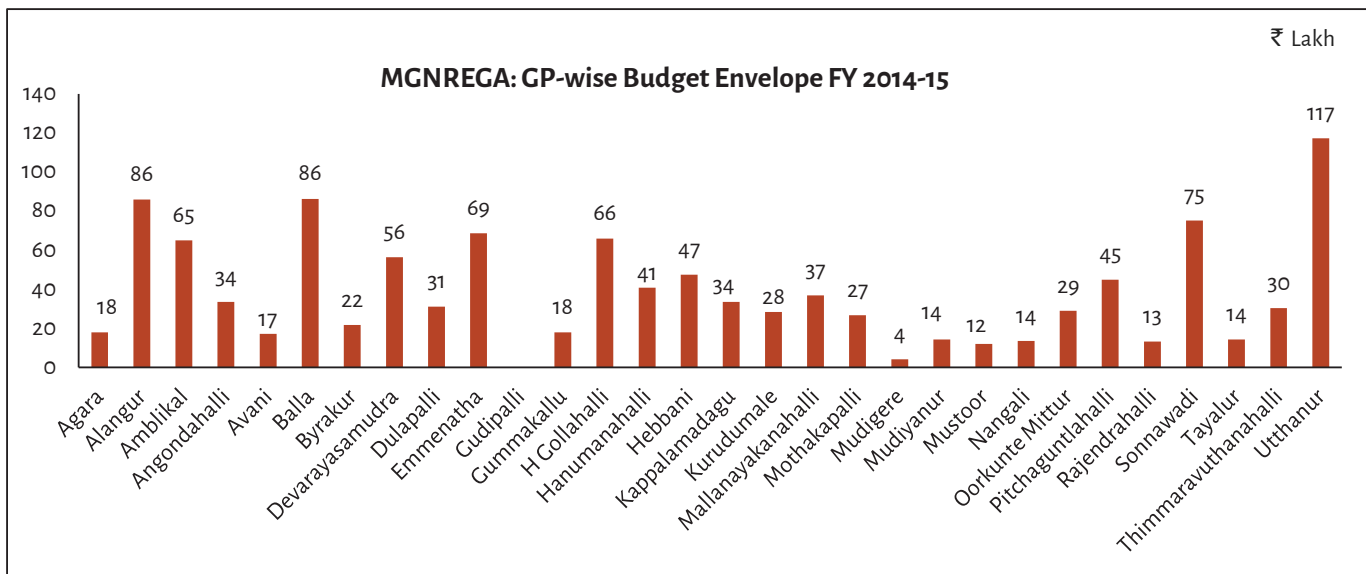
Byrakur, Mothakapalli and Pitchaguntlahalli had the maximum expenditure and thus the largest of the budget envelopes, while Avani, Kurudumale and Thayalur had no expenditure.

Fig 6.15



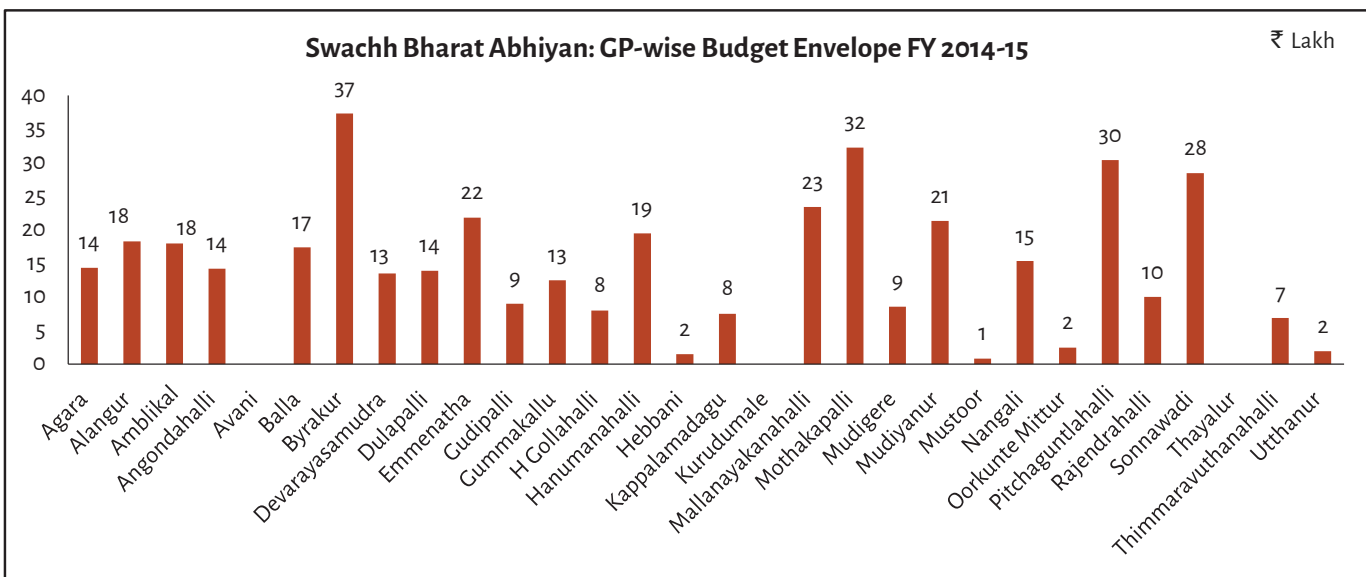
Source: Project Engineer, Project Division, Karnataka Rural Road Development Agency, Kolar; ZP CEO, Kolar

Fig 6.16



Source: Available at www.nrega.nic.in

Fig 6.17



Source: Data collected directly from each of the 30 GPs across Mulbagal & directly attested by the respective PDOs

Local Area Development (LAD) Funds

The research team obtained data for LAD funds from the Member of Parliament, Member of Legislative Assembly and Member of Legislative Council (MPLAD, MLALAD and MLCLAD) for Mulbagal taluk for FY 2014-15 from the office of the Deputy Commissioner, Kolar. ₹55 lakh from the MLCLAD and ₹53 lakh from the MLALAD funds were spent across Mulbagal taluk. Excluding the expenditure incurred in Mulbagal town, a total of ₹103 lakh was spent across the 30 GPs. Three interesting features emerged:

- No MPLAD funds were expended in Mulbagal taluk.
- While there was a pattern of spend for MLALAD funds, the MLCLAD fund was expended in a highly skewed manner. Mallanayakanahalli GP alone accounted for ₹49 lakh of the ₹55 lakh spent from the MLCLAD funds.
- Expenses were largely incurred on roads and construction.

Fig 6.18 provides details of GP-wise expenditure of LAD funds and therefore the budget envelope for FY 2014-15. Annexure 1.26 provides details of expenditure associated with the LAD funds across Mulbagal taluk in FY 2014-15.

Finance Commission Grants

For FY 2014-15, grants from the 13th FC were disbursed to all GPs. These untied grants are transferred by the RDPR department to the bank account of each GP (which maintains a separate account for these funds). The research team obtained data on FC Grants released to GPs from the Panchatantra system of the RDPR department. This was cross-checked with the data directly obtained from PDOs of the 30 GPs.

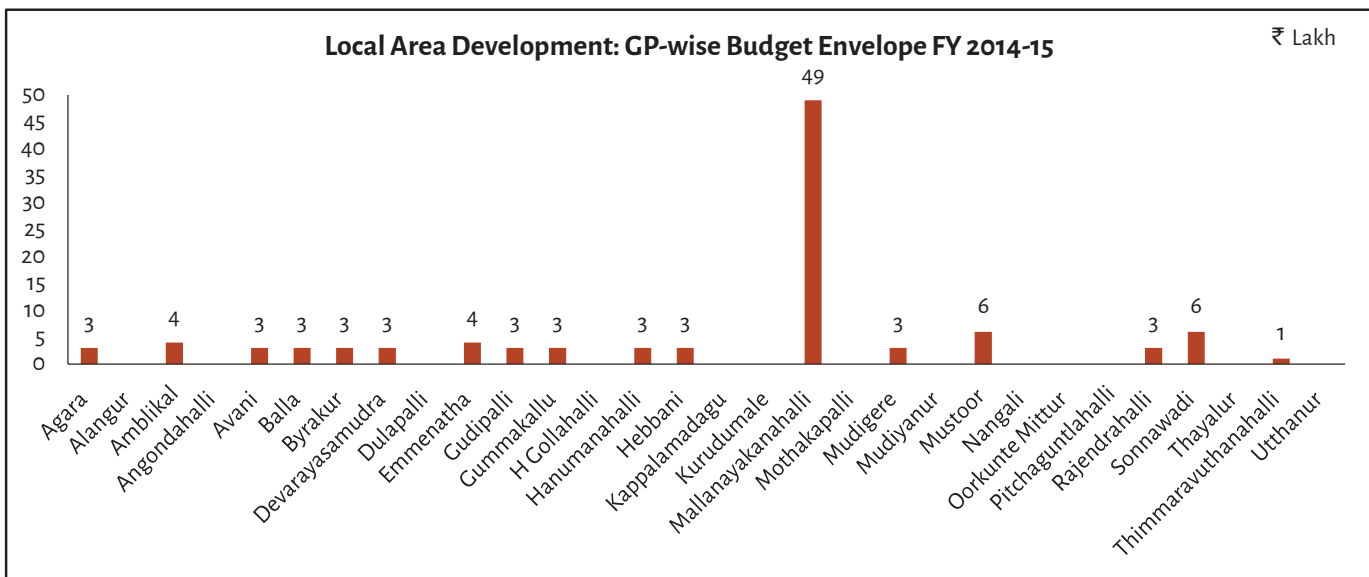
Fig 6.19 provides details of expenditure and the corresponding budget envelope for each of the GPs. Appendix 1.13 provides details of amounts received, expended and unspent by each of the GPs, while Annexure 1.27 gives details of funds released by the RDPR department.

Interestingly, the funds released by the RDPR department are not the same as the funds received by each GP. It appears that funds that ought to have been released in a given financial year are released in the next financial year. This is evident from the fact that the first release of FY 2014-15 that occurred on 3 April 2014 as per GO RDP 121 GPS 2013 should have ideally happened in FY 2013-14, based on the date of the GO. This leads us to some basic questions:

- Do GPs receive all the money released to them?
- When are releases supposed to occur and when do they actually take place? Is there compliance with the strict time limits stipulated by the GoI for the transfer of CFC grants to each GP without delay or diversion?
- How are releases made and who is accountable?
- Are the release of money to GPs and receipt by them synchronised?
- How accurate is the information provided by Panchatantra, the RDPR's online system, vis-à-vis the information maintained and reported by GPs?

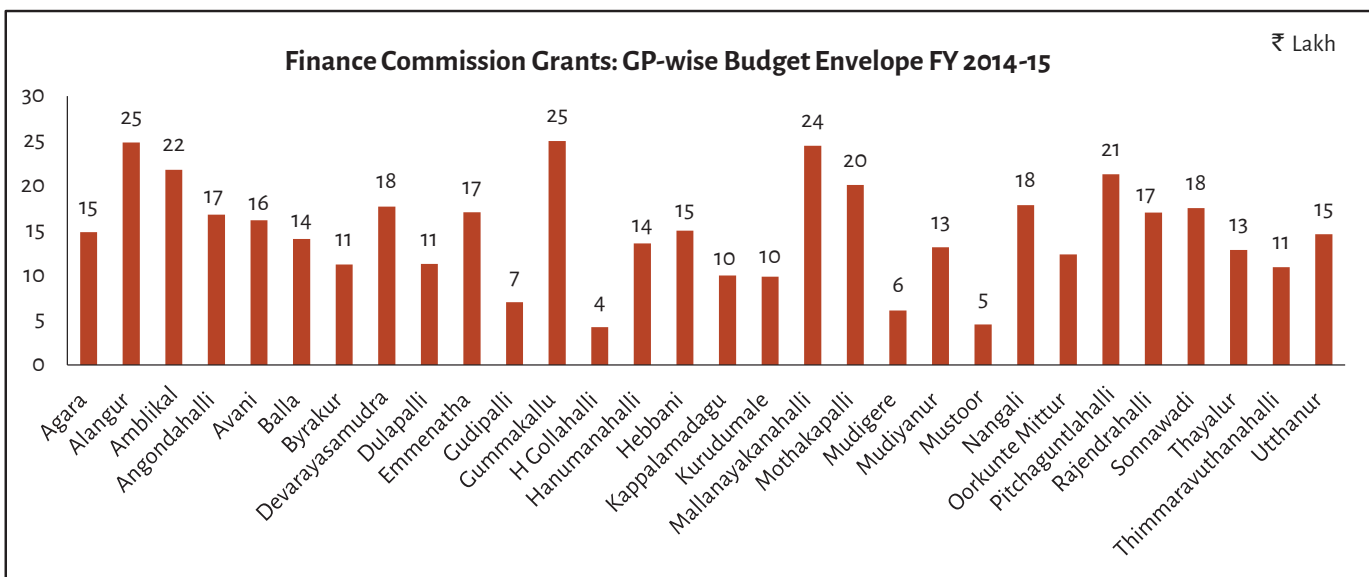
This is an area of interest that warrants more detailed research, given that untied grants form the largest portion of finances available for expenditure by the GPs.

Fig 6.18



Source: Public Information Officer, Deputy Commissioner's Office, Kolar

Fig 6.19



Source: Data collected directly from each of the 30 GPs across Mulbagal & directly attested by the respective PDOs

RDPR Statutory Grants

Every year, the RDPR department allocates funds to be released to all GPs as statutory untied grants, to take care of small-sized general and administrative expenses. Very little is known about the timing of release, quantum of release and the basis on which the amounts are computed. Panchatantra too does not provide details of this.

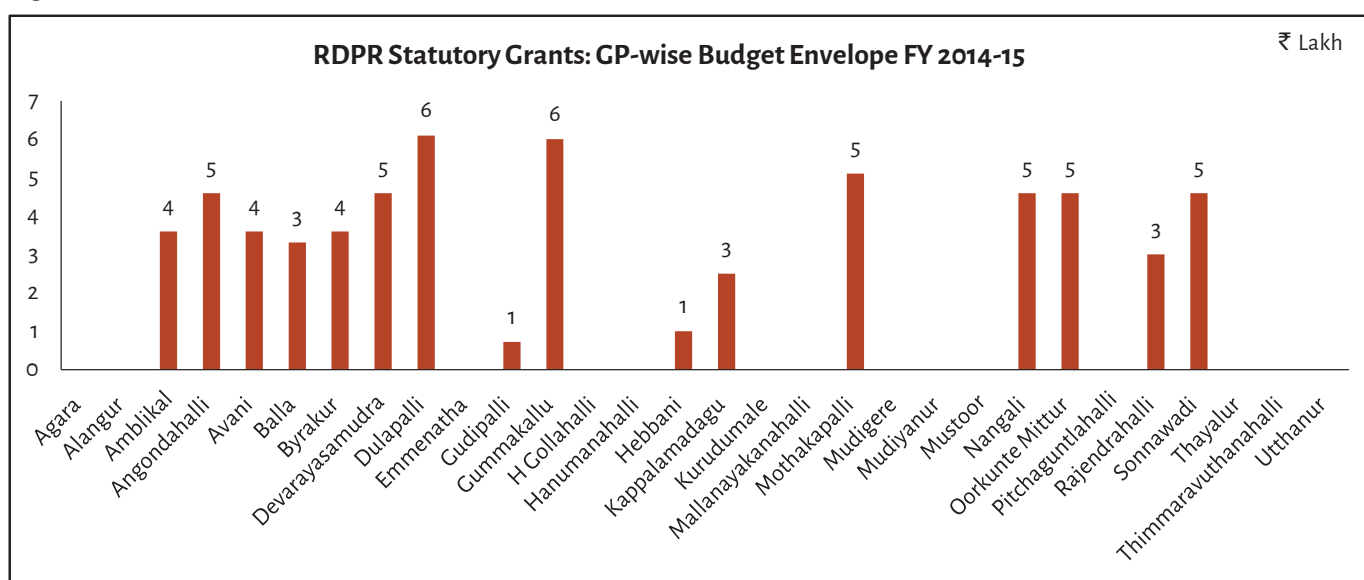
Accordingly, our field team visited all 30 GPs and procured information from the PDOs. 14 GPs were not able to provide data pertaining to these grants due to the following reasons:

- PDOs were new and could not find information documented in notebooks (as was done in other GPs).
- Newly elected representatives who had taken office in the GPs had poor knowledge of funds received prior to their joining.

For those GPs where information was provided, the budget envelope is considered to be the same as the funds received by each GP. Appendix 1.14 provides details of RDPR Statutory Grants, including expenditure and unspent fund particulars for all GPs for FY 2014-15. Fig 6.20 provides the budget envelope for all GPs for RDPR Grants. The GPs that do not have a 'budget envelope' value in Fig 6.20 are those where information was not available.

As with the CFC Grants, these grants also pass through the bank accounts of the GP. There is limited to no visibility of transactions that take place with respect to the expenditure of these funds. This is proved by the fact that 14 GPs were not able to retrieve information on fund receipts and expenditure for RDPR Statutory Grants. This reflects poorly on the capabilities of GPs to maintain accounts of expenditures incurred directly on programmes and finances devolved to them.

Fig 6.20



Source: Data collected directly from each of the 30 GPs across Mulbagal & directly attested by the respective PDOs

Own Sources of Revenue (OSR)

The last set of funds that were analysed are the own revenues of GPs, comprising property taxes, service charges, licence fees, user charges and other dues collected, by virtue of the powers devolved under the KPR Act. As per the Panchatantra system, Mulbagal's GPs were poor at raising their own revenues. Of the total own revenue demand of ₹363 lakh, all 30 GPs put together had collected only ₹25 lakh. It was found that taxes were often fixed arbitrarily, without taking into account the guidelines issued by the government.

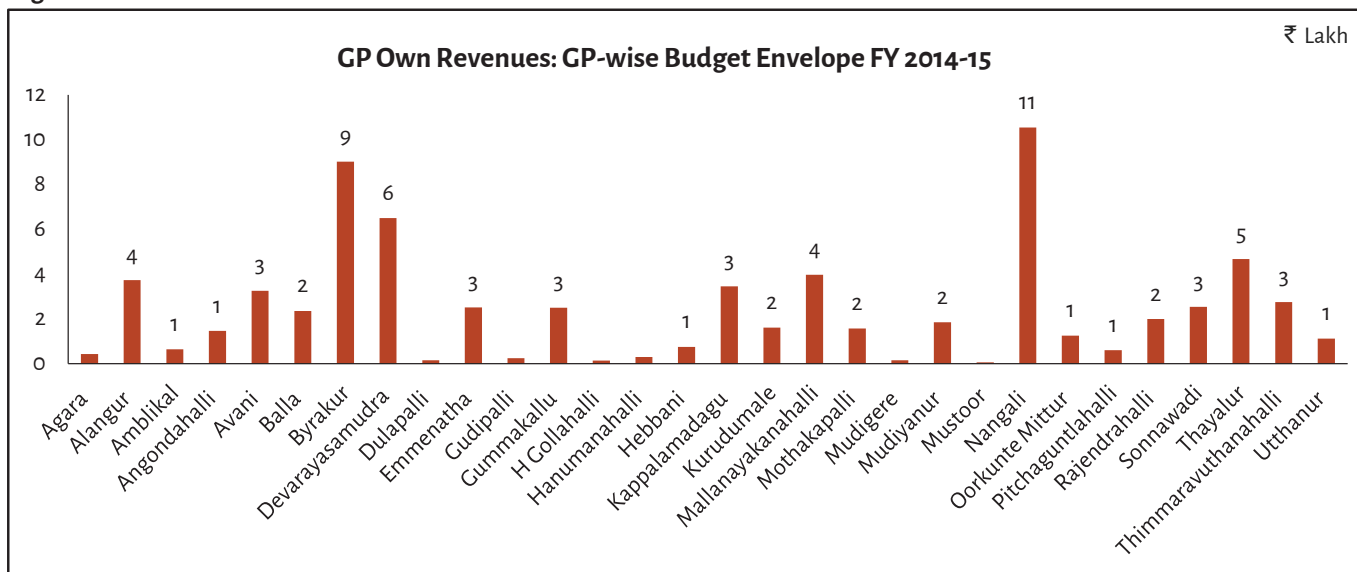
It was not possible to validate the data entered in the Panchatantra system through ground level verification. Many GPs had not updated the Panchatantra system, especially on the taxes front. These shortcomings are revealed through the glaring inconsistencies between the data provided by the GP and that entered in Panchatantra. This area too presents interesting opportunities for further research.

Given that it is currently not possible to validate true demand and also as state government directives were not applied to establish demand, the research team had no option but to adopt the collected taxes as the budget envelope. Fig 6.21 provides details of the budget envelope associated with own revenues across each of the 30 GPs in Mulbagal. Appendix 1.15 provides details of own revenues including collections, expenditure and unspent funds.

Consolidated budget envelope

The consolidated GP-wise budget envelope was compiled by putting together the various department-wise, GP-wise budget envelope computations. On an average basis, the total amount spent by all departments investigated, as also the unspent allocations, reached a level of nearly ₹600 lakh (6 crore) per GP in Mulbagal taluk, during FY 2014-15. However, this estimate is conservative and could be much higher because:

Fig 6.21



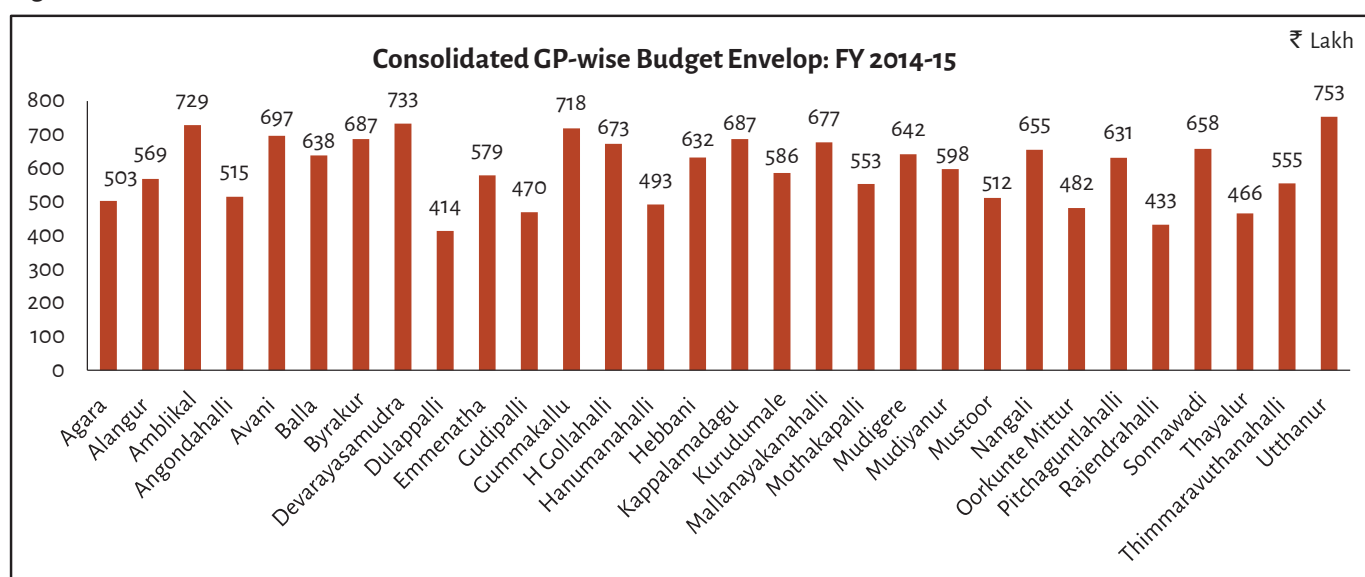
Source: Data collected directly from each of the 30 GPs across Mulbagal & directly attested by the respective PDOs

- The budget envelope was established only for those expenses where the research team was able to establish traceability of expenses to GPs.
- Not all departments provided all the data requested. It was not possible to trace many ZP, TP and line department schemes that might incur expenditure in the jurisdiction of GPs. In addition, unspent amounts of some schemes at the district level could not be attributed to the GPs.
- A few other departments and their parastatals not covered in the study might be incurring expenditure in the jurisdiction of GPs.
- Capital expenditures incurred on construction and other activities have not been traced.
- MGNREGA spend was subdued in FY 2014-15 due to cuts in allocation.
- 14th FC Grants might increase the allocations per GP.
- Poor own revenues – both demand and collections – meant poor realisation of the GPs' own tax and non-tax revenue raising potential.
- 15 per cent of ZP funds was not utilised in FY 2014-15. This amount could not be attributed as potential spend for GPs, since there is no understanding of how such funds were distributed.

Based on these conditions, we estimate that the average expenditure in the geographic jurisdiction of a GP in Mulbagal taluk would be in excess of ₹800 lakh (8 crore) per annum. This is certainly an area that merits more research.

Fig 6.22 provides the consolidated budget envelope of all GPs across Mulbagal taluk.

Fig 6.22



Source: Compiled based on primary data collected in Kolar district and Mulbagal taluk by AI from 15th June- 30th November, 2014.

Conclusions

- GPs are primarily aware of own revenues, FC Grants, and RDPR Statutory Grants. They might also be aware of the expenditures under the MGNREGA programme. However, GPs are unaware of the allocations, releases and expenditure under ZP and TP schemes, within their geographic jurisdiction. This finding is reinforced by observations from Avantika Foundation's fieldwork across the 30 GPs in Mulbagal taluk.
- Within the PRI system, there is poor coordination between the ZP and the TP on the one hand and the GPs on the other. At best, the higher level PRIs function as points of hierarchical control over the GP, due to the administrative command structure operating between the CEO, the EO and the PDOs, as would be the case in any other conventional department. With such an administrative culture, it is no wonder that the ZP and TP do not maintain traceability of allocations, release and expenditure for their schemes for each GP. District sector budgets are not regarded as a total budget envelope for the LGs, but are handed over to line departments for implementation. The ZP and TP do not realise that as all expenditure is incurred at the GP levels, the latter have a strong need to be aware of these schemes and their implementation details. This could be the case with all ZPs and TPs across the state.
- Not all departments maintain details of GP-wise expenditure. Many departments maintain and align their accounting and monitoring systems along department defined lines, in the form of clusters, circles or hoblis.
- Data integrity and data inconsistency are big issues: funds that are deployed at a GP and expenses recorded in online systems are not the same, as seen in the case of FC Grants, OSR, etc. Data entered by the GP in the Panchatantra system does not seem to have any validation and accountability mechanism, which leads to doubts about data accuracy. Multiple agencies spend large amounts of funds and record them in various systems ranging from online systems to standalone desktop computers to old style notebooks. Sometimes, these systems run side by side, leading to inefficiency, confusion, unreliability and lack of accuracy and transparency.
- The first mile expenditure at the level of the grassroots level service delivery does not come under the Treasury umbrella, thus denying the GPs and other departmental service delivery entities access to the latter's robust accounting system.
- There is no standardisation of expenditure capture, information reporting and technology; each department, and sometimes each scheme within a department, exists as an isolated technology/information island.
- Currently there is no system of holding any of the spending agencies accountable (for their expenditure at the level of a GP) to the people, through gram sabhas and ward sabhas, owing to a lack of information and monitoring.
- There is a silver lining: the state government's Khajane system exists all the way up to the taluk Sub-Treasury at Mulbagal and presents a significant opportunity for reform.

Recommendations

- All public expenditure in a district must mandatorily occur through the Treasury. The Treasury system should ensure that ZPs, TPs, GPs, departments, parastatals, GPs and all other government entities use funds accounted for and expended through the Treasury, regardless of whether they are allocated under the district sector or the state sector. If officers such as the ZP CEO are to function as both secretary to the ZP and the head of all departments in the district, they must be held accountable for all transactions in their dual capacity.
- As all expenditure happens at the first mile in either a GP or a municipality's jurisdiction, each GP and municipality must be accorded a place of pride in the accounting system of the Treasury, so that data regarding all allocation, expenditure and release by all entities operating in their area is immediately available to each GP or municipality. This can be achieved by mandating a set of fields for every expense incurred that the implementing entity must record in Khajane, the Treasury software. This should include a unique code for the village and habitation where the expense had been incurred. The code should be drawn from a standardised and

authenticated official list, which maps all habitations to GPs and municipalities. The locational field of the municipality or the GP will get automatically populated once the habitation is selected, by virtue of preexisting mapping between habitation and GP/ municipality. For example, if expenditure happens in Kempapura village of Avani GP, the entry of the unique code for Kempapura will be mandatory to ensure payment. This will automatically update the expenditure details of all expenditure that occurs in Avani GP.

- Flexible and customisable reporting features must be enabled in the Khajane system to enable the extraction of GP-wise expenditure information for all schemes and accounting heads that are implemented in the geographical jurisdiction of GPs.

- CFC Grants and RDPR Statutory Grants must also be transacted through the taluk Sub-Treasury. The GP must retain its bank accounts only for its own revenues.
- Own revenues need to be carefully looked at and mechanisms built in order to enlarge the tax demand and maximise collections.
- To kick-start a system where the ZPs and TPs see themselves as information providers for GPs, a centralised monitoring unit, preferably the DAC at the RDPR department, should be tasked with obtaining monthly reports of GP-wise expenditure from the Treasury and publishing it to CEOs of all districts. They in turn would be mandated to circulate the reports to all GPs in their jurisdiction.



NOTES

1. Statement of Objects and Reasons of the 73rd Constitutional Amendment Act.
2. 3,300 Mandal Panchayats were constituted by reconfiguring the previously existing 22,000 GPs.
3. Prior to FY 2013-14, there was a big difference between the total plan outlay and the state plan outlay, as the former included large volumes of CSS transfers that were carried outside the state budget through banking channels. In FY 2014-15, the GoI brought about a major policy change under which the bulk of central assistance to CSS/sCPSs was moved to the state plan. However, it may be noted that for the FY 2014-15 budget, the GoI still kept ₹1,476 cr outside the state plan.
4. At the commencement of the first year of a Five Year Plan period, the committed expenditure of the plan schemes of the last year of the previous plan period is transferred into the non-plan section. Outlays for salaries, subsidies, interest payments and other similar expenses also come under the non-plan categorisation. The Budget Manual of Karnataka states that the provision for continuing schemes and all fresh development schemes should be shown in the plan.
5. The sharp increase in FY 2008-09 is due to non-plan funds released for flood relief works in north Karnataka districts during the year.
6. The expenditure for salaries as reported in the state's budget documents differs from the actual salaries as detailed in Chapter 4. This is largely because some salary allocations do not get categorised as such in the system that generates the documents. An item-wise analysis of the budget documents identifies these differences.
7. Even though there has been a declining trend due to payment for capital expenditure over the years.
8. An important consideration has been the accounting practice of regarding all grant transfers to LGs as revenue transfers. This means that the more transfers there are to LGs, the more this contributes to the fiscal deficit. Therefore there is a strong incentive to reduce fiscal transfers to LGs, to make up the numbers in reducing the fiscal deficit. This practice is also wrong because LGs build and manage a large part of the dispersed capital assets of the government, particularly those relevant for the delivery of local services, such as schools and hospitals.
9. MTFP for FY 2015-16 states: 'Rising commitments on the Revenue expenditure front: One of the largest outgoes of revenue expenditure is on account of subsidies. In FY14-15, the expenditure only on account of subsidies is Rs.15482crore (RE14-15) which is almost 14 per cent of Revenue Expenditure. Energy subsidy, Food subsidy, Cooperative subsidy and Transport subsidy alone contribute for 61 per cent of total subsidy. The narrowing down of the revenue surplus gap is a clear indicator of the strain on the revenue budget. Hence expenditure on subsidies needs to be moderated in the medium to long term to make them fiscally sustainable.' In another para of MTFP: 'State implements multitude of beneficiary oriented schemes whose allocations have steadily increased over the years. These schemes being largely financial support based or subsidy based schemes are revenue in nature. Any large allocations here impact the revenue balance of the State. With the scope and ambit of these schemes increasing to cover more and more beneficiaries, there are demands for allocations beyond what is provided for in the budget, most of which have to be accommodated regularly in Supplementary Estimates during the course of the year, affecting the overall revenue and fiscal balance of the State. The challenge lies in ensuring that these subsidies to the tune of over Rs.15842 crore do not become a permanent source of additional support and thereby deter these sectors from undertaking reforms.'
10. For this purpose, we have built upon the foundation of a previous study undertaken by the Planning Department, in which they analysed the extent of devolution of funds in respect of 20 departments.
11. Budget heads that do not have fund allocations in the budget documents have not been included while computing the value of 'plan' for Kolar, since the analysis is based on the data provided in the budget documents of the state.

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APPENDIX

DATA SETS

Financial Data Sets

Data Set	Chapter of Reference
Agriculture – Master version 1.0	Chapter 5 & Chapter 6
Animal Husbandry – Master version 1.0	Chapter 6
Backward Classes & Minorities – Master version 1.0	Chapter 6
BESCOM – Master version 1.0	Chapter 6
Education – Master version 1.0	Chapter 6
Finance Commission Grants – Master version 1.0	Chapter 6
Food & Civil Supplies – Master version 1.0	Chapter 6
Horticulture – Master version 1.0	Chapter 5 & Chapter 6
Housing – Master version 1.0	Chapter 6
Local Area Development Funds – Master version 1.0	Chapter 6
Medical & Public Health – Master version 1.0	Chapter 6
MGNREGA – Master version 1.0	Chapter 6
Minor Irrigation – Master version 1.0	Chapter 5 & Chapter 6
Own Revenues – Master version 1.0	Chapter 6
RDPR Statutory Grants – Master version 1.0	Chapter 6
Roads & Bridges – Master version 1.0	Chapter 6
Rural Water Supply – Master version 1.0	Chapter 5 & Chapter 6
Social Welfare – Master version 1.0	Chapter 6
Swachh Bharat Abhiyan – Master version 1.0	Chapter 6
Watershed – Master version 1.0	Chapter 6
Women & Child Welfare – Master version 1.0	Chapter 5 & Chapter 6
TP Mulbagal – Master version 1.0	Chapter 4, Chapter 5 & Chapter 6
ZP Kolar – Master version 1.0	Chapter 4, Chapter 5 & Chapter 6

Miscellaneous Data Set

Data Set	Chapter of Reference
Devolution by Department (Head of Account) – Master version 1.0	Chapter 4
Devolved Finances – Master version 1.0	Chapter 4
Eligible for Devolution – Master version 1.0	Chapter 4
GP Budget Envelope – Master version 1.0	Chapter 6
Karnataka: Devolution of Functions and Funds – Master version 1.0	Chapter 2
State Finances & Devolution – Master version 1.0	Chapter 2
Templates Master Version 1.0.zip	Chapter 3
Village GP Map	Chapter 6

Appendix 1.1: GP-wise Agriculture Department Expenditure (₹ Lakh)

Gram Panchayat	Expenditure	Unspent Amount*	Budget Envelope*
Agara	5	22	28
Alangur	5	18	22
Amblikal	4	15	19
Angondahalli	4	15	19
Avani	6	22	27
Balla	4	15	19
Byrakur	4	17	22
Devarayasamudra	5	19	24
Dulapalli	3	13	17
Emmenatha	6	24	30
Gudipalli	5	19	24
Gummakallu	4	16	21
H Gollahalli	5	19	23
Hanumanahalli	5	19	24
Hebbani	4	17	21
Kappalamadagu	4	15	19
Kurudumale	4	15	18
Mallanayakanahalli	4	14	18
Mothakapalli	4	17	21
Mudigere	5	20	26
Mudiyapur	4	17	22
Mustoor	4	17	21
Nangali	4	16	20
Oorkunte Mittur	4	17	21
Pitchaguntlahalli	5	18	23
Rajendrahalli	5	20	25
Sonnawadi	4	16	20
Thayalur	4	17	22
Thimmaravuthanahalli	4	17	22
Utthanur	3	13	17

*Estimated based on attributions.

Source: Agriculture Department, ZP CEO, Kolar.

Appendix 1.2: GP-wise Horticulture Department Expenditure (₹ Lakh)

Gram Panchayat	Expenditure	Budget Envelope
Agara	29	29
Alangur	9	9
Amblikal	44	44
Angondahalli	23	23
Avani	7	7
Balla	41	41
Byrakur	27	27
Devarayasamudra	14	14
Dulapalli	14	14
Emmenatha	31	31
Gudipalli	20	20
Gummakallu	22	22
H Gollahalli	23	23
Hanumanahalli	9	9
Hebbani	42	42
Kappalamadagu	20	20
Kurudumale	20	20
Mallanayakanahalli	20	20
Mothakapalli	27	27
Mudigere	25	25
Mudiyanur	16	16
Mustoor	12	12
Nangali	13	13
Oorkunte Mittur	13	13
Pitchaguntlahalli	56	56
Rajendrahalli	10	10
Sonnawadi	62	62
Thayalur	14	14
Thimmaravuthanahalli	34	34
Utthanur	36	36

Source: Horticulture Department, ZP CEO, Kolar

Appendix 1.3: GP-wise Minor Irrigation Department Expenditure (₹ Lakh)

Gram Panchayat	Expenditure	Budget Envelope
Agara	-	-
Alangur	5	5
Amblikal	30	30
Angondahalli	-	-
Avani	20	20
Balla	-	-
Byrakur	15	15
Devarayasamudra	10	10
Dulapalli	-	-
Emmenatha	10	10
Gudipalli	33	33
Gummakallu	-	-
H Gollahalli	-	-
Hanumanahalli	-	-
Hebbani	-	-
Kappalamadagu	-	-
Kurudumale	11	11
Mallanayakanahalli	18	18
Mothakapalli	12	12
Mudigere	18	18
Mudiyanur	62	62
Mustoor	-	-
Nangali	5	5
Oorkunte Mittur	10	10
Pitchaguntlahalli	5	5
Rajendrahalli	5	5
Sonnawadi	18	18
Thayalur	-	-
Thimmaravuthanahalli	-	-
Utthanur	42	42

Source: Minor Irrigation Department, ZP CEO, Kolar.

Appendix 1.4: GP-wise Housing Department Expenditure (₹ Lakh)

Gram Panchayat	Expenditure	Budget Envelope
Agara	50	50
Alangur	52	52
Amblikal	62	62
Angondahalli	47	47
Avani	51	51
Balla	54	54
Byrakur	55	55
Devarayasamudra	52	52
Dulapalli	16	16
Emmenatha	69	69
Gudipalli	16	16
Gummakallu	41	41
H Gollahalli	29	29
Hanumanahalli	28	28
Hebbani	46	46
Kappalamadagu	42	42
Kurudumale	48	48
Mallanayakanahalli	41	41
Mothakapalli	28	28
Mudigere	52	52
Mudiyanur	33	33
Mustoor	36	36
Nangali	40	40
Oorkunte Mittur	18	18
Pitchaguntlahalli	34	34
Rajendrahalli	34	34
Sonnawadi	38	38
Thayalur	18	18
Thimmaravuthanahalli	38	38
Utthanur	34	34

Source: Watershed Department, ZP CEO, Kolar.

Appendix 1.5: GP-wise Rural Water Supply Expenditure (₹ Lakh)

Gram Panchayat	Expenditure	Budget Envelope
Agara	31	31
Alangur	12	12
Amblikal	32	32
Angondahalli	25	25
Avani	25	25
Balla	22	22
Byrakur	21	21
Devarayasamudra	33	33
Dulapalli	11	11
Emmenatha	15	15
Gudipalli	6	6
Gummakallu	40	40
H Gollahalli	12	12
Hanumanahalli	15	15
Hebbani	53	53
Kappalamadagu	25	25
Kurudumale	22	22
Mallanayakanahalli	41	41
Mothakapalli	19	19
Mudigere	28	28
Mudiyannur	37	37
Mustoor	42	42
Nangali	15	15
Oorkunte Mittur	44	44
Pitchaguntlahalli	54	54
Rajendrahalli	25	25
Sonnawadi	12	12
Thayalur	11	11
Thimmaravuthanahalli	23	23
Utthanur	50	50

Source: DHO, Kolar; ZP CEO, Kolar.

Appendix 1.6: GP-wise Watershed Expenditure (₹ Lakh)

Gram Panchayat	Expenditure	Budget Envelope
Agara	-	-
Alangur	5	5
Amblikal	-	-
Angondahalli	13	13
Avani	15	15
Balla	-	-
Byrakur	-	-
Devarayasamudra	5	5
Dulapalli	-	-
Emmenatha	-	-
Gudipalli	-	-
Gummakallu	26	26
H Gollahalli	-	-
Hanumanahalli	12	12
Hebbani	-	-
Kappalamadagu	-	-
Kurudumale	-	-
Mallanayakanahalli	-	-
Mothakapalli	-	-
Mudigere	-	-
Mudiyannur	-	-
Mustoor	-	-
Nangali	-	-
Oorkunte Mittur	25	25
Pitchaguntlahalli	18	18
Rajendrahalli	-	-
Sonnawadi	11	11
Thayalur	-	-
Thimmaravuthanahalli	-	-
Utthanur	6	6

Source: Watershed Department, ZP CEO, Kolar.

Appendix 1.7: GP-wise Medical & Public Health Expenditure (₹ Lakh)

Gram Panchayat	PHC Spend	Budget Envelope
Agara	10	10
Alangur	7	7
Amblikal	-	-
Angondahalli	-	-
Avani	6	6
Balla	-	-
Byrakur	8	8
Devarayasamudra	14	14
Dulapalli	-	-
Emmenatha	5	5
Gudipalli	5	5
Gummakallu	-	-
H Gollahalli	14	14
Hanumanahalli	-	-
Hebbani	5	5
Kappalamadagu	-	-
Kurudumale	5	5
Mallanayakanahalli	10	10
Mothakapalli	-	-
Mudigere	-	-
Mudiyapur	-	-
Mustoor	-	-
Nangali	27	27
Oorkunte Mittur	10	10
Pitchaguntlahalli	-	-
Rajendrahalli	6	6
Sonnawadi	-	-
Thayalur	8	8
Thimmaravuthanahalli	-	-
Utthanur	7	7

Source: DHO, Kolar; ZP CEO, Kolar.

Appendix 1.8: GP-wise Electricity Expenditure (₹ Lakh)

Gram Panchayat	Streetlights	Water Supply	Total Electricity Expenditure/Budget Envelope
Agara	7	16	22
Alangur	2	8	11
Amblikal	7	26	33
Angondahalli	4	9	14
Avani	6	35	41
Balla	6	20	26
Byrakur	5	22	27
Devarayasamudra	4	21	25
Dulapalli	4	31	34
Emmenatha	4	15	19
Gudipalli	4	22	26
Gummakallu	10	34	44
H Gollahalli	5	33	38
Hanumanahalli	4	16	19
Hebbani	4	24	28
Kappalamadagu	5	14	19
Kurudumale	5	20	25
Mallanayakanahalli	4	14	18
Mothakapalli	4	18	22
Mudigere	5	27	32
Mudiyannur	4	16	20
Mustoor	5	19	24
Nangali	4	21	25
Oorkunte Mittur	6	22	27
Pitchaguntlahalli	4	8	12
Rajendrahalli	3	11	14
Sonnawadi	4	15	19
Thayalur	5	19	24
Thimmaravuthanahalli	3	16	19
Utthanur	4	16	20

Source: BESCO, Kolar; ZP CEO, Kolar.

Appendix 1.9: GP-wise Education Expenditure (₹ Lakh)

Gram Panchayat	Expenditure*	Budget Envelope*
Agara	116	116
Alangur	141	141
Amblikal	131	131
Angondahalli	117	117
Avani	163	163
Balla	129	129
Byrakur	163	163
Devarayasamudra	232	232
Dulapalli	62	62
Emmenatha	125	125
Cudipalli	93	93
Gummakallu	141	141
H Gollahalli	162	162
Hanumanahalli	134	134
Hebbani	139	139
Kappalamadagu	206	206
Kurudumale	144	144
Mallanayakanahalli	138	138
Mothakapalli	82	82
Mudigere	170	170
Mudiyapur	173	173
Mustoor	111	111
Nangali	148	148
Oorkunte Mittur	126	126
Pitchaguntlahalli	123	123
Rajendrahalli	67	67
Sonnawadi	129	129
Thayalur	156	156
Thimmaravuthanahalli	155	155
Utthanur	123	123

* Attributed expenditure.

Source: BEO, Mulbagal; EO, Mulbagal; ZP CEO, Kolar.

Appendix 1.10: GP-wise Women & Child Department Expenditure (₹ Lakh)

Gram Panchayat	Total Expenditure	Total Budget Envelope*
Agara	42	49
Alangur	42	51
Amblikal	44	52
Angondahalli	45	54
Avani	41	48
Balla	39	47
Byrakur	47	55
Devarayasamudra	48	57
Dulapalli	27	32
Emmenatha	40	48
Gudipalli	41	48
Gummakallu	60	70
H Gollahalli	39	46
Hanumanahalli	38	45
Hebbani	46	55
Kappalamadagu	45	53
Kurudumale	43	50
Mallanayakanahalli	40	47
Mothakapalli	41	49
Mudigere	57	68
Mudiyanur	43	52
Mustoor	46	54
Nangali	45	52
Oorkunte Mittur	41	48
Pitchaguntlahalli	44	52
Rajendrahalli	38	45
Sonnawadi	34	40
Thayalur	34	40
Thimmaravuthanahalli	40	48
Utthanur	42	51

* Includes attributions.

Source: Department of Women & Child Development, ZP CEO, Kolar; CDPO, Mulbagal

Appendix 1.11: GP-wise Backward Classes & Minorities Expenditure (₹ Lakh)

Gram Panchayat	Total Expenditure	Total Budget Envelope*
Agara	2	2
Alangur	12	12
Amblikal	5	5
Angondahalli	0.2	0.2
Avani	0.2	0.2
Balla	0.1	0.1
Byrakur	17	17
Devarayasamudra	48	48
Dulapalli	3	3
Emmenatha	0.4	0.4
Gudipalli	18	18
Gummakallu	4	4
H Gollahalli	28	28
Hanumanahalli	2	2
Hebbani	5	5
Kappalamadagu	18	18
Kurudumale	7	7
Mallanayakanahalli	10	10
Mothakapalli	0.1	0.1
Mudigere	1	1
Mudiyapur	2	2
Mustoor	0.2	0.2
Nangali	0.2	0.2
Oorkunte Mittur	0.4	0.4
Pitchaguntlahalli	0	0
Rajendrahalli	2	2
Sonnawadi	2	2
Thayalur	2	2
Thimmaravuthanahalli	0	0
Utthanur	17	17

* Includes attributions.

Source: Department of Backward Classes & Department of Minorities, ZP CEO, Kolar; Backward Classes & Minorities, TP Mulbagal.

Appendix 1.12: GP-wise Social Welfare Expenditure (₹ Lakh)

Gram Panchayat	Total Expenditure	Total Budget Envelope*
Agara	4	4
Alangur	2	2
Amblikal	1	1
Angondahalli	1	1
Avani	24	24
Balla	11	11
Byrakur	24	24
Devarayasamudra	14	14
Dulapalli	0.2	0.2
Emmenatha	1	1
Gudipalli	1	1
Gummakallu	1	1
H Gollahalli	16	16
Hanumanahalli	15	15
Hebbani	4	4
Kappalamadagu	4	4
Kurudumale	8	8
Mallanayakanahalli	2	2
Mothakapalli	1	1
Mudigere	2	2
Mudiyanur	4	4
Mustoor	1	1
Nangali	12	12
Oorkunte Mittur	1	1
Pitchaguntlahalli	1	1
Rajendrahalli	1	1
Sonnawadi	1	1
Thayalur	12	12
Thimmaravuthanahalli	14	14
Utthanur	22	22

* Includes attributions.

Source: Social Welfare Department, TP Mulbagal.

Appendix 1.13: GP-wise Finance Commission Grants Expenditure (₹ Lakh)

Gram Panchayat	Funds Received	Expenditure	Unutilised
Agara	1,481,305	1,404,177	77,128
Alangur	2,483,099	2,472,127	10,972
Amblikal	2,177,238	2,175,306	1,932
Angondahalli	1,675,890	1,525,890	150,000
Avani	1,615,208	1,614,588	620
Balla	1,407,011	1,407,011	0
Byrakur	1,121,589	927,017	194,574
Devarayasamudra*	1,767,467	1,839,822	1,517
Dulapalli	1,127,693	1,116,427	11,266
Emmenatha	1,705,058	1,702,442	2,616
Cudipalli	700,000	662,000	38,000
Gummakallu	2,500,000	2,500,000	0
H Gollahalli	422,060	422,060	0
Hanumanahalli	1,354,728	942,000	412,728
Hebbani	1,500,000	1,500,000	0
Kappalamadagu	1,000,000	1,000,000	0
Kurudumale	985,000	960,000	25,000
Mallanayakanahalli	2,446,379	2,356,336	114,933
Mothakapalli	2,007,494	1,996,594	10,900
Mudigere	606,453	600,000	6,453
Mudiyapur	1,313,011	820,693	492,318
Mustoor	453,433	450,000	3,433
Nangali	1,782,337	1,782,337	0
Oorkunte Mittur	0	0	0
Pitchaguntlahalli	2,126,867	2,069,978	56,889
Rajendrahalli	1,700,000	1,700,000	0
Sonnawadi	1,751,665	1,741,694	9,971
Thayalur	1,283,716	1,155,342	128,374
Thimmaravuthanahalli	1,090,861	1,090,861	0
Utthanur	1,458,128	1,232,128	226,000

* Expenditure was greater than funds received in Devarayasamudra, as unspent funds from last year were deployed in addition to the funds received in the current year.

Source: PDOs of the 30 GPs; Panchatantra, RDPR Department.

Appendix 1.14: GP-wise RDPR Statutory Grants Expenditure (₹ Lakh)

Gram Panchayat	Funds Received	Expenditure	Unutilised
Agara	Not available	Not available	Not available
Alangur	Not available	Not available	Not available
Amblikal	360,000	360,000	0
Angondahalli	460,000	460,000	0
Avani	360,000	300,000	60,000
Balla	331,048	331,048	0
Byrakur	360,000	360,000	0
Devarayasamudra	460,000	460,000	0
Dulapalli	609,292	609,292	0
Emmenatha	Not available	Not available	Not available
Cudipalli	72,000	66,000	6,000
Gummakallu	600,000	600,000	0
H Gollahalli	Not available	Not available	Not available
Hanumanahalli	Not available	Not available	Not available
Hebbani	100,000	100,000	0
Kappalamadagu	250,000	250,000	0
Kurudumale	Not available	Not available	Not available
Mallanayakanahalli	Not available	Not available	Not available
Mothakapalli	510,576	500,842	9,734
Mudigere	Not available	Not available	Not available
Mudiyapur	Not available	Not available	Not available
Mustoor	Not available	Not available	Not available
Nangali	460,000	460,000	0
Oorkunte Mittur	460,000	460,000	0
Pitchaguntlahalli	Not available	Not available	Not available
Rajendrahalli	300,000	300,000	0
Sonnawadi	460,000	460,000	0
Thayalur	Not available	Not available	Not available
Thimmaravuthanahalli	Not available	Not available	Not available
Utthanur	Not available	Not available	Not available

Source: Data collected directly from each of the 30 GPs across Mulbagal and attested by their PDOs. Data gaps were addressed by the field team of Avantika Foundation at Mulbagal

Appendix 1.15: GP-wise Own Revenue Expenditure (₹ Lakh)

Gram Panchayat	Collected	Utilised	Unutilised
Agara	42,960	42,960	0
Alangur	372,600	365,536	7,064
Amblikal	63,694	59,058	4,636
Angondahalli	146,325	146,325	0
Avani	325,876	318,819	7,057
Balla	235,747	235,747	0
Byrakur *	901,737	836,325	65,448
Devarayasamudra	649,580	640,105	9,475
Dulapalli	15,141	15,141	0
Emmenatha	250,421	223,299	27,122
Gudipalli	25,000	25,000	0
Gummakallu	250,000	250,000	0
H Gollahalli	14,450	14,450	0
Hanumanahalli	29,400	29,400	0
Hebbani	75,000	75,000	0
Kappalamadagu	345,000	345,000	0
Kurudumale	161,460	161,460	0
Mallanayakanahalli *	396,784	635,139	21,208
Mothakapalli	157,057	133,957	23,100
Mudigere	15,550	15,550	0
Mudiyannur	185,220	185,220	0
Mustoor	6,510	6,510	0
Nangali	1,054,053	982,227	71,826
Oorkunte Mittur	124,690	124,690	0
Pitchaguntlahalli	60,014	60,014	0
Rajendrahalli	200,000	200,000	0
Sonnawadi *	253,188	323,276	18,954
Thayalur *	466,692	404,803	1,500
Thimmaravuthanahalli	274,357	274,357	0
Utthanur	112,260	112,260	0
Total	72,10,766	72,41,628	2,57,390

* Expenditure includes previous balances deployed in the current year.

Source: Data collected directly from each of the 30 GPs across Mulbagal and attested by their PDOs.

Annexure 1.1: Evolution of Plan (in ₹ Crore)

Year	State Plan	Central Plan	Total Plan Outlay (BE)	State Plan	Central Plan	Total Plan Outlay for PRIs (BE)	State PRI vs. State Plan	% of PRI Plan Outlay to Central Plan Outlay	Plan-Based Devolution
1	1991-92	1,558	379	1,937	357	318	23%	84%	35%
2	1992-93	2,159	466	2,625	374	296	17%	64%	26%
3	1993-94	3,025	596	3,621	471	322	16%	54%	22%
4	1994-95	3,383	792	4,175	538	435	16%	55%	23%
5	1995-96	3,758	890	4,648	620	480	17%	54%	24%
6	1996-97	4,360	951	5,311	732	541	17%	57%	24%
7	1997-98	4,545	1,090	5,635	732	688	16%	63%	25%
8	1998-99	5,353	1,160	6,513	732	715	14%	62%	22%
9	1999-00	5,888	1,199	7,087	792	736	13%	61%	22%
10	2000-01	7,274	1,232	8,506	962	735	13%	60%	20%
11	2001-02	8,588	1,017	9,605	1,083	751	13%	74%	19%
12	2002-03	8,611	911	9,522	617	624	7%	69%	13%
13	2003-04	9,780	890	10,670	688	614	7%	69%	12%
14	2004-05	12,323	988	13,311	1,013	655	8%	66%	13%
15	2005-06	13,555	1,054	14,609	1,992	877	15%	83%	20%
16	2006-07	16,166	1,640	17,806	2,176	1,256	13%	77%	19%
17	2007-08	17,783	2,749	20,532	2,241	1,330	13%	48%	17%
18	2008-09	25,953	2,246	28,199	2,632	1,785	10%	79%	16%
19	2009-10	29,500	2,931	32,431	2,880	1,857	10%	63%	15%
20	2010-11	31,000	2,764	33,764	3,010	1,860	10%	67%	14%
21	2011-12	38,070	2,802	40,872	3,726	2,316	10%	83%	15%
22	2012-13	42,030	7,751	49,781	4,055	3,754	10%	48%	16%
23	2013-14	48,685	10,138	58,823	4,841	4,080	10%	40%	15%
24	2014-15	65,600	1,476	67,076	9,676	805	15%	55%	16%

Source: Economic Survey of Karnataka 2014-15, Department of Planning, Karnataka, for cross validation of rows FY 2012-13 to FY 2014-15.

Annexure 1.2: Evolution of Non Plan (All Amounts in ₹ Crore)

Year	State Non-Plan	Central Grants Non-Plan	Total Non-Plan
1991-92	4,263	63	4,326
1992-93	5,168	78	5,246
1993-94	6,660	94	6,753
1994-95	7,382	36	7,418
1995-96	7,169	54	7,224
1996-97	9,404	61	9,465
1997-98	9,601	78	9,679
1998-99	10,646	105	10,751
1999-00	13,083	151	13,234
2000-01	13,993	246	14,239
2001-02	16,429	213	16,642
2002-03	21,799	421	22,219
2003-04	27,268	530	27,798
2004-05	25,515	317	25,833
2005-06	23,842	1,736	25,578
2006-07	27,515	2,224	29,740
2007-08	31,846	1,531	33,377
2008-09	34,150	1,694	35,843
2009-10	38,626	3,430	42,056
2010-11	42,429	2,257	44,686
2011-12	50,537	2,129	52,666
2012-13	59,148	2,455	61,604
2013-14 RE	68,179	3,710	71,889
2014-15 BE	80,390	2,914	83,304

Source: Accounts At A Glance FY 1960-2014, Finance department, GoK.

Annexure 1.3: About Kolar

Kolar is situated in the south-eastern region of Karnataka. Following the carving out of Chikkaballapura district, Kolar now consists of five taluks, namely Srinivasapura, Bangarapet, Mulbagal, Malur and Kolar. Fig 1.3.1 shows the map of Karnataka, highlighting Kolar district and the five taluks that comprise it. Tables 1.3.1. and 1.3.2 provide demographic details of Kolar district and Mulbagal taluk respectively.

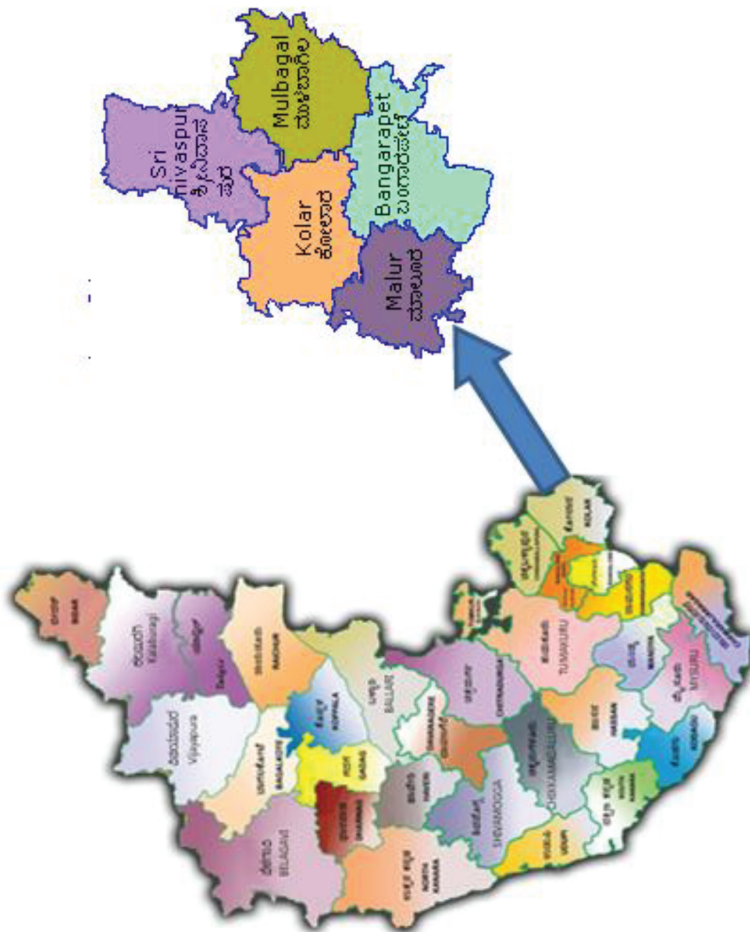


Fig 1.3.1

Kolar	Rural	Urban	Total
Area (sq km)	3,858	121	3,979
Households	106,290	227,058	333,348
Population	1,056,328	480,073	1,536,401
Male	535,431	240,965	776,396
Female	520,897	239,108	760,005
Percentage of SCs			30%
Percentage of STs			5%
Total Literacy Rate			74%
Male Literacy Rate			82%
Female Literacy Rate			67%

Table 1.3.1

Mulbagal	Rural	Urban	Total
Area (sq km)	805		805
Households	42,353	12,311	54,664
Population	201,659	57,276	258,935
Male	101,611	28,877	130,488
Female	100,048	28,399	128,447

Table 1.3.2

Annexure 1.4: Standard Operating Procedures (Budgetary Analysis): Kolar & Mulbagal with Applicability to All of Karnataka

Preliminary Steps

S.No.	Activity	Deliverable	Document Name	Data Source	Key Learnings	Govt Interface
1	Study and understand the Karnataka Panchayat Raj Act	Not applicable	Karnataka RDPR Act 1993	http://rdpr.kar.nic.in/document/Panchayat%20Raj%20Act.pdf	Appreciation of functional and fiscal devolution	RDPR, GoK
2	Review the activity map associated with the Karnataka RDPR Act	Not applicable	Activity Map	http://rdpr.kar.nic.in/document/Operation%20Manual_eng.pdf	Appreciation of the 3Fs	Decentralisation Analysis Cell, (DAC), RDPR
3	Study and understand the Karnataka state budget	Not applicable	Budget Documents 2014-15	http://www.finance.kar.nic.in/bud2014/bud2014.htm	Appreciation of devolved heads of account, non-devolved, plan and non-plan components of budget	Planning Department, GoK, Finance Department, GoK
4	Study the district sector link book (ZP link document) and document all the schemes with their codes and allocation for the district being analysed for the research	ZP devolved schemes database (including GP Schemes, excluding TP Schemes)	ZP Link Document	http://www.finance.kar.nic.in/bud2014/zp2014.htm	Complete understanding of what the state devolves for the ZP, TP, GP; budget allocations for ZP under study and all GP schemes	Planning Department, GoK, Finance Department, GoK
5	Study the TP link book and document all the schemes with their codes and amounts allocated for the taluks under the district being analysed for research	TP Devolved Schemes Database	TP Link Document	http://rdpr.kar.nic.in/English/TPLinks.asp	Complete understanding of TP devolved schemes along with allocations	RDPR, GoK

6	<p>Based on an understanding of devolution obtained from the steps above, analyse the budget document in 3 above and determine schemes overlapping with 3a and 3b above</p>	<p>Overlapping Schemes Database</p>	<p>Budget Documents 2014-15, ZP Link Document, TP Link Document, Details of provisions for plan schemes</p>	<p>http://www.finance.kar.nic.in/bud2014/bud2014.htm http://www.finance.kar.nic.in/bud2014/zp2014.htm http://rdpr.kar.nic.in/English/TPLinks.asp http://www.finance.kar.nic.in/bud2014/docbud14/22-PlanDoc8%20Full%20and%20Final.pdf http://www.finance.kar.nic.in/bud2014/docbud14/18-PlanSmall.pdf</p>	<p>Complete understanding of all schemes that ought to be devolved completely, but where the state allocates some funds to the district sector, while retaining some portion of it with the state sector</p>	<p>RDPR, CoK, Finance Department, Planning Department, CoK</p>
7	<p>Based on an understanding of devolution obtained from the steps above, analyse the budget document in 3 above and determine schemes from the budget that ought to be devolved but have not actually been devolved</p>	<p>Non-Devolved Schemes Database</p>	<p>Budget Documents 2014-15, Details of provisions for plan schemes</p>	<p>http://www.finance.kar.nic.in/bud2014/bud2014.htm http://www.finance.kar.nic.in/bud2014/docbud14/22-PlanDoc8%20Full%20and%20Final.pdf http://www.finance.kar.nic.in/bud2014/docbud14/18-PlanSmall.pdf</p>	<p>Complete understanding of all schemes that ought to be devolved, but where the state has retained the entire amount in the state sector</p>	<p>RDPR, CoK, Finance Department, Planning Department, CoK</p>

Annexure 1.5: Standard Operating Procedures (Budgetary Analysis): Kolar & Mulbagal with Applicability to All of Karnataka (contd.)

Creating the Databases: A generic and repeatable set of activities applicable to creation of all the databases mentioned in 3a, 3b, 3c & 3d in 'Preliminary Steps'

Process Step	Government Interface
Start the exercise of creating a database with a view that an excel table can be ported on to any database. Begin with the Devolved Schemes Database	RDPR
Start by pooling all schemes from the district sector ZP link book as per 3a	RDPR
Commence the exercise on a department/functional basis	RDPR
Make an entry for the schemes under each department and all its components that sum up direct expenses with respect to that scheme. While the scheme level number is 'one big allocation', the components would be salaries, general expenses, etc. as reflected in the ZP link	RDPR
Categorise all schemes under the district sector as 'Devolved'	RDPR
Document the 'Scheme Code' and the 'Head of Account' code from the ZP link document. Scheme codes apply only to the district sector	RDPR
Create a classification based on the ZP link and budget document analysis as to whether the said scheme is a Centrally Sponsored Scheme, Central Plan Scheme, State Plan Scheme, ZP Scheme, TP Scheme or GP Scheme	RDPR
Capture the 'Head of Account' allocation as being under 'Plan or 'Non-Plan. This distinction is extremely important	RDPR
Determine from the budget documents and the ZP link the total amount allocated for the said scheme, along with the individual component break-up	RDPR
Capture the details given in Step 9 above for the district being researched	RDPR
Create a flag field for all 'Salary' or 'Salary Related' allocations	RDPR
Repeat the exercise for the TP link document. Start from Step 2 above and create a new spreadsheet database for the taluk under review	RDPR
Repeat the exercise for the Overlapping Schemes Database. Start from Step 2 above and create a new spreadsheet database for 'Overlapping Schemes'. Illustrate only the amounts retained with the state since the money allocated to the district sector is already captured in the ZP and TP databases	Planning Department
Repeat the exercise for the Non-Devolved Schemes Database. Start from Step 2 above and create a new spreadsheet database for 'Non-Devolved Schemes'. Illustrate only the amounts retained with the state since the money allocated to the district sector is already captured in the ZP and TP databases	Planning Department
Allocations for 13 and 14 will end at the state level and will not progress to the district/taluk level	Planning Department
As a good practice, validate the findings with the Planning Department. They have undertaken similar exercises in the past and can provide valuable insights.	Planning Department

Annexure 1.6: Standard Operating Procedures (Budgetary Analysis): Kolar & Mulbagal with Applicability to All of Karnataka (contd.)

Capturing the Releases: Release orders are available largely for Devolved District Sector Schemes only. It is extremely rare to find release orders for line departments and parastatals.

Process Step	Document	Data Source	Govt Interface
Download all the release orders (these are Government Orders) for the ZP and specifically for 'State Plan' schemes	ZP Release Orders/ Government Order	http://www.finance.kar.nic.in/gos/zptpgp.htm	Planning Department, Finance Department, RDPR
Download all the release orders (these are Government Orders) for the ZP CSS	ZP CSS Release Orders/ Government Order	http://www.finance.kar.nic.in/gos/zptpgp.htm	Planning Department, Finance Department, RDPR
Download all the release orders (these are Government Orders) for the TP and specifically for 'State Plan' schemes	TP Release Orders/ Government Order	http://www.finance.kar.nic.in/gos/zptpgp.htm	Planning Department, Finance Department, RDPR
Download all the release orders (these are Government Orders) for the TP CSS	TP CSS Release Orders/ Government Order	http://www.finance.kar.nic.in/gos/zptpgp.htm	Planning Department, Finance Department, RDPR
Download all departmental orders on RDPR with respect to RDPR Grants, Development Grants and Finance Commission Grants	RDPR Release Orders/Circulars/GO http://rdpr.kar.nic.in/english	http://rdpr.kar.nic.in/english/index.asp http://rdpr.kar.nic.in/english/dgzp.asp http://rdpr.kar.nic.in/english/dgtp.asp http://rdpr.kar.nic.in/english/stat_grant.asp http://rdpr.kar.nic.in/english/rural_water.asp http://rdpr.kar.nic.in/english/13fcprl.asp	RDPR, Independent Financial Advisor, RDPR
Visit all department websites based on the categorisation in 3c and 3d and try to download any GO/Circular/Official Documents that are release orders.	Departmental Release Orders/GO/Circulars	http://www.karnataka.gov.in/Pages/departments.aspx	Planning Department, Finance Department
Against each scheme enter the release amount in a column next to the allocation amount. Complete this for all levels as available per the order	Databases 3a, 3b, 3c & 3b		

Annexure 1.7: List of Government Entities Contacted for the Study

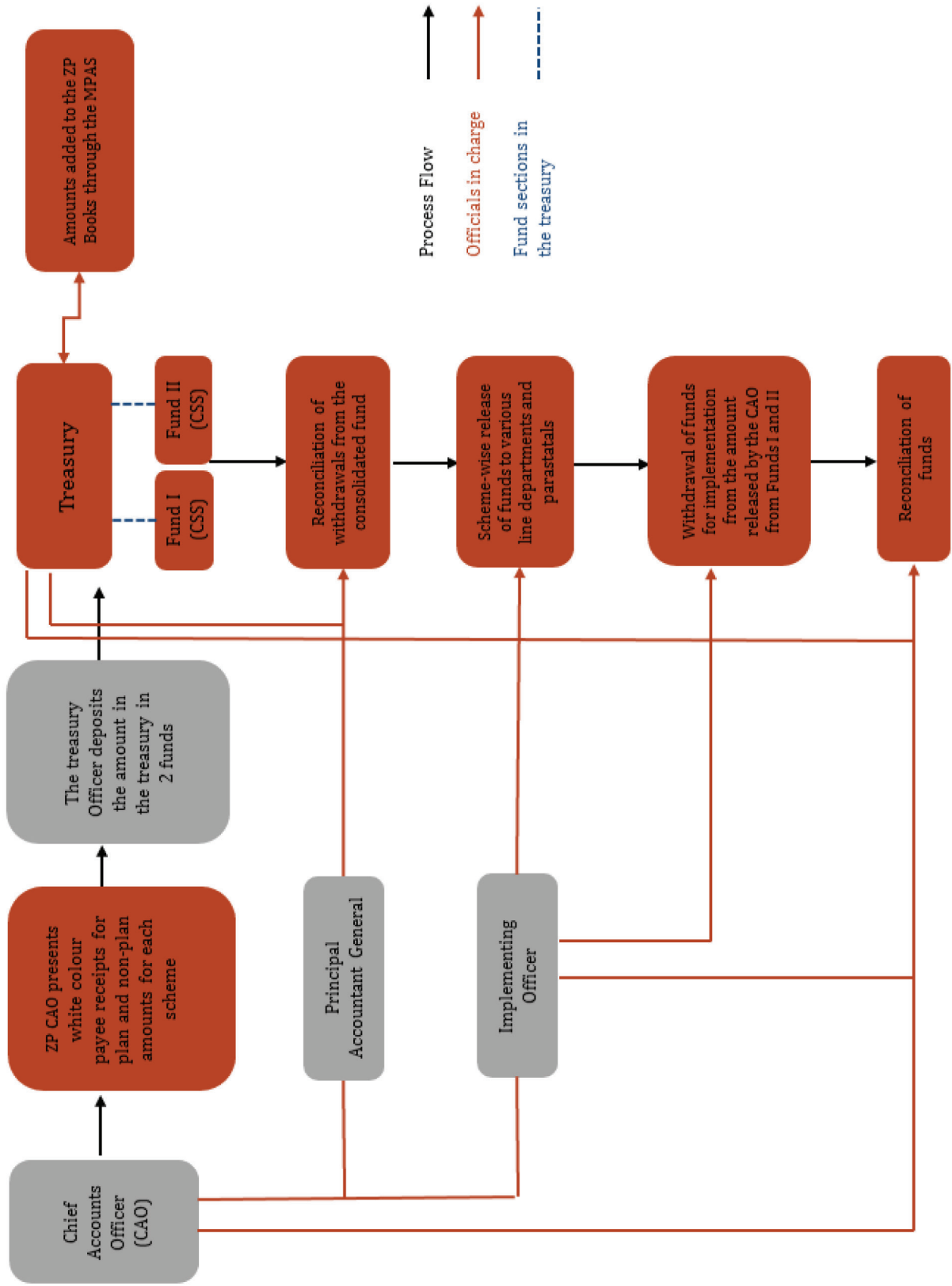
Expenditure Head	Source of Data	Stakeholders
Agriculture	Agriculture Department, Kolar	ZP CEO; Joint Director, Agriculture
Animal Husbandry	Animal Husbandry Department, Kolar	ZP CEO; Deputy Director, Animal Husbandry
Backward Classes	Backward Classes Department, Mulbagal	ZP CEO; District Officer in Charge, Backward Classes, Minorities & Social Welfare
BESCOM	BESCOM, Kolar	ZP CEO; Superintendent Engineer, BESCOM, Kolar
Cooperation	Cooperation Department, Kolar	ZP CEO; Deputy Registrar, Cooperative Societies, Kolar
Food & Civil Supplies	KFCSC, Kolar	ZP CEO; District Manager, Kolar
Forests	Forest Department, Kolar	ZP CEO; Officer in Charge, Forests, Kolar
Horticulture	Horticulture Department, Kolar	ZP CEO; Deputy Director, Horticulture
Housing	TP Mulbagal; RGRHCL	ZP CEO; EO, Mulbagal
Medical & Public Health	DHO, Kolar	ZP CEO; DHO, Kolar; BHO, Mulbagal
Minor Irrigation	Minor Irrigation Department, Kolar	ZP CEO; Executive Engineer, Minor Irrigation, Kolar
Minorities	Minorities Development Corporation, Kolar	ZP CEO; District Officer, Minorities Department, Kolar
Education	DDPI, Kolar; BEO, Mulbagal	ZP CEO; DDPI Kolar; BEO, Mulbagal
Road & Bridges	KRRDA, Kolar	ZP CEO; Project Engineer, KRRDA
Rural Water Supply	ZP Kolar; KRWSSA	ZP CEO
Sericulture	Sericulture Department, Kolar	ZP CEO; Deputy Director, Sericulture, Kolar
Social Welfare	Social Welfare Department, Mulbagal; Ambedkar Corporation Kolar	ZP CEO; District Officer, Social Welfare Department; District Manager, Ambedkar Corporation
Village & Small Industries	Village & Small Industries Department	ZP CEO; Assistant Director Village & Small Industries Department
Watershed	Watershed Department, Kolar	ZP CEO; District Officer, Watershed
Women & Child Welfare	CDPO, Mulbagal	ZP CEO; CDPO, Mulbagal
Rural Development & Panchayati Raj	ZP Kolar; RDPR, Bangalore; TP Mulbagal	ZP CEO; Officer In Charge, Akshara Dasoha; EO, Mulbagal
Gram Panchayats	30 GPs of Mulbagal	ZP CEO; EO, Mulbagal, PDOs; Data Entry Operators; Secretaries
Local Area Development Funds	Office of the Deputy Commissioner, Kolar	Public Information Officer, Office of the DC, Kolar
ZP Kolar	CAO, ZP Kolar	ZP CEO, Kolar, ZP CAO, Kolar
TP Mulbagal	Accounts Officer, TP Mulbagal	EO, TP Mulbagal; Accounts Officer, TP Mulbagal

Annexure 1.8: Devolution by Department (₹Lakh)

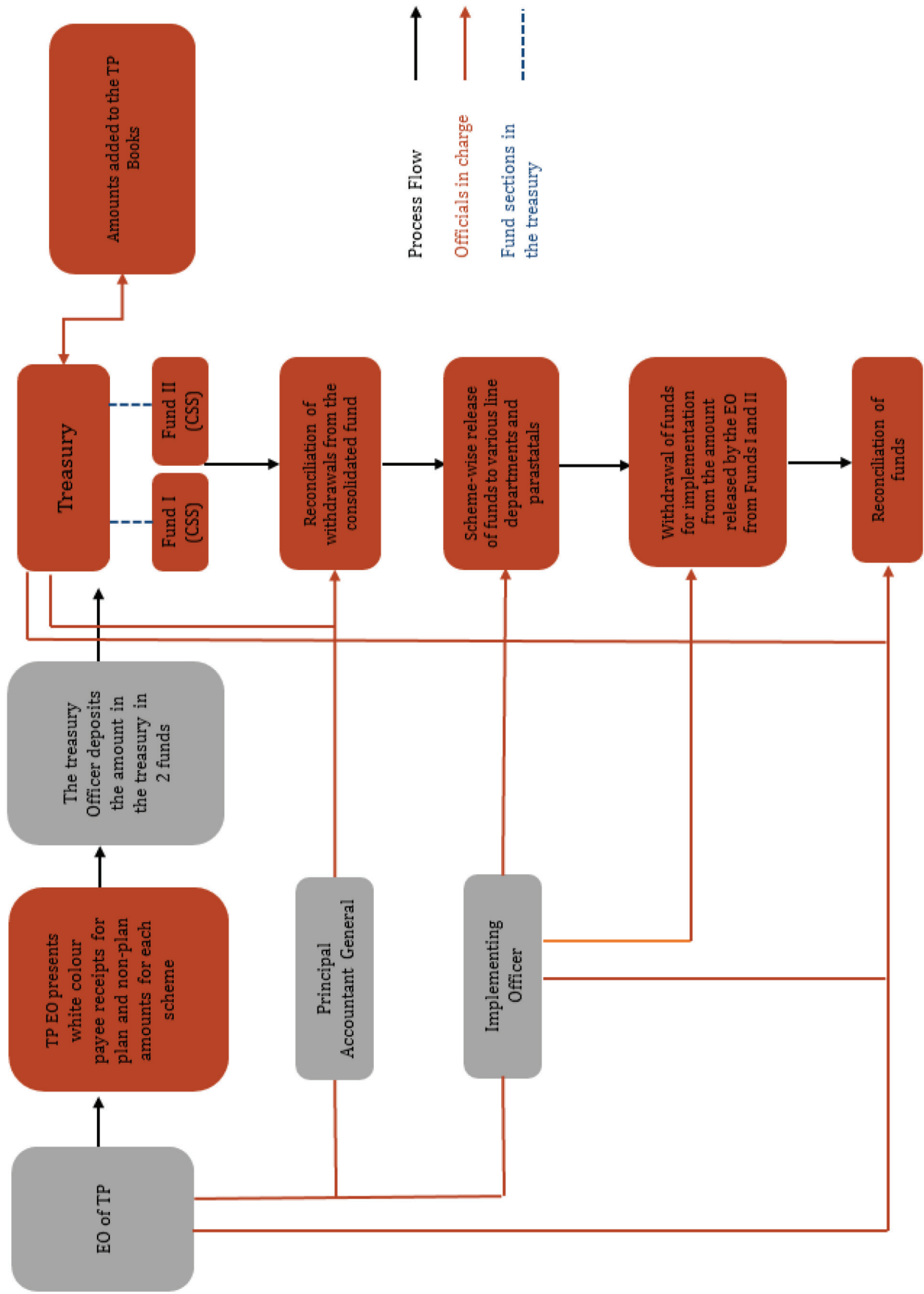
Department/ Function	Heads	Overall (Plan)	Overall Budget	District Sector (State Plan)	Central Plan	Total District (Plan)	Devolution (with Salaries)	Salaries	District (without Salaries)	Devolution (without Salaries)
General Education	2,202	654,212	1,952,879	299,018	547	299,565	0.5	147,610	151,955	0.2
Medical & Public Health	2,210	256,180	506,971	19,035	-	19,035	0.1	13,874	5,162	0.0
Family Welfare Programmes	2,211	56,096	59,158	2,853	43,950	46,803	0.8	39,055	7,748	0.1
Water Supply & Sanitation	2,215	122,046	125,517	23,652	-	23,652	0.2	-	23,652	0.2
Housing	2,216	220,522	242,737	101,999	-	101,999	0.5	-	101,999	0.5
Welfare of Scheduled Castes	2,225	146,447	192,420	40,748	605	41,353	0.3	2,890	38,463	0.3
Welfare of Scheduled Tribes	2,225	85,463	94,599	7,729	6,161	13,890	0.2	994	12,896	0.2
Welfare of Backward Classes	2,225	153,990	198,265	20,779	-	20,779	0.1	3,215	17,564	0.1
Welfare of Minorities	2,225	79,272	83,312	2,116	-	2,116	0	391	1,725	0.0
Welfare of Women & Children	2,235	256,843	444,898	97,835	-	97,835	0.4	21,747	76,087	0.3
Agriculture	2,401	226,712	246,611	2,510	1,762	4,273	0	-	4,273	0.0
Horticulture	2,401	109,698	118,712	2,207	-	2,207	0	-	2,207	0.0
Soil & Water Conservation	2,402	83,928	91,692	-	-	0	0	-	0	0.0
Animal Husbandry	2,403	36,241	75,315	15,469	-	15,469	0.4	10,782	4,687	0.1
Fisheries	2,405	7,814	10,694	718	53	771	0.1	8	763	0.1
Forests	2,406	26,204	127,149	2,779	-	2,779	0.1	-	2,779	0.1
Cooperation	2,425	38,269	47,114	517	-	517	0	-	517	0.0
Minor Irrigation	2,702	6,869	25,288	76	-	76	0	-	76	0.0
Village & Small Industries	2,851	43,563	84,490	1,531	-	1,531	0	-	1,531	0.0
Roads & Bridges	3,054	115,004	252,321	15,920	-	15,920	0.1	-	15,920	0.1

Source: Budget Documents (Expenditure), FY 2014-15, CoK; District Sector Link Documents, FY 2014-15, Finance Department, CoK.

Annexure 1.9: Procedure of fund access and expenditure at the ZP



Annexure 1.10: Procedure of fund access and expenditure at the TP



Annexure 1.11: Scheme-wise GP Spend: Agriculture (₹)

Gram Panchayat	Supply of Seeds and Other Inputs	Other Agricultural Schemes	Micro/Drip Irrigation	Oilseeds Production Programme	Rashtriya Krishi Vikasa Yojana	Krishi Bhagya*
Agara	430,609	100,000	-	-	39,000	2,223,026
Alangur	420,539	-	-	-	37,000	1,785,648
Ambikal	332,879	-	-	15,420	32,000	1,484,201
Angondahalli	355,819	-	-	-	35,000	1,525,258
Avani	500,619	-	-	8,100	48,000	2,172,720
Balla	345,819	-	-	-	42,000	1,513,550
Byrakur	395,839	-	-	-	46,000	1,724,375
Devarayasamudra	332,819	-	76,500	28,340	47,000	1,891,489
Dulapalli	304,819	-	-	-	32,000	1,314,511
Emmenatha	435,619	100,000	-	42,152	33,000	2,383,669
Gudipalli	441,609	-	-	-	43,000	1,891,294
Gummakallu	276,749	100,000	-	7,954	35,000	1,637,984
H Gollahalli	415,819	-	-	-	59,000	1,853,087
Hanumanahalli	450,769	-	-	8,548	39,000	1,944,793
Hebbani	390,009	-	-	-	38,000	1,670,400
Kappalamadagu	333,659	-	-	9,545	48,000	1,526,760
Kurudumale	340,819	-	-	-	31,000	1,451,106
Mallanayakanahalli	305,819	-	-	15,648	45,000	1,430,219
Mothakapalli	296,339	100,000	-	-	40,000	1,702,910
Mudigere	371,809	100,000	-	14,967	36,000	2,040,249
Mudiyalur	406,849	-	-	-	38,000	1,736,122
Mustoor	375,819	-	-	13,256	38,000	1,666,755
Nangali	255,819	100,000	-	15,590	32,000	1,574,393
Oorkunte Mittur	406,309	-	-	-	32,000	1,710,598
Pitchaguntlahalli	333,819	100,000	-	-	34,000	1,825,768
Rajendrahalli	360,819	100,000	-	13,540	37,000	1,995,692
Sonnawadi	357,339	-	-	-	45,000	1,570,217
Thayalur	416,189	-	-	-	32,000	1,749,157
Thimmaravuthanahalli	396,369	-	-	-	43,000	1,714,735
Utthanur	306,459	-	-	-	37,000	1,340,425

*Estimated based on attributions, this amount was unspent in FY 2014-15.

Source: Agriculture Department, Kolar; Agricultural Census 2011, ZP CEO, Kolar.

Annexure 1.12: Scheme-wise GP Spend: Horticulture (₹)

Gram Panchayat	Comprehensive Horticulture Development	Scheme for Integrated Control of Pests and Diseases of Horticultural Crops	Rashtriya Krishi Vikas Yojana: Horticulture	Drip Irrigation
Agara	40,000	-	15,900	2,798,191
Alangur	40,000	-	-	842,984
Amblikal	40,000	-	1,688,000	2,669,254
Angondahalli	40,000	12,600	40,800	2,166,828
Avani	40,000	-	54,300	597,489
Balla	40,000	-	10,900	4,026,532
Byrakur	65,000	-	20,000	2,589,821
Devarayasamudra	40,000	2,880	-	1,334,878
Dulapalli	40,000	-	-	1,346,944
Emmenatha	54,600	-	18,300	3,065,569
Gudipalli	40,000	-	-	1,973,538
Gummakallu	151,700	-	-	2,068,814
H Gollahalli	40,000	2,880	14,500	2,226,495
Hanumanahalli	40,000	-	-	828,814
Hebbani	40,000	2,880	26,400	4,116,195
Kappalamadagu	491,200	-	51,900	1,453,057
Kurudumale	40,000	-	5,500	1,940,329
Mallanayakanahalli	69,200	-	36,400	1,888,920
Mothakapalli	40,000	-	-	2,705,600
Mudigere	40,000	-	-	2,424,331
Mudiyalur	40,000	-	45,000	1,542,996
Mustoor	40,000	-	5,150	1,148,999
Nangali	40,000	-	-	1,236,386
Oorkunte Mittur	40,000	-	-	1,224,307
Pitchaguntlahalli	1,357,400	2,880	1,533,700	2,739,029
Rajendrahalli	40,000	2,880	-	949,801
Sonnawadi	1,544,400	-	1,998,050	2,704,356
Thayalur	40,000	-	-	1,333,909
Thimmaravuthanahalli	262,500	-	208,500	2,905,833
Utthanur	40,000	-	1,380,000	2,141,420

Source: Horticulture Department, ZP CEO, Kolar.

Annexure 1.13: Scheme-wise GP Spend: Minor Irrigation (₹)

Gram Panchayat	Accelerated Irrigation Benefit Programme (AIBP)	Restoration of Tanks/ Water Bodies, 13th FC Grants	Special Component Plan	Tribal Sub-Plan	Lump Sum for New Works
Agara	-	-	-	-	-
Alangur	-	-	473,000	-	-
Amblikal	-	-	3,010,000	-	-
Angondahalli	-	-	-	-	-
Avani	-	-	1,000,000	999,000	-
Balla	-	-	-	-	-
Byraker	-	-	1,450,000	-	-
Devarayasamudra	-	-	-	499,000	500,000
Dulapalli	-	-	-	-	-
Emmenatha	-	-	-	472,000	500,000
Gudipalli	-	-	2,831,000	500,000	-
Gummakallu	-	-	-	-	-
H Gollahalli	-	-	-	-	-
Hanumanahalli	-	-	-	-	-
Hebbani	-	-	-	-	-
Kappalamadagu	-	-	-	-	-
Kurudumale	-	-	933,000	-	196,000
Mallanayakanahalli	-	-	1,845,000	-	-
Mothakapalli	-	-	1,215,000	-	-
Mudigere	-	-	1,843,000	-	-
Mudiyapur	-	-	1,497,000	-	4,699,000
Mustoor	-	-	-	-	-
Nangali	-	-	477,000	-	-
Oorkunte Mittur	-	-	1,000,000	-	-
Pitchaguntlahalli	-	-	460,000	-	-
Rajendrahalli	-	-	-	499,000	-
Sonnawadi	-	1,817,000	-	-	-
Thayalur	-	-	-	-	-
Thimmaravuthanahalli	-	-	-	-	-
Utthanur	2,128,000	2,107,000	-	-	-

Source: Minor Irrigation Department, ZP CEO, Kolar.

Annexure 1.14: Scheme-wise GP Spend: Housing (₹)

Gram Panchayat	Indira Awas Yojana (2014-15)	Indira Awas Yojana (2013-14)	Basava Vasathi Yojana (2014-15)	Basava Vasathi Yojana (2013-14)
Agara	806,600	2,125,600	2,036,000	-
Alangur	756,400	2,425,400	2,006,400	-
Amblikal	1,345,800	2,904,200	1,706,200	238,800
Angondahalli	747,400	1,796,200	2,006,000	149,000
Avani	986,400	2,215,200	1,736,400	119,400
Balla	1,047,000	2,244,800	1,856,400	268,800
Byrakur	985,600	2,455,400	1,916,400	149,200
Devarayasamudra	686,600	2,664,200	1,526,600	329,000
Dulapalli	-	538,800	1,076,400	-
Emmenatha	2,125,400	2,335,200	1,766,000	718,200
Gudipalli	507,600	268,400	536,800	328,600
Gummakallu	-	2,364,800	1,736,400	-
H Gollahalli	208,800	1,256,200	1,466,400	-
Hanumanahalli	388,000	1,257,000	1,016,200	178,800
Hebbani	776,400	2,005,800	1,826,200	-
Kappalamadagu	747,800	1,526,400	1,706,000	179,000
Kurudumale	957,400	1,376,200	2,006,200	478,000
Mallanayakanahalli	747,400	1,466,200	1,826,200	29,800
Mothakapalli	507,400	1,047,200	1,196,800	-
Mudigere	-	3,503,200	1,736,600	-
Mudiyanur	119,200	1,616,000	1,466,200	119,600
Mustoor	597,200	1,016,600	1,796,200	238,400
Nangali	387,800	1,705,600	1,706,400	208,800
Oorkunte Mittur	299,000	627,600	867,200	29,800
Pitchaguntlahalli	-	2,065,000	1,286,800	-
Rajendrahalli	597,200	1,286,600	1,346,000	149,000
Sonnawadi	716,600	1,496,800	1,556,600	-
Thayalur	298,000	688,600	747,600	59,600
Thimmaravuthanahalli	238,600	2,006,400	1,526,200	-
Utthanur	448,600	1,407,200	1,496,000	59,600

Source: TP Mulbagal; RGRHCL; ZP CEO, Kolar.

Annexure 1.15: Scheme-wise GP Spend: Medical & Public Health (₹)

Primary Health Centre	Gram Panchayat	Primary Health Centres	Taluk Level General Hospitals	Local Fund Combined Hospitals & Dispensaries	Primary Health Centres (Col Pattern)	Rural Family Welfare Centres at PHCs	Rural Sub-Centres	Population Centres	NRHM
Agara	Agara	214,000	-	-	-	-	-	-	175,000
Alangur	Alangur	-	310,000	-	120,000	-	58,000	-	175,000
Amblikal	Amblikal	-	-	-	-	-	-	-	-
Angondahalli	Angondahalli	-	-	-	-	-	-	-	-
Avani	Avani	53,000	-	285,500	120,000	-	-	-	175,000
Balla	Balla	-	-	-	-	-	-	-	-
Byrakur	Byrakur	-	-	261,700	235,000	-	48,000	56,000	175,000
Devarayasamudra*	Devarayasamudra*	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	Not Available	175,000
Dulapalli	Dulapalli	-	-	-	-	-	-	-	-
Kannasandra	Emmenatha	268,500	-	-	40,000	-	-	-	175,000
Gudipalli	Gudipalli	286,000	-	-	-	-	-	55,000	175,000
Gummakallu	Gummakallu	-	-	-	-	-	-	-	-
Gukunte	H Collahalli	239,000	-	-	-	600,000	400,000	-	175,000
Hanumanahalli	Hanumanahalli	-	-	-	-	-	-	-	-
Hebbani	Hebbani	-	-	282,500	-	-	90,500	-	175,000
Kappalamadagu	Kappalamadagu	-	-	-	-	-	-	-	-
Kurudumale	Kurudumale	-	-	-	295,000	-	40,000	-	175,000
Koladevi	Agara	-	-	249,000	120,000	-	56,000	-	175,000
Mallanayakanahalli	Mallanayakanahalli	-	-	-	235,000	400,000	67,000	78,000	175,000
Mothakapalli	Mothakapalli	-	-	-	-	-	-	-	-
Mudigere	Mudigere	-	-	-	-	-	-	-	-
Mudiyannur	Mudiyannur	-	-	-	-	-	-	-	-
Mustoor	Mustoor	-	-	-	-	-	-	-	-
Nangali	Nangali	-	-	-	347,000	1,200,000	980,000	-	175,000
Oorkunte Mittur	Oorkunte Mittur	495,000	-	-	235,000	-	116,000	-	175,000
Pitchaguntlahalli	Pitchaguntlahalli	-	-	-	-	-	-	-	-
Rajendrahalli	Rajendrahalli	128,000	-	-	-	-	260,000	-	175,000
Sonnawadi	Sonnawadi	-	-	-	-	-	-	-	-
Thayalur	Thayalur	-	-	200,000	295,000	-	-	113,000	175,000
Thimmaravuthanahalli	Thimmaravuthanahalli	-	-	-	-	-	-	-	-
Utthanur	Utthanur	-	-	252,000	100,000	-	200,000	-	175,000

* Devarayasamudra PHC was adopted by the Devaraj Urs Medical College, the total expenditure for which was ₹ 13,75,000. Individual break-up was not available.

Source: DHO, Kolar.

Annexure 1.16: Scheme-wise GP Spend: Education (₹)*

Gram Panchayat	Primary School Salaries	High School Salaries	GIA: Private High Schools	GIA: Elementary Schools	Midday Meals LHS/HPS	Midday Meals GIA/High Schools	SSA Maintenance Grants	SSA Uniform Grants
Agara	8,076,478	-	2,439,716	-	713,976	135,939	183,000	63,600
Alangur	9,368,715	3,397,520	-	-	826,868	207,923	162,000	91,000
Amblikal	9,045,656	2,642,516	-	-	881,268	189,258	208,000	105,400
Angondahalli	7,753,419	2,642,516	-	-	833,353	168,534	175,000	89,200
Avani	9,368,715	5,285,032	-	-	963,497	347,019	148,000	154,000
Balla	9,691,774	-	1,829,787	-	920,204	178,759	176,000	87,200
Byrakur	8,399,537	-	3,964,539	2,213,588	748,564	756,071	186,000	71,200
Devarayasamudra	13,245,425	7,927,548	-	-	1,185,453	409,533	302,000	142,000
Dulapalli	5,492,005	-	-	-	553,754	-	144,000	51,400
Emmenatha	8,722,597	-	2,439,716	-	851,141	183,494	191,000	86,400
Gudipalli	6,138,124	-	-	1,936,890	805,082	220,257	159,000	81,000
Gummakallu	11,630,129	-	609,929	-	1,232,827	217,839	300,000	138,400
H Gollahalli	8,399,537	-	5,184,397	1,106,794	792,084	457,980	146,000	78,800
Hanumanahalli	9,045,656	3,020,018	-	-	883,627	158,721	190,000	87,800
Hebbani	7,753,419	1,887,511	2,744,681	-	923,127	263,712	208,000	113,800
Kappalamadagu	12,276,247	3,775,023	2,744,681	-	1,032,337	482,820	178,000	113,400
Kurudumale	10,014,833	3,020,018	-	-	949,741	126,401	181,000	104,600
Mallanayakanahalli	9,045,656	3,397,520	-	-	889,514	147,646	169,000	109,400
Mothakapalli	7,107,301	-	-	-	775,168	-	214,000	61,600
Mudigere	13,245,425	1,887,511	-	-	1,263,152	118,372	275,000	164,200
Mudiyannur	8,076,478	-	2,439,716	-	713,976	135,939	230,000	84,200
Mulbagal	9,368,715	3,397,520	-	-	826,868	207,923	637,000	695,200
Mustoor	9,045,656	2,642,516	-	-	881,268	189,258	198,000	108,000
Nangali	7,753,419	2,642,516	-	-	833,353	168,534	143,000	90,800
Oorkunte Mittur	9,368,715	5,285,032	-	-	963,497	347,019	147,000	68,400
Pitchaguntlahalli	9,691,774	-	1,829,787	-	920,204	178,759	209,000	99,200
Rajendrahalli	8,399,537	-	3,964,539	2,213,588	748,564	756,071	138,000	61,600
Sonnawadi	13,245,425	7,927,548	-	-	1,185,453	409,533	134,000	85,200
Thayalur	5,492,005	-	-	-	553,754	-	104,000	68,600
Thimmaravuthanahalli	8,722,597	-	2,439,716	-	851,141	183,494	238,000	107,200
Utthanur	6,138,124	-	-	1,936,890	805,082	220,257	198,000	89,000

* All spends are attributions. **Source:** BEO, Mulbagal; EO, TP Mulbagal; ZP CEO, Kolar.

Annexure 1.17: Scheme-wise GP Spend: Women & Child (₹)

Gram Panchayat	ICDS (Salaries)*	ICDS Unspent (Salaries)*	ICDS Budget Envelope*	Child Welfare (Honorarium)*	Child Welfare Unspent (Honorarium)*	Child Welfare Budget Envelope*	Pre School Feeding Programme*	Pre School Feeding Programme Unspent*	Total: Pre School Feeding Programme*
Agara	927,562	484,299	1,411,861	553,118	14,905	568,024	1,582,326	241,859	1,824,185
Alangur	1,070,264	558,807	1,629,071	638,214	17,198	655,412	1,793,451	274,130	2,067,580
Amblikal	856,211	447,045	1,303,256	510,571	13,759	524,329	1,889,012	288,736	2,177,749
Angondahalli	927,562	484,299	1,411,861	553,118	14,905	568,024	1,800,118	275,149	2,075,266
Avani	784,860	409,792	1,194,652	468,023	12,612	480,635	1,733,447	264,958	1,998,405
Balla	998,913	521,553	1,520,466	595,666	16,052	611,718	1,388,980	212,306	1,601,286
Byrakur	998,913	521,553	1,520,466	595,666	16,052	611,718	1,671,220	255,447	1,926,667
Devarayasamudra	1,141,615	596,060	1,737,675	680,761	18,345	699,106	1,993,464	304,702	2,298,165
Dulapalli	570,807	298,030	868,838	340,381	9,172	349,553	935,617	143,009	1,078,626
Emmenatha	998,913	521,553	1,520,466	595,666	16,052	611,718	1,462,318	223,516	1,685,834
Gudipalli	927,562	484,299	1,411,861	553,118	14,905	568,024	1,528,989	233,706	1,762,695
Gummakallu	1,141,615	596,060	1,737,675	680,761	18,345	699,106	2,544,611	388,945	2,933,556
H Collahalli	784,860	409,792	1,194,652	468,023	12,612	480,635	1,582,326	241,859	1,824,185
Hanumanahalli	856,211	447,045	1,303,256	510,571	13,759	524,329	1,455,651	222,497	1,678,147
Hebbani	927,562	484,299	1,411,861	553,118	14,905	568,024	2,013,465	307,759	2,321,224
Kappalamadagu	856,211	447,045	1,303,256	510,571	13,759	524,329	2,009,020	307,079	2,316,100
Kurudumale	784,860	409,792	1,194,652	468,023	12,612	480,635	1,737,891	265,637	2,003,529
Mallanayakanahalli	856,211	447,045	1,303,256	510,571	13,759	524,329	1,620,106	247,634	1,867,740
Mothakapalli	856,211	447,045	1,303,256	510,571	13,759	524,329	1,693,444	258,843	1,952,288
Mudigere	1,212,966	633,314	1,846,280	723,309	19,491	742,800	2,691,287	411,364	3,102,651
Mudiyannur	1,141,615	596,060	1,737,675	680,761	18,345	699,106	1,455,651	222,497	1,678,147
Mustoor	927,562	484,299	1,411,861	553,118	14,905	568,024	1,962,351	299,946	2,262,297
Nangali	784,860	409,792	1,194,652	468,023	12,612	480,635	1,980,130	302,663	2,282,793
Oorkunte Mittur	856,211	447,045	1,303,256	510,571	13,759	524,329	2,000,131	305,721	2,305,851
Pitchaguntlahalli	1,141,615	596,060	1,737,675	680,761	18,345	699,106	1,133,407	173,242	1,306,649
Rajendrahalli	713,509	372,538	1,086,047	425,476	11,465	436,941	1,913,458	292,473	2,205,931
Sonnawadi	713,509	372,538	1,086,047	425,476	11,465	436,941	1,211,190	185,131	1,396,321
Thayalur	428,106	223,523	651,628	255,285	6,879	262,165	1,731,224	264,618	1,995,843
Thimmaravuthanahalli	998,913	521,553	1,520,466	595,666	16,052	611,718	1,468,985	224,535	1,693,520
Utthanur	1,070,264	558,807	1,629,071	638,214	17,198	655,412	1,586,770	242,538	1,829,309

*Includes attributions. Source: Department of Women & Child Development; CDPO Mulbagal; EO, TP Mulbagal; ZP CEO, Kolar.

Annexure 1.18: Scheme-wise GP Spend: Women & Child (₹) (contd.)

Gram Panchayat	Bhagyalakshmi	IGMSY (Beneficiary Amount)	IGMSY (Other Expenses)	IGMSY (Budget Envelope)
Agara	668,850	421,000	43,206	464,206
Alangur	402,450	294,000	30,172	324,172
Ambliikal	816,600	354,000	36,330	390,330
Angondahalli	803,950	461,000	47,311	508,311
Avani	747,000	351,500	36,073	387,573
Balla	479,650	422,000	43,308	465,308
Byrakur	975,750	446,000	45,771	491,771
Devarayasamudra	669,800	292,000	29,967	321,967
Dulapalli	574,250	275,000	28,222	303,222
Emmenatha	532,800	451,000	46,284	497,284
Gudipalli	651,450	397,000	40,743	437,743
Gummakallu	1,145,650	480,000	49,260	529,260
H Gollahalli	749,850	360,500	36,997	397,497
Hanumanahalli	574,250	410,000	42,077	452,077
Hebbani	817,550	335,500	34,431	369,931
Kappalamadagu	823,250	330,500	33,918	364,418
Kurudumale	722,950	571,500	58,651	630,151
Mallanayakanahalli	670,750	341,500	35,047	376,547
Mothakapalli	745,100	314,500	32,276	346,776
Mudigere	783,700	258,000	26,477	284,477
Mudiyanur	593,550	427,000	43,821	470,821
Mustoor	627,400	507,500	52,083	559,583
Nangali	816,600	403,000	41,358	444,358
Oorkunte Mittur	498,950	195,000	20,012	215,012
Pitchaguntlahalli	970,050	454,500	46,643	501,143
Rajendrahalli	498,950	279,000	28,633	307,633
Sonnawadi	747,950	295,500	30,326	325,826
Thayalur	703,650	329,500	33,815	363,315
Thimmaravuthanahalli	666,000	272,500	27,966	300,466
Utthanur	535,650	411,000	42,179	453,179

Source: Department of Women & Child Development, CDPO Mulbagal; EO, TP Mulbagal; ZP CEO, Kolar.

Annexure 1.19: Scheme-wise GP Spend: Backward Classes and Minorities (₹)

Gram Panchayat	Assistance to Most Backward Classes & Nomadic Tribes	Food Assistance	Extra Boarding & Lodging Charges	Pre Matric Scholarships	Scholarships for Backward Class Students (College)	Scholarships for Backward Class Students (School)	Devaraj Urs Corp	Maintenance of Backward Class Hostels	Minorities Corp
Avani	15,000	-	-	4,500	4,800	-	-	-	-
Agara	-	-	-	13,500	-	41,700	-	-	150,000
Alangur	-	-	-	-	-	36,900	88,250	1,118,462	-
Amblikal	-	-	-	-	-	1,500	25,000	-	428,000
Angondahalli	-	-	-	-	-	-	23,750	-	-
Balla	-	-	-	-	-	12,750	-	-	-
Byrakur	-	-	-	37,500	-	13,800	237,500	1,429,753	-
Devarayasamudra	10,000	-	-	16,200	1,600	21,500	430,750	4,274,466	-
Dulapalli	-	-	-	-	-	-	80,000	-	200,000
Emmenatha	-	-	-	7,350	-	31,350	-	-	-
Gudipalli	-	-	-	-	-	-	173,250	1,429,753	170,000
Gummakallu	-	-	-	12,000	-	11,250	49,000	-	360,000
H Gollahalli	-	-	-	-	-	-	50,000	1,741,044	970,000
Hanumanahalli	-	-	-	43,650	-	9,000	140,000	-	-
Hebbani	-	-	-	-	-	8,000	483,250	-	-
Kappalamadagu	-	7,500	4,500	-	3,200	88,000	55,000	1,429,753	190,000
Kurudumale	-	-	-	-	-	-	80,000	-	570,000
Mallanayakanahalli	12,000	-	-	6,000	9,600	10,200	-	1,005,265	-
Mothakapalli	-	-	-	7,200	-	-	-	-	-
Mudigere	-	-	-	-	-	-	60,000	-	20,000
Mudiyalur	-	9,000	4,500	9,000	19,200	3,000	-	-	150,000
Mustoor	-	-	-	13,200	-	7,500	-	-	-
Nangali	-	-	-	-	-	19,050	-	-	-
Oorkunte Mittur	-	-	-	-	-	2,250	33,250	-	-
Pitchaguntlahalli	-	-	-	-	-	-	-	-	-
Rajendrahalli	-	-	-	-	-	-	-	-	160,000
Sonnawadi	-	-	-	-	-	12,000	-	-	220,000
Thayalur	-	-	-	-	3,200	-	55,000	-	191,000
Thimmaravuthanahalli	-	-	-	-	-	-	-	-	-
Utthanur	-	-	-	-	-	17,000	186,000	1,429,753	50,000

Source: Department of Backward Classes & Minority Welfare, Mulbagal; ZP CEO, Kolar.

Annexure 1.20: Backward Class Hostels: Norms for Expenditure

Hostel Name	Food Allowance Per Student Per Month	Healthcare Kit Per Student Per Month	Monthly Health Allowance Per Hostel	Annual Books & Study Material Allowance	Haircut Allowance Per Student Per Month	Annual Hostel Expense for Newspaper & Sundries	Annual Salary for Temporary Tutors (3 Tutors @ `6000 Per Year)	Annual Cost of 2 Uniforms Per Student	No. of Months for Consideration
Post Matric Boys Hostel, Mulbagal Town	1,100	100	500	-	-	1,500	-	-	10
Post Matric Girls Hostel, Mulbagal Town	1,100	100	500	-	-	1,500	-	-	10
Pre Matric Boys Hostel, Mulbagal Town	1,000	100	500	200	15	750	18,000	400	10
Pre Matric Girls Hostel, Mulbagal Town	1,000	100	500	200	-	750	18,000	400	10
Pre Matric Boys Hostel, Devarayasamudra	1,000	100	500	200	15	750	18,000	400	10
Pre Matric Girls Hostel, Devarayasamudra	1,000	100	500	200	-	750	18,000	400	10
Pre Matric Boys Hostel, Utthanur	1,000	100	500	200	15	750	18,000	400	10
Pre Matric Boys Hostel, H Gollahalli	1,000	100	500	200	15	750	18,000	400	10
Pre Matric Boys Hostel, Gudipalli	1,000	100	500	200	15	750	18,000	400	10
Pre Matric Girls Hostel, Byrakur	1,000	100	500	200	-	750	18,000	400	10
Pre Matric Boys Hostel, N Vaddahalli	1,000	100	500	200	15	750	18,000	400	10
Pre Matric Boys Hostel, Alangur Cross	1,000	100	500	200	15	750	18,000	400	10
Pre Matric Boys Hostel, Mallanayakanahalli	1,000	100	500	200	15	750	18,000	400	10

Source: Department of Backward Classes & Minority Welfare, Mulbagal; ZP CEO, Kolar.

Annexure 1.21: Scheme-wise GP Spend: Social Welfare (₹)

Gram Panchayat	Social Welfare Scholarships	Safai Karmachari	ST Micro Credit	Self Employment Programme (SEP)	Industries Services Businesses (ISB)	SEP: Dairy	ST: ISB	ST: SEP	Social Welfare Hostels	Total Budget Envelope
Agara	79,000	300,000	-	-	-	-	-	-	-	379,000
Alangur	186,800	-	-	-	-	17,500	-	-	-	204,300
Ambikal	128,950	-	-	-	-	17,500	-	-	-	146,450
Angondahalli	147,550	-	-	-	-	-	-	-	-	147,550
Avani	357,550	-	-	-	-	35,000	-	-	2,042,868	2,435,418
Balla	57,600	-	-	35,000	-	-	-	-	1,040,375	1,132,975
Byrakur	72,950	100,000	-	105,000	-	52,500	-	17,500	2,042,868	2,390,818
Devarayasamudra	387,450	-	-	315,000	700,000	35,000	-	-	-	1,437,450
Dulapalli	18,900	-	-	-	-	-	-	-	-	18,900
Emmenatha	142,800	-	-	-	-	-	-	-	-	142,800
Gudipalli	54,250	-	-	-	-	35,000	-	-	-	89,250
Gummakallu	57,800	-	-	-	-	-	-	-	-	57,800
H Gollahalli	127,050	-	-	105,000	-	-	-	52,500	1,323,106	1,607,656
Hanumanahalli	114,450	-	-	140,000	-	-	-	-	1,240,874	1,495,324
Hebbani	167,050	-	-	-	100,000	-	99,000	-	-	366,050
Kappalamadagu	200,900	196,000	-	-	-	17,500	-	-	-	414,400
Kurudumale	95,900	700,000	-	35,000	-	-	-	-	-	830,900
Mallanayakanahalli	92,850	-	-	105,000	-	-	-	-	-	197,850
Mothakapalli	25,050	-	-	-	-	-	-	35,000	-	60,050
Mudigere	105,850	100,000	-	-	-	17,500	-	-	-	223,350
Mudiyalur	103,700	200,000	-	35,000	-	17,500	-	-	-	356,200
Mustoor	94,250	-	-	-	-	17,500	-	-	-	111,750
Nangali	117,400	-	-	-	-	-	-	-	1,040,375	1,157,775
Oorkunte Mittur	51,900	-	-	-	-	-	-	-	-	51,900
Pitchaguntlahalli	58,400	-	-	-	-	-	-	-	-	58,400
Rajendrahalli	14,950	100,000	-	-	-	-	-	-	-	114,950
Sonnawadi	34,100	-	-	60,000	-	-	-	-	-	94,100
Thayalur	141,000	-	-	-	-	52,500	-	-	1,040,375	1,233,875
Thimmaravuthanahalli	97,150	-	165,000	70,000	-	-	-	-	1,040,375	1,372,525
Utthanur	85,950	1,000,000	-	105,000	-	-	-	-	1,040,375	2,231,325

Source: Social Welfare Department, Mulbagal; EO, TP Mulbagal; ZP CEO, Kolar.

Annexure 1.22: SC Hostels: Norms for Expenditure

Hostel Name	Food Allowance Per Student Per Month	Annual Books & Study Material Allowance	Haircut Allowance Per Student Per Year	Monthly Hostel Expense for Newspaper & Sundries	Annual Salary for Temporary Tutors (3 Tutors @ ` 6000 Per Year)	Annual Cost of 2 Uniforms Per Student	No. of Months for Consideration
Pre Matric Boys Hostel, Mulbagal	1,000	250	150	250	18,000	450	10
Pre Matric Girls Hostel, Mulbagal	1,000	250	0	250	18,000	450	10
Pre Matric Boys Hostel, Byrakur	1,000	250	150	250	18,000	450	10
Pre Matric Boys Hostel, Avani	1,000	250	150	250	18,000	450	10
Pre Matric Boys Hostel, Kashipura	1,000	250	150	250	18,000	450	10
Pre Matric Boys Hostel, Nangali	1,000	250	150	250	18,000	450	10
Pre Matric Boys Hostel, Thayalur	1,000	250	150	250	18,000	450	10
Pre Matric Boys Hostel, M Agrahara	1,000	250	150	250	18,000	450	10
Pre Matric Boys Hostel, Utthanur	1,000	250	150	250	18,000	450	10
Pre Matric Boys Hostel, H Gollahalli	1,000	250	0	250	18,000	450	10
Pre Matric Boys Hostel, Thimmaravuthanahalli	1,000	250	150	250	18,000	450	10

Source: Social Welfare Department, Mulbagal; EO, TP Mulbagal; ZP CEO, Kolar.

Annexure 1.23: Commodity-wise GP Spend: PDS (₹)

Gram Panchayat	Rice	Wheat	Sugar	Kerosene
Agara	10,475,549	1,498,305	202,275	933,496
Alangur	7,125,691	1,000,106	136,338	631,841
Ambikallu	17,322,352	2,370,262	304,775	1,506,042
Angonahalli	10,341,639	1,505,850	238,300	946,664
Avani	17,644,285	2,461,500	338,438	1,450,619
Balla	13,062,966	1,840,498	251,300	1,127,650
Byrakur	13,513,609	1,908,156	258,325	1,139,953
Devarayasamudra	8,316,346	1,174,976	167,163	722,508
Dulapalli	7,808,176	7,543,839	155,025	674,986
Emmenatha	8,909,994	1,162,525	173,225	768,558
Gudipalli	12,665,076	1,786,672	248,450	1,134,647
Gummakallu	19,208,107	2,711,008	368,188	1,770,193
H Gollahalli	16,270,434	2,302,288	312,350	1,470,810
Hanumanahalli	8,963,440	1,255,085	176,938	790,880
Hebbani	11,610,118	1,644,689	220,463	1,054,695
Kappalamadagu	17,988,568	2,539,723	345,350	1,510,702
Kurudumale	15,097,860	2,111,133	286,300	1,223,713
Mallanayakanahalli	14,123,365	1,997,195	269,713	1,302,619
Mothakapalli	15,655,530	2,207,214	303,400	1,317,750
Mudigere	15,498,790	2,201,303	293,363	1,412,728
Mudiyatur	10,175,058	1,441,084	194,388	900,602
Mustoor	15,044,094	2,048,882	288,725	1,254,516
Nangali	18,905,483	2,665,483	368,213	1,507,152
Oorkunte Mittur	7,116,143	1,008,092	139,488	643,848
Pichhaguntlahalli	12,652,941	1,682,920	241,325	1,175,843
Rajendrahalli	12,299,404	1,636,012	224,663	1,011,757
Sonnawadi	13,809,673	1,945,633	263,925	1,145,453
Thayalur	9,309,057	1,301,868	182,913	619,938
Thimmaravuthanahalli	12,096,792	1,708,827	236,175	1,034,620
Utthanur	15,466,386	2,195,644	298,575	1,310,933

Source: Department of Food & Civil Supplies (all raw data including subsidy quantum as provided by the department), ZP CEO, Kolar.

Annexure 1.24: MGNREGA, GP Spend (₹) lakh)

Gram Panchayat	Actual Expenditure				Adm. Exp.			Total Expenditure
	On Unskilled Wage	On Semi-Skilled & Skilled Wage	On Material	Tax	Recurring Exp.	Non-Recurring Exp.	Total Adm. Exp.	
Agara	14	0.0	4	0.3	0.0	0.0	0.0	18
Alangur	63	0.0	22	2	0.0	0.0	0.0	86
Amblikal	37	0.0	26	2	0.0	0.0	0.0	65
Angondahalli	18	0.0	15	0.4	0.0	0.0	0.0	34
Avani	3	0.0	14	1	0.0	0.0	0.0	17
Balla	65	0.0	21	1	0.0	0.0	0.0	86
Byrakur	10	0.0	11	1	0.0	0.0	0.0	22
Devarayasamudra	24	0.0	31	1	0.0	0.0	0.0	56
Dulapalli	16	0.0	14	1	0.3	0.0	0.3	31
Emmenatha	58	0.0	10	1	0.0	0.0	0.0	69
Gudipalli	0	0.0	0	0.0	0.0	0.0	0.0	0
Gummakallu	18	0.0	0	0.0	0.0	0.0	0.0	18
H Gollahalli	35	0.0	29	2	0.0	0.0	0.0	66
Hanumanahalli	25	0.0	15	1	0.0	0.0	0.0	41
Hebbani	30	0.0	16	1	0.0	0.0	0.0	47
Kappalamadagu	26	0.0	8	0.1	0.0	0.0	0.0	34
Kurudumale	16	0.0	12	1	0.0	0.0	0.0	28
Mallanayakanahalli	29	0.0	7	1	0.0	0.0	0.0	37
Mothakapalli	17	0.0	9	1	0.0	0.0	0.0	27
Mudigere	3	0.0	1	0.1	0.0	0.0	0.0	4
Mudiyapur	11	0.0	3	0.2	0.0	0.0	0.0	14
Mustoor	6	0.0	5	0.4	0.0	0.0	0.0	12
Nangali	5	0.0	7	1	0.0	0.0	0.0	14
Oorkunte Mittur	21	0.0	8	1	0.0	0.0	0.0	29
Pitchaguntlahalli	35	0.0	9	1	0.0	0.0	0.0	45
Rajendrahalli	13	0.0	0	0.0	0.0	0.0	0.0	13
Sonnawadi	58	0.0	16	1	0.0	0.0	0.0	75
Thayalur	8	0.0	6	0.3	0.0	0.0	0.0	14
Thimmaravuthanahalli	16	0.0	13	1	0.0	0.0	0.0	30
Utthanur	71	0.0	43	3	0.0	0.0	0.0	117
Total	751	0.0	373	25	0.3	0.0	0.3	1149

Source: www.nrega.nic.in.

Annexure 1.14: Scheme-wise GP Spend: Housing (₹)

Gram Panchayat	Funds Received	Expenditure	Unutilised	Budget Envelope
Agara	1,433,800	726,835	706,965	1,433,800
Alangur	1,826,516	1,458,922	367,594	1,826,516
Amblikal	1,797,568	1,136,569	660,999	1,797,568
Angondahalli	1,419,250	1,411,250	8,000	1,419,250
Avani	0	0	0	0
Balla	1,736,659	1,386,659	350,000	1,736,659
Byrakur	3,729,600	3,681,486	48,114	3,729,600
Devarayasamudra	1,349,837	750,650	599,187	1,349,837
Dulapalli	1,388,211	515,825	872,386	1,388,211
Emmenatha	2,178,357	1,939,500	238,857	2,178,357
Gudipalli	900,000	900,000	0	900,000
Gummakallu	1,250,000	1,250,000	0	1,250,000
H Gollahalli	798,300	793,376	4,924	798,300
Hanumanahalli	1,944,879	1,728,396	216,503	1,944,899
Hebbani	150,000	150,000	0	150,000
Kappalamadagu	750,000	750,000	0	750,000
Kurudumale	0	0	0	0
Mallanayakanahalli	2,338,220	1,697,641	640,579	2,338,220
Mothakapalli	3,223,163	3,086,800	136,363	3,223,163
Mudigere	853,245	850,000	3,245	853,245
Mudiyanur	2,131,410	1,398,161	733,249	2,131,410
Mustoor	83,210	80,000	3,210	83,210
Nangali	1,533,767	866,703	667,064	1,533,767
Oorkunte Mittur	245,500	237,500	8,000	245,500
Pitchaguntlahalli	3,036,744	2,024,524	1,012,220	3,036,744
Rajendrahalli	1,000,000	1,000,000	0	1,000,000
Sonnawadi	2,844,100	2,469,163	374,937	2,844,100
Thayalur	0	0	0	0
Thimmaravuthanahalli	685,075	685,075	0	685,075
Utthanur	191,186	136,300	54,886	191,186

Source: PDOs of the 30 GPs under research.

Annexure 1.26: Local Area Funds, GP Spend (₹)

Village Name	Panchayat	Activity for which the Amount Was Spent	MLALAD	MLCLAD	MPLAD	Remarks
J Agrahara	Mallanayakana Halli	Cement Concrete (CC) Road	-	500,000	-	
Moparahalli	Mallanayakana Halli	CC Road	-	500,000	-	
D Kurubarahalli	Mallanayakana Halli	CC Road	-	500,000	-	
Thimmapura	Mallanayakana Halli	CC Road	-	500,000	-	
Belaganahalli	Mallanayakana Halli	CC Road	-	500,000	-	
J Agrahara	Mallanayakana Halli	Community Building	-	300,000	-	
Mallanayakana halli	Mallanayakana Halli	Kasturba School Compound	-	1,200,000	-	
Mallanayakana halli	Mallanayakana Halli	Govt School Compound	-	500,000	-	
Basavarajapura	Mallanayakana Halli	Bus Shelter	-	100,000	-	
K Bikkana halli	Thimmaravuthanahalli	Bus Shelter	-	100,000	-	
Kavatanahalli	Sonnawadi	Bus Shelter	-	100,000	-	
Moparahallai	Mallanayakana Halli	Bus Shelter	-	100,000	-	
J Agrahara	Mallanayakana Halli	Bus Shelter	-	100,000	-	
Sonnawadi	Sonnawadi	Bus Shelter	-	100,000	-	
Dommasadra	Mallanayakana Halli	Bus Shelter	-	100,000	-	
Gumlapura	Sonnawadi	Bus Shelter	-	100,000	-	
K Hosahalli	Agara	CC Road	300,000	-	-	SC Colony
Honnikere	Gudipalli	CC Road	300,000	-	-	SC Colony
Kirumani	Rajendrahalli	CC Road	300,000	-	-	SC Colony
Kadenahalli	Byrakur	CC Road	300,000	-	-	SC Colony
M Gollahalli	Hebbani	CC Road	300,000	-	-	SC Colony
M Chamakalahalli	Mustoor	CC Road	300,000	-	-	SC Colony
Mallekoppa	Mudigere	CC Road	300,000	-	-	SC Colony
Surkunte	Gummakallu	CC Road	300,000	-	-	SC Colony
Tatigatta	Amblikal	CC Road	400,000	-	-	SC Colony
Chinnahalli	Mustoor	CC Road	300,000	-	-	SC Colony
Chikka Bandahali	Sonnawadi	CC Road	300,000	-	-	SC Colony
Kannasandra	Emmenatha	CC Road	400,000	-	-	SC Colony
S Chadumanahalli	Balla	CC Road	300,000	-	-	SC Colony
Ramasandra	Avani	CC Road	300,000	-	-	SC Colony
Hanumanahalli	Hanumanahalli	CC Road	300,000	-	-	SC Colony
Yalagondana Halli	Devarayasamudra	CC Road	300,000	-	-	SC Colony
Total			5,500,000	5,300,000	0	

Note: MP funds were utilised in Bangarapet taluk; none of the other taluks got MP funds in FY 2014-15.

Source: Public Information Officer, Office of the Deputy Commissioner, Kolar.

Annexure 1.27: Finance Commission Grants, Release Schedule (₹)

Gram Panchayat	Funds Released	Release Date	Govt Order	Funds Released	Release Date	Govt Order	Funds Released	Release Date	Govt Order	Funds Released	Total Funds
Agara	564,811	41,732	RDPr21CPS2013	463,225	41,855	RDPr54GPS2014	549,551	42,090	RDPr14GPS2015	1,577,587	
Alangur	555,022	41,732	RDPr21CPS2013	455,196	41,855	RDPr54GPS2014	540,027	42,090	RDPr14GPS2015	1,550,245	
Amblikal	636,365	41,732	RDPr21CPS2013	521,909	41,855	RDPr54GPS2014	619,172	42,090	RDPr14GPS2015	1,777,446	
Angondahalli	611,849	41,732	RDPr21CPS2013	501,803	41,855	RDPr54GPS2014	595,319	42,090	RDPr14GPS2015	1,708,971	
Avani	614,881	41,732	RDPr21CPS2013	504,290	41,855	RDPr54GPS2014	598,269	42,090	RDPr14GPS2015	1,717,440	
Balla	536,483	41,732	RDPr21CPS2013	439,992	41,855	RDPr54GPS2014	521,989	42,090	RDPr14GPS2015	1,498,464	
Byraker	671,536	41,732	RDPr21CPS2013	550,754	41,855	RDPr54GPS2014	653,393	42,090	RDPr14GPS2015	1,875,683	
Devarayasamudra	660,707	41,732	RDPr21CPS2013	541,873	41,855	RDPr54GPS2014	642,857	42,090	RDPr14GPS2015	1,845,437	
Dulapalli	332,996	41,732	RDPr21CPS2013	273,104	41,855	RDPr54GPS2014	324,000	42,090	RDPr14GPS2015	930,100	
Emmenatha	537,870	41,732	RDPr21CPS2013	441,129	41,855	RDPr54GPS2014	523,338	42,090	RDPr14GPS2015	1,502,337	
Gudipalli	516,906	41,732	RDPr21CPS2013	423,936	41,855	RDPr54GPS2014	502,940	42,090	RDPr14GPS2015	1,443,782	
Gummakallu	825,039	41,732	RDPr21CPS2013	676,649	41,855	RDPr54GPS2014	802,749	42,090	RDPr14GPS2015	2,304,437	
H Collahalli	528,774	41,732	RDPr21CPS2013	433,669	41,855	RDPr54GPS2014	514,488	42,090	RDPr14GPS2015	1,476,931	
Hanumanahalli	515,087	41,732	RDPr21CPS2013	422,444	41,855	RDPr54GPS2014	501,170	42,090	RDPr14GPS2015	1,438,701	
Hebbani	689,467	41,732	RDPr21CPS2013	565,461	41,855	RDPr54GPS2014	670,840	42,090	RDPr14GPS2015	1,925,768	
Kappalamadagu	640,176	41,732	RDPr21CPS2013	525,035	41,855	RDPr54GPS2014	622,881	42,090	RDPr14GPS2015	1,788,092	
Kurudumale	522,623	41,732	RDPr21CPS2013	428,625	41,855	RDPr54GPS2014	508,503	42,090	RDPr14GPS2015	1,459,751	
Mallanayakanahalli	568,969	41,732	RDPr21CPS2013	466,635	41,855	RDPr54GPS2014	553,597	42,090	RDPr14GPS2015	1,589,201	
Mothakapalli	595,823	41,732	RDPr21CPS2013	488,659	41,855	RDPr54GPS2014	579,726	42,090	RDPr14GPS2015	1,664,208	
Mudigere	800,004	41,732	RDPr21CPS2013	656,116	41,855	RDPr54GPS2014	778,390	42,090	RDPr14GPS2015	2,234,510	
Mudiyalur	499,840	41,732	RDPr21CPS2013	409,940	41,855	RDPr54GPS2014	486,336	42,090	RDPr14GPS2015	1,396,116	
Mustoor	609,944	41,732	RDPr21CPS2013	500,240	41,855	RDPr54GPS2014	593,465	42,090	RDPr14GPS2015	1,703,649	
Nangali	679,592	41,732	RDPr21CPS2013	557,362	41,855	RDPr54GPS2014	661,231	42,090	RDPr14GPS2015	1,898,185	
Oorkunte Mittur	459,212	41,732	RDPr21CPS2013	376,619	41,855	RDPr54GPS2014	446,805	42,090	RDPr14GPS2015	1,282,636	
Pitchaguntlahalli	589,673	41,732	RDPr21CPS2013	483,615	41,855	RDPr54GPS2014	573,742	42,090	RDPr14GPS2015	1,647,030	
Rajendrahalli	438,161	41,732	RDPr21CPS2013	359,354	41,855	RDPr54GPS2014	426,324	42,090	RDPr14GPS2015	1,223,839	
Sonnawadi	667,897	41,732	RDPr21CPS2013	547,770	41,855	RDPr54GPS2014	649,853	42,090	RDPr14GPS2015	1,865,520	
Thayalur	441,020	41,732	RDPr21CPS2013	361,699	41,855	RDPr54GPS2014	429,105	42,090	RDPr14GPS2015	1,231,824	
Thimmaravuthanahalli	591,145	41,732	RDPr21CPS2013	484,823	41,855	RDPr54GPS2014	575,174	42,090	RDPr14GPS2015	1,651,142	
Utthanur	567,323	41,732	RDPr21CPS2013	465,285	41,855	RDPr54GPS2014	551,995	42,090	RDPr14GPS2015	1,584,603	
Total	17,469,195	41,732	RDPr21CPS2013	14,327,211	41,855	RDPr54GPS2014	16,997,229	42,090	RDPr14GPS2015	48,793,635	

Source: Panchatantra, RDPR Department.



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