

# Measures to Augment the Resources of Panchayats Empirical Assessment 2018-19

Annex V: A Report on Madhya Pradesh

*Sponsored by*



**NITI Aayog**

Government of India

*Conducted by*



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Indian Institute of Public Administration  
New Delhi

November 2019

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## List of Abbreviations

BDO	Block Development Officer
BP	Block <i>Panchayat</i>
CAA	Constitutional Amendment Act
CB-PSA	Capacity Building – <i>Panchayat Sashaktikaran Abhiyan</i>
CEO	Chief Executive Officer
CSS	Central Sponsored Schemes
DF	District Fund
DPC	District Planning Committee
DPIP	District Poverty Initiatives Project
DRDA	District Rural Development Agency
ERs	Elected Representatives
FC	Finance Commission
GF	<i>Gram</i> Fund
GP	<i>Gram Panchayat</i>
GPDP	<i>Gram Panchayat</i> Development Plan
GPEO	<i>Gram Panchayat</i> Extension Officer
GRM	Grievance Redressal Mechanism
GS	<i>Gram Sabha</i>
GST	Goods and Services Tax
IF	Intermediate Fund
ICT	Information and Communication Technology
ITDA	Information Technology Development Agency
IRDP	Integrated Rural Development Programme
LBT	Land and Building Tax/House tax
LGD	Local Government Directory
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MGSIRD	Mahatma Gandhi State Institute for Rural Developments

MoPR	Ministry of <i>Panchayati Raj</i>
MoRD	Ministry of Rural Development
MP	Madhya Pradesh
MPPRD	Madhya Pradesh <i>Panchayati Raj</i> and Rural Development Department
MPRLP	Madhya Pradesh Rural Livelihood Programme
MP StePs	Madhya Pradesh State Tech e- <i>Panchayat</i> Society
NGOs	Non-Government Organizations
NPP	National <i>Panchayat</i> Portal
NRHM	National Rural Health Mission
PEO	<i>Panchayat</i> Executive Officer
PESA	Provisions of <i>Panchayats</i> Extension to Scheduled Areas
PS	<i>Panchayat Samiti</i>
RTI	Right to Information Act
RGPSA	Rajiv Gandhi <i>Panchayat Sashaktikaran Abhiyan</i>
RGSA	<i>Rashtriya Gram Swaraj Abhiyan</i>
SC	Scheduled Castes
SDO	Sub-District Officer
SFC	State Finance Commission
SIRD	State Institute for Rural Development
ST	Scheduled Tribes
SIC	State Information Commission
OBC	Other Backward Classes
ZP	<i>Zilla Parishad</i>

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## Measures to Augment Resources of Panchayats in Madhya Pradesh

### **Facts file (Basic)**

Capital	: Bhopal
Area	: 72,626,809 sq. km
Population	: 82,342,793 crores (till 2018)
Rural Population	: 52,719,953 crores (till 2018)
GSDP at current price (2018-19)	: Rs 9,62,430 crores
Number of Districts	: 52
Number of Districts <i>Panchayats</i>	: 51
Number of Intermediate <i>Panchayats</i>	: 313
Number of Village <i>Panchayats</i>	: 22819

### **1. Basic Details of Panchayats including Constitutional Provisions**

#### **1.1 *Panchayat* system in Madhya Pradesh -An Introduction**

Madhya Pradesh was formed in November 1956 as a result of the reorganization of states that took place on a broadly linguistic basis. At the time of its formation, the State had 43 districts. Subsequently, two large districts were bifurcated. Sixteen more districts were formed in 1998. The Chattisgarh region, comprising of 16 districts, was separated to form a new state as per the provisions of Madhya Pradesh Reorganization Act, 2000, and the reorganized state of Madhya Pradesh came into existence in November 2000. Till 2019, the Madhya Pradesh has 52 districts.

Madhya Pradesh (MP) implemented the 73<sup>rd</sup> Constitutional Amendment Act, 1993 (CAA) by enacting *Panchayat* law, and conducted *Panchayat* elections in 1994. The *Panchayati Raj* system in Madhya Pradesh has constantly evolved during the past decade and a half. The evolution of *Panchayati Raj* system in MP is an attempt to initiate a new era of people's empowerment by constantly responding to the needs emerging from the field. Importantly, the Government of Madhya Pradesh observes decentralization and people's participation as central to its governance agenda, of which the *Panchayat* system is an example of democracy at the grassroots level.

The Madhya Pradesh *Panchayat Raj Avam Gram Swaraj Adhiniyam* Act, 1993 was enacted to cover the voids in existing laws to establish *Panchayats*. The Act was drafted in conformity with the objectives, substance, and directives of the 73<sup>rd</sup> Constitutional Amendment Act (CAA), 1993.



It also provides State Finance Commission (SFC) to recommend grant-in-aid to the State government as needed by the *Panchayats* of the State.

## 1.2 Organizational Structure of *Panchayat* systems in Madhya Pradesh

The Government of Madhya Pradesh established a three-tier *Panchayats* viz.

- 1) *Zilla Parishad (ZP)* at District level
- 2) *Janpad Panchayat* at Block level
- 3) *Gram Panchayat (GP)* at Village level

## 1.3 Constitutional & Legislative Provisions in Madhya Pradesh

The Madhya Pradesh *Panchayat Raj Avam Gram Swaraj Adhiniyam* Act, 1993, was enacted to create and amend existing laws for the establishment of *Panchayats*. The Act was drafted in conformity with the 73<sup>rd</sup> CAA, 1993 and Governor's assent was given on 24<sup>th</sup> January 1994. The main objective of the Act is to strengthen and empower the *Panchayats* and to ensure effective involvement of these institutions in local administration and development activities. The *Panchayats* are become more democratic through people's greater participation, democratic decentralization, and effective local self-governance, and with the help of agents of economic and social justice. It also provides vital agencies and provisions for social-economic changes and development in the sphere of *Panchayats* in Madhya Pradesh. Table 1 shows the *Panchayats* governing Acts with key amendments in Madhya Pradesh.

**Table 1: *Panchayats* Governing Acts with key amendments in Madhya Pradesh**

<i>Panchayats</i> Governing Acts with key amendments in Madhya Pradesh	Year of Passing
Madhya Pradesh <i>Panchayat Raj Avam Gram Swaraj Adhiniyam</i> , 1993	1993
Madhya Pradesh <i>Panchayat Raj Dwitiya (Sansodhan)</i> Act	1997
Madhya Pradesh District Planning Committee Act, 1995	1995
Madhya Pradesh <i>Panchayat Raj Avam Gram Swaraj Adhiniyam</i> Amendment, 2001	2001
Madhya Pradesh Social Audit Rules, 2013	2013

#### 1.4 PESA in Madhya Pradesh

Madhya Pradesh Panchayat Raj Avam Gram Swaraj Adhiniyam, 1993 was amended in December 1997 to incorporate provisions of 1996 Extension Act. The Amendment suggests that the gram sabha is bestowed with special powers and functions in the Scheduled Area. The Act defines that Gram Panchayat in Scheduled Areas shall work under the general superintendence, control, and direction of the Gram Sabha. The Act establishes the Panchayats to ensure an effective involvement of the Panchayats in local administration and developmental activities. The Government of Madhya Pradesh has enacted the Panchayat Raj Dwitiya (Sansodhan) Act 1997 to conform to the Central Legislation of PESA. The Role of Gram Sabha in Scheduled Area needs to be looked into in the light of this and subsequent amendments along with Panchayat Raj (Sanshodhan) Adhiniyam 1999 and the Madhya Pradesh Panchayati Raj (Sanshodhan) Adhiniyam 2001. Table 2 shows the PESA Areas within Madhya Pradesh.

**Table 2: PESA Areas within Madhya Pradesh**

Districts	Tehsils
Balaghat	<ul style="list-style-type: none"> <li>Baihar</li> </ul>
Betul	<ul style="list-style-type: none"> <li>Betul (excluding Betual Community Development Block)</li> </ul>
Chhindwara	<ul style="list-style-type: none"> <li>Bhainsdehi</li> <li>Saunsar Tehsil (Tamia and Jamai Tribal Development Blocks, Patwari Circle Nos. 63 to 68 and Nos. 72 and 73 villages Seergaon khurd and Kirwani Of Patwari Circle No. 62. Villages Mainawari and Gaulie Parasia of Patwari Circle No. 69 and village Bamhani of Patwari Circle No. 97 of Chhindwara tahsil Harral Tribal Development Block and Patwari Circle Nos. 26,27,30,31,32,41 to 44,48,49,50-B, 51 and 60 of Amarwara tahsil, Bichhua Tribal Development Block and Patwari Circle Nos. 1 to 19,25 to 30, 32 to 37, village Nandapur of Patwari Circle No. 20 villages Nilkantha and Dhandikhapa of Patwari Circle No. 24, villages Ramudhana, Silora and Jouri of Patwari Circle No. 31 and all villages, excluding village Muli of</li> </ul>

	Patwari Circle No. 39).
Dhar	<ul style="list-style-type: none"> <li>• Sardarpur</li> <li>• Dhar</li> <li>• Kukshi</li> <li>• Manawar</li> </ul>
Hoshangabad	<ul style="list-style-type: none"> <li>• Hoshangabad Tehsil (Kesla Tribal Development Block)</li> </ul>
Jhabua	
Khargone (West Nimar)	<ul style="list-style-type: none"> <li>• Barwani</li> <li>• Rajpur</li> <li>• Sendawa</li> <li>• Bhikangaon</li> <li>• Maheshwar</li> </ul>
Mandla	-
Soni	<ul style="list-style-type: none"> <li>• Lakhnadon</li> <li>• Soni Tehsil (Kurai Tribal Development Block)</li> </ul>
Sidhi	<ul style="list-style-type: none"> <li>• Gopadbanas Tehsil (Kusumi Tribal Development Block)</li> </ul>
Sheopur	<ul style="list-style-type: none"> <li>• Karahal Tribal Development Block</li> </ul>
Ratlam	<ul style="list-style-type: none"> <li>• Sailana</li> </ul>

## 1.5 Political and Administrative Framework for *Panchayats* in Madhya Pradesh

Madhya Pradesh conducted elections to *Panchayats* in 1994 after the 73<sup>rd</sup> CAA. Three more elections have subsequently been conducted in 2000, 2005, and in January 2010 in MP at *Panchayats* level.

### 1.5.1 Reservation Provisions in *Panchayats* of Madhya Pradesh

Article 243 D of the Indian Constitution, specifies equal and fair representation of every section of society in the political system through reservation of seats for SCs/STs & women. As per the 73<sup>rd</sup> CAA (1993), the *Panchayats* must reserve one-third of their seats for women. Madhya Pradesh has given fifty percent reservation to Women at all three tier of *Panchayats*. Table 3 shows the reservation of seats for Women SCs and STs Representatives in *Panchayats* of Madhya Pradesh as mentioned in State Act.

**Table 3: Reservation of Seats for Women, SCs and STs Representatives in *Panchayats* of Madhya Pradesh**

Reserved Community	Reservation Seats for Women SCs and STs Representatives		
	<i>Gram Panchayat</i>	<i>Panchayat Samiti</i>	<i>Zilla Parishad</i>
Women	50	50	50
Scheduled Castes/SCs	15.0 Based on proportion of the SCs population of the concerned <i>Panchayats</i>	15.0 Based on proportion of the SCs population of the concerned <i>Panchayats</i>	15.0 Based on proportion of the SC s population of the concerned <i>Panchayats</i>
Scheduled Tribes/STs	28.7 Based on proportion of the STs population of the concerned <i>Panchayats</i>	27.8 Based on proportion of the STs population of the concerned <i>Panchayats</i>	26.1 Based on proportion of the STs population of the concerned <i>Panchayats</i>

In the first election of *Panchayats*, the reserved seats for women were decided by a lottery system and then by rotation in such a manner that women leaders occupied all the seats in a cycle of three elections. The reservation matrix was rotated once every five-year term. With the increase in the proportion of reserved seats for women going up to fifty percent in the 4<sup>th</sup> elections in January 2010, all constituencies had to be covered in two election cycles. Seats are also reserved for SCs, STs, and OBCs to their proportion in the population. In each category, half the seats are reserved for women, though women from these categories can also contest from non-reserved seats. The number of elected representatives of Women, SCs and STs in three tiers of *Panchayats* in MP is given in Table 4.

**Table 4: Number of Elected representatives of Women, SCs and STs in *Panchayats* of Madhya Pradesh**

S.No.	Constitutional Provisions	<i>Gram Panchayat</i>	<i>Block Panchayat</i>	<i>District Panchayat</i>
1.	Name of <i>Panchayats</i>	<i>Gram Panchayats</i>	<i>Janpad Panchayats</i>	<i>Zilla Panchayats</i>
2.	Number of <i>Panchayats</i>	23006	313	51
3.	Number of Elected Representatives	388829	6851	836
4.	Number of Women Representatives	134368	2393	304
5.	Number of SC Representatives	59889	1078	136

6.	Number of ST Representatives	110744	1972	222
7.	Percentage of reservation for Women	33.9	33.4	34.4
8.	Percentage of reservation for Scheduled Castes (SCs)	15.4	15.0	13.6
9.	Percentage of reservation for Scheduled Tribes (STs)	28.5	27.5	26.12

## **2. Constitution and Functioning of District Planning Committee (DPC)**

### **2.1 District Planning Committee (DPC) in Madhya Pradesh: Constitution, Composition and Functioning**

Article 243 ZD of the Constitution of India envisages constitution of District Planning Committee (DPC) at district level in every State to consolidate the plans prepared by the *Panchayats* and Municipalities to be integrated into a draft development plan of district as a whole. In pursuance of the above, the Government of Madhya Pradesh enacted the Madhya Pradesh *Zilla Yojana Adhiniyam* (The Madhya Pradesh District Planning Committee Act) in 1995 and as per the Section 3 of the Act, State has also constituted the DPCs for all districts. The State Government introduced decentralized planning process from the financial year from 2001-02 and constitutes DPCs in 51 districts out of 52 Districts.

The Government of Madhya Pradesh has established a steering committee headed by the Chief Minister to undertake Decentralized District Planning. The committee provides policy guidelines and direction for implementation of policy to preparation of development plans. The development plans were prepared at the grassroots level i.e. at village level with participation of the community and facilitation by government functionaries and volunteer organisation. The prepared development plans, then, implemented by the working group supervised by the Member Secretary of the State Planning Commission.

The Madhya Pradesh District Planning Committee Act, 1995 reviews the plans prepared by the three rungs of *Panchayats* to prepare a consolidated development plan for the entire district. All DPCs have duly elected representatives including representatives from *Panchayats* and Municipalities. It also includes: a) the Minister-in-charge of the district as the chairperson of the DPC; b) the collector is the member Secretary; c) the president of *ZP*; d) One member to be

nominated by the State government where the number of members of the DPC are 20 as per the schedule and two members to be nominated by the State government where the number of members is 25; e) Special invitees will be- i) members of the Lok Sabha and MLAs representing constituencies which wholly or partially lie in the district and (ii) members of the Rajya Sabha representing the state shall also be permanent invitees to the DPC of the district of their choice.

The DPCs meet once in every quarter. The Committee prepares consolidated draft district development plans. It also has autonomy of using thirty percent of the resources that are being transferred to the district plan sector. They also integrate the plans of the *Gram Panchayat*, *Janpad Panchayat*, and *Zilla Panchayat* levels. The extent and type of available resources to each *Panchayat* may be assessed from their limits and kinds to facilitate the planning process.

## **2.2 Functions of District Planning Committee (DPC) in Madhya Pradesh**

As per Section 7 of the Madhya Pradesh District Planning Committee Act (1995), the DPC performs the following functions:

- i. To determine the policies, programmes, and priorities for the development of the district, in order to ensure maximum and judicious utilisation and exploitation of available natural and human resources;
- ii. To identify the local needs and intents within the framework of national and state-level objectives;
- iii. To collect, compile and update the information related to natural and human resources of the district for creating a comprehensive database for decentralised planning, and preparation of district and block resource profiles;
- iv. To list and map the amenities at village, block and district levels;
- v. To formulate the draft of Five-year and Annual Development plans of the district in their Socio-economic, temporal and spatial dimensions;
- vi. To consolidate the plans prepared by the *Panchayats* and Municipalities and submit thereof to the State Government for incorporation in the State Plan;
- vii. To prepare an employment plan for the district;
- viii. To estimate the financial resources for financing the district plan;

- ix. To allocate the sectorial and sub-sectorial outlays within the overall framework of the district development plan;
- x. To monitor, evaluate and review the progress under the schemes and programmes being implemented in the district under the decentralised planning framework including central sector and centrally-sponsored schemes, and the Local Area Development Schemes of Parliamentary Constituencies and Assembly Constituencies;
- xi. To submit the progress reports to the State Government in respect of schemes included in the District Plans at regular interval of time;
- xii. To identify schemes and programmes which require institutional finance, devising appropriate linkages with the district plans and ensuring requisite flow of such investment;
- xiii. To ensures the participation of voluntary organisations in the overall development process;
- xiv. To make suggestions to the State Government with respect to the State Sector Schemes having a significant bearing on the process of development of the district;
- xv. To provide any other functions may be entrusted by the State Government.

The District Collector is the Secretary of the DPC and shall be responsible for maintaining the record of the Committee, preparing the record of discussions and communication of decisions and all other incidental and ancillary matters.

### **3. Roles of Panchayats in Parallel Bodies/Institutions**

The parallel bodies like District Rural Development Agencies (DRDAs) works with the *Zilla Panchayats (ZP)* to implement the programmes for rural development at the District level. The CEO of the *ZP* is the head of the developmental work and captures the *ZP* accounts. Some special institutions were created from bilateral and multilateral agencies funding such as MP District Poverty Initiatives Project (DPIP) and the Madhya Pradesh Rural Livelihood Programme (MPRLP). These also act as parallel bodies. However, they are not connected with *Gram Panchayats*. At the village level, the scheme-specific committees were made with the *Sarpanch* or a ward member in the committees. Further, a brief overview of parallel bodies common to all levels of *Panchayats* can be expressed in Table 5.

**Table 5: Roles of Panchayats in Parallel Bodies/Institutions**

Sl. No.	Status/Parallel Bodies	DRDA	Education	Water	Health and Sanitation	Agriculture Corporation	Tribal Development (ITDA)
1.	Parallel body merged with the Panchayat Institution	Yes	No	No	No	No	No
2.	Parallel body made an unit of the Panchayat Institution	Yes	No	No	No	No	No
3.	Function of parallel body limited to Fund/accounts Management	Yes	Yes	Yes	Yes	Yes	Yes
4.	Parallel body is Presided/ Chaired by Elected Representatives of Panchayat	Yes	No	No	No	No	No
5.	Elected Representatives of Panchayats are represented in Board of the parallel body	No	No	No	No	No	No
6.	Parallel Body remains separate, but under the control of the Panchayat.	Yes	No	No	No	No	No
7.	Parallel Body remains separate and not under the control of the Panchayat Institution.	Yes	Yes	Yes	Yes	Yes	Yes



#### 4. Autonomy to Panchayats

According to the *Panchayat Raj Avam Gram Swaraj Adhiniyam* 1993, a representative of *Panchayats* may suspend or disqualify by the State Government in the following three cases:

- i. If the outgoing elected representative/*Sarpanch* fails or refuse to provide or handover papers of property in his possession to the newly elected *Sarpanch*.
- ii. For being an office bearer on *Panchayats*,
- iii. Directly or indirectly share or show interest in any contract with, by or on behalf of *Panchayats*.

Autonomy to *Panchayats* in Madhya Pradesh can be traced through the below-mentioned Table 6.

**Table 6: Autonomy to Panchayats in Madhya Pradesh**

Category	Level of Panchayats	Suspend representatives / Panchayats	Resend for reconsideration of resolutions	Dismiss/Supersede/Dissolve/Quash
Representatives of	District Panchayat	Divisional Commissioner	*****	State Government
	Block Panchayat	Collector	*****	State Government
	Gram Panchayat	SDO (R)	*****	State Government
Panchayat Bodies of	District Panchayat	Divisional Commissioner	*****	State Government
	Block Panchayat	Collector	*****	State Government
	Gram Panchayat	SDO (R)	*****	State Government
Resolutions of	District Panchayat	Divisional Commissioner		State Government
	Block Panchayat	Collector		State Government
	Gram Panchayat	SDO (R)		State Government
Is there any provision of		<b>Gram</b>	<b>Block Panchayat</b>	<b>District</b>

charge sheet by State Government? (Yes/No)	<i>Panchayat</i>		<i>Panchayat</i>
	Yes	Yes	Yes

Note: - Data not available

## 5. Functions Assigned to Panchayats and Actual Involvement of Panchayats

In Madhya Pradesh, the 29 items enshrined in Schedule 11 of the Indian Constitution is devolved to *Panchayats* through the Madhya Pradesh *Panchayat Raj Avam Gram Swaraj Adhiniyam*, 1993 are given below:

### 5.1 *Gram Panchayats*

*Gram Panchayats* were entrusted with the functions which are of local importance like water, local streets, public health, sanitation, maintenance of *Panchayat* property etc. Some of the functions are mentioned below:

- Sanitation; construction and maintenance of sources of water; construction of roads, buildings, bridges, latrines, wells, lighting of village streets, control over entertainment shows, shops, eateries, maintenance of *Panchayat* property, establishment and management of market and *melas*, prevention of contagious diseases, promotion of youth and property, promotion of youth and family welfare, etc;
- Providing public health facility, control on the erection of buildings and such building, fining obstruction and encroachment upon public streets or open spaces, to name buildings and streets, etc.
- Property tax on land or buildings, tax on private latrines, lighting tax, professional tax, market fees, and fee on registration of cattle sold in any market under the control of *Gram Panchayat*.

### 5.2 *Janpad Panchayat*

*Janpad Panchayat* act as an agent of State government and work under the instructions issued by State Government from time to time. It is entrusted with the responsibility to control and supervise the administration of community/tribal development blocks within its jurisdiction and to direct, control and supervises the programmes/schemes assigned to such block by the state government under the instructions issued from time to time. Some of the functions are mentioned below:

- Integrated Rural Development Programme (IRDP); agriculture; social forestry; cottage industries; family planning; sports; rural employment programme; provision for emergency relief in cases of fire, flood, drought, etc.; arrangement in connection with local pilgrimage and festivals; management of public ferries, public markets, *melas*, etc.; any other function with the approval of the State government and the *Zilla Panchayat*.
- *Janpad Panchayat* can impose a tax on theatre and other public entertainment; fees for any licensee or permission granted by the *Janpad Panchayat* and for use and occupation of lands or other properties vested in or maintained by the *Janpad Panchayat*.

### 5.3 Zilla Panchayat

*Zilla Panchayat* was entrusted with the task of coordination between different *Panchayats* within its jurisdiction, between *Janpad Panchayat*, *Gram Panchayats*, and State Government. Some of the functions are mentioned below:

- Control, coordinate and guide the *Gram Panchayat* and *Janpad Panchayat* within the district; coordinate and consolidate the *Janpad Panchayat* plans;
- Coordinate the demands for grants for special purposes received from the *Janpad Panchayats* and forward them to the State government; secure the execution of plans, projects, schemes or other works common to two or more *Janpad Panchayats* of the district;
- Advise the State government on social forestry, family welfare, the welfare of the disabled, destitute, women, youth and children; exercise such other powers which the State government entrusts to it.

Table 7 shows actual involvement of *Panchayats* in Madhya Pradesh.

**Table 7: Functions Assigned and Actual Involvement of Panchayats in Madhya Pradesh**

S. No.	Functions	Delegated by Legislature	Level of Panchayats Actually Undertaking		
			Gram Panchayat	Block Panchayat	District Panchayat
<b>Core Functions</b>					
1.	Drinking Water, Water Supply for Domestic Purpose	-	-	√	√
2.	Roads	-	-	√	NAREGA & Panchpameshwar

3.	Culverts	-	-	√	√
4.	Bridges	-	-	-	-
5.	Ferries	√	-	-	-
6.	Waterways	-	-	√	√
7.	Other means of Communication	-	-	-	-
8.	Building Control	√	-	√	√
9.	Land Use and Building Regulation	√	-	-	√
10.	Maintenance of Community Assets	√	-	-	√
11.	Street Lighting, Parking Lots, Bus Stops	√	-	-	√
12.	Public Conveniences	√	-	-	√
13.	Parks, Gardens, Playgrounds (Civic Amenities)	√	-	-	√
14.	Primary Health Centre/Community Health Centre	-	-	√	√
15.	Sanitation & Solid Waste Management	√	-	-	√
16.	Cremation & Burial	-	-	√	√
17.	Public Safety (Noxious Vegetation, Pests & Vermin's)	√	-	-	√
	Welfare Functions				
18.	Poverty Alleviation Programmes	-	-	√	√
19.	Family Welfare	√	-	-	√
20.	Women & Child Development	√	-	-	√
21.	Social Welfare, Welfare of Handicapped & mentally retarded	√	-	-	√
22.	Welfare of the weaker sections, and in particular, of the Scheduled Castes & the Scheduled Tribes	√	-	-	√
23.	Public Distribution System	-	-	√	√

24.	Vital Statistics Including Registration of Births & Deaths	√	-	-	-
25.	Elementary Education	√	-	-	-
26.	Adult & Non-Formal Education	-	-	√	-
27.	Secondary Education	-	-	√	√
28.	Technical Training & Vocational Education	-	-	-	-
29.	Libraries	-	-	√	-
30.	Promotion of Cultural , Educational and Aesthetic Aspects	-	-	-	√
31.	Slum Improvement & Up gradation	-	-	√	√
32.	Fire Services	-	-	-	-
33.	Rural Housing	-	√	√	√
34.	Non-conventional Energy	-	-	√	√
	Agriculture and Allied Functions				
35.	Watershed Development	-	-	√	√
36.	Water supply for Agriculture Purpose, Minor Irrigation, Water Management	-	-	√	√
37.	Agriculture & Agricultural Extension	-	-	√	√
38.	Land Improvement	-	-	-	-
39.	Implementation of Land Reforms	-	-	-	-
40.	Land Consolidation	-	-	-	-
41.	Soil Conservation	-	-	√	√
42.	Animal Husbandry	-	-	√	√
43.	Dairying	-	-	√	√
44.	Poultry	-	-	√	√
45.	Fisheries	-	-	√	√
46.	Social Forestry	-	-	√	√
47.	Farm Forestry	-	-	√	√

48.	Minor Forest Produce	√	-	√	√
49.	Market & Fairs	√	-	-	√
50.	Regulation of Slaughterhouses	√	-	-	-
51.	Prevention of Cruelty to Animals	√	-	-	-
52.	Industries	-	-	-	-
53.	Water supply for Commercial and Industrial Purpose	-	-	-	-
54.	Small Scale Industries	√	-	-	√
55.	Food Processing Industry	-	-	-	-
56.	Khadi, Gram & Cottage Industry	-	-	√	√
57.	Rural Electrification & Distribution	-	-	√	√

Note: - Data not available

√ Function assigned to Panchayat

## 6. Involvement of Panchayats in Important Schemes

The three rungs of *Panchayats* are entrusted with the ground-level implementation of many centrally and state-sponsored schemes. Implementing Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), *Nirmal Bharat Abhiyan*, *Indira Aawas Yojana*, *Antodaya Anna Yojana*, *Panch Parameshwar Yojana* emerges as the most significant with *Gram Panchayats*. Mission *Antyodaya* is a framework of convergence and accountability with an objective to converge various schemes of government with *Gram Panchayats* on grassroots level for effective use of human and financial resources to ensure a sustainable livelihood. It is a State-led initiative for transforming rural India. It covers 51 districts, 313 blocks, 1342 *Panchayats* declared under the Mission and 4850 *Panchayats* marked in Nregasoft till 2018.

In Madhya Pradesh, e-*Panchayat* Schemes have been initiated to cover all the 22819 *Gram Panchayats* to the governance network at state as well central level. The Government of Madhya Pradesh initiates e-*Panchayat* Schemes to cover all the 22,819 *Gram Panchayats* to provide a governance network at the state as well central level. Under this scheme, every *Panchayat* has to be covered with desktop computers, laser printer, and scanners, inverters, LCD television sets and other electronic devices to keep them connected with *Janpad Panchayat* and *Zilla*

*Panchayats*. The scheme provides government to link all the *Panchayats* for faster governance. A brief representation of schemes and involvement of different tiers of *Panchayats* in Madhya Pradesh is mentioned in Table 8.

**Table 8: Involvement of *Panchayats* in Important Schemes & Scheme Based Performance Measures**

Sl. No	Important Union Government Schemes	Levels of <i>Panchayats</i> Actually undertaking in each scheme		
		Gram <i>Panchayats</i>	Block <i>Panchayats</i>	District <i>Panchayats</i>
<b>A.</b>	<b>Centrally Sponsored Schemes</b>			
1.	National Social Assistance Program (NSAP)	√	√	√
2.	Mahatma Gandhi National Rural Employment Guarantee Programme (MNREGP)	√	√	√
3.	Scheme(s) for Development of Scheduled Castes	-	-	√
4.	Scheme(s) for Development of Scheduled Tribes	-	-	√
5.	<i>Pradhan Mantri Krishi Sinchai Yojana</i> (PMKSY)	-	-	
6.	Green Revolution- <i>Krishonnatti Yojana</i>	-	-	√
7.	White Revolution- <i>Rashtriya Pashudhan Vikas Yojana</i>	-	-	-
8.	Blue Revolution (Integrated Development of Fisheries)	-	-	-
9.	<i>Pradhan Mantri Gram Sadak Yojana</i> (PMGSY)	√	√	√
10.	<i>Pradhan Mantri Awas Yojana-Gramin</i> (PMAY-G)	√	√	
11.	National Rural Drinking Water Mission (NRDWM)	-	-	-
12.	National Rural Health Mission (NRHM)	√	√	√
13.	<i>Swachh Bharat Mission-Gramin</i> (SBM-G)	-	-	-
14.	National Programme of Mid-Day Meal in Schools	-	-	-
15.	Integrated Child Development Services (ICDS)	√	√	√
16.	<i>Deendayal Antyodaya Yojana</i> -National Rural Livelihood Mission (DAY-NRLM)	√	√	√
17.	Rashtriya Swasthya Bima Yojana	√	√	-
18.	National Education Mission (NEM)	-	-	-
19.	<i>Shyama Prasad Mukherji Rurban Mission</i> (SPMRM)/National Rurban Mission (NRuM)	-	-	-
20.	<i>Rashtriya Gram Swaraj Abhiyan</i> (RGSA)	-	-	-
21.	<i>Pradhan Mantri Sahaj Bijli Har Ghar Yojana</i>	-	-	-

	(Rural)- PM-SAUBHAGYA			
22.	Pradhan Mantri Annadata Aay SanraksHan Abhiyan (PM-AASHA)	-	-	-
23.	National Mission for Sustainable Agriculture (NMSA)	-	-	-
<b>B. Central Sector Schemes</b>				
1.	Crop Insurance Scheme ( <i>Pradhan Mantri Fasal Bima Yojana</i> )	-	-	-
2.	Interest Subvention Scheme (for Short Term Credit to Farmers)	-	-	-
<b>C. Other Schemes</b>				
1.	Deen Dayal Panchayati Raj Infrastructure Scheme	√	-	-
2.	Deen Dayal Upadhyaya Gram Jyoti Yojana	√	-	√
3.	National e-Governance Programme(NeGP)	-	-	-
<b>D. State Government Schemes</b>				
1.	Pension Schemes	√	√	√
2.	Health and Sanitation	√	√	√
3.	Agriculture and Employment	-	-	-
4.	Any other (specify)	-	-	-
<b>Scheme Based Performance Measures</b>		<b>Gram Panchayat</b>	<b>Block Panchayat</b>	<b>District Panchayat</b>
1	Number of <i>Panchayats</i> availing Action Soft (a scheme implementation & monitoring software) or any such equivalent application in place	-	-	-
<b>Mission Antyodaya</b>		<b>2016-17</b>		<b>2017-18</b>
2	Number of <i>Panchayats</i> covered under Mission <i>Antyodaya</i> in the following financial years	-		4622
3	Number of <i>Antyodaya Panchayats</i> marked on NREGA soft portal in the following financial years	-		4850

Note: - Data not available

#### **7. 14<sup>th</sup> Finance Commission (FC) Grants: Basic and Performance Grants**

The 14<sup>th</sup> FC was constituted by the President of India on 2<sup>nd</sup> January 2013 to show sensitivity towards the needs of *Panchayats* and suggests recommendations on devolution of funds for the period 2015-20. The Commission provides transfer of funds to the local government as required by their respective statutes. The 14<sup>th</sup> FC recommended Rs. 2,00,292.2 crores for *Panchayats* for the award period 2015-20 constituting an assistance of Rs. 488 per capita per annum at an



aggregate level. The grant is divided in two components namely- a basic grant and a performance grant for duly constituted *Gram Panchayats* i.e. 90 percent and 10 percent respectively. In other words, Rs. 1,80,262.98 crores was the Basic Grant and Rs 20029.22 crores were the Performance Grant for 26 States. The 14<sup>th</sup> FC grants are directly transferred to *Panchayats* to their respective bank accounts through Electronic Fund Management System (e-FMS) wherever possible in Madhya Pradesh. The status of year wise allocation and release of grants under 14<sup>th</sup> Finance Commission to the *Panchayats* in Madhya Pradesh is evident in Table 9 and 10.

**Table 9: Year-wise allocation of Grants under 14<sup>th</sup> FC (2016-17 to 2019-20) to *Panchayats* in Madhya Pradesh**

Financial Year(s)	(Rs crore)		
	Basic Grant	Performance Grant	Total Grant
2015-16	1463.61	0	1463.61
2016-17	2026.62	265.84	2292.46
2017-18	2341.57	300.83	2642.40
2018-19	2708.78	341.63	3050.41
2019-20	3660.14	447.34	4107.48
2015-20 (Entire Award Period)	<b>12200.72</b>	<b>1355.64</b>	<b>13556.36</b>
% Share of Madhya Pradesh (Among all States)	6.77	6.77	6.77

**Table 10: Basic Grants awarded by 14<sup>th</sup> FC to *Panchayats* in Madhya Pradesh**

Installments of 14 <sup>th</sup> FC Grants	14 <sup>th</sup> FC Grants Released by Govt. of India		Released by State	
	Amount	Received by State on DD/MM/YYYY	Amount	Released to <i>Panchayats</i> on DD/MM/YYYY
1 <sup>st</sup> for the year 2015-16	731.80	13/07/2015	575.00	25/08/2015
			156.81	14/09/2015
2 <sup>nd</sup> for the year 2015-16	731.80	18/02/2016	438.79	02/03/2016
			293.01	03/03/2016
1 <sup>st</sup> for the year 2016-17	1146.23	10/06/2016	1146.23	20/06/2016
2 <sup>nd</sup> for the year 2016-17	1146.23	09/11/2016	1146.23	19/11/2016
1 <sup>st</sup> for the year 2017-18	1170.50	19/06/2017	1170.50	19/06/2017
2 <sup>nd</sup> for the year 2017-18 (Released)	1170.50	-	-	-
1 <sup>st</sup> for the year 2018-19 (Released)	1354.39	-	-	-

2 <sup>nd</sup> for the year 2018-19	1354.39 (Released) <sup>1</sup>	-	-	-
1 <sup>st</sup> for the year 2019-20	1830.07 (Released)	-	-	-
2 <sup>nd</sup> for the year 2019-20	1830.07* (Not Released)	-	-	-

Note: - Not available/assigned

\* Recommended to Ministry of Finance by 14<sup>th</sup> FC as on 11/10/2019

During the year 2015-16, the 14<sup>th</sup> FC were released Rs. 1,463.61 crore of Grants-in-aid in the form of Basic grants to the State Government in two installments. The first installment of grants Rs.731.80 was received on 13 July 2015 and Rs.731.80 was received on 18 February 2016 were received by the State government (refer Table 10). The State government delayed the release of basic grants in both installments received from 14<sup>th</sup> FC within the time limit to GPs. As a result of this, the State government sanctioning Rs. 5.17 crores as interest of delayed in transfer of funds to GPs. However, the interest was not released to GPs along with installment as recommended by the 14<sup>th</sup> FC.

#### 8. State Finance Commission (SFC)

The State Finance Commission is formed under the article 243-I, which is observed as the sub-national equivalent of the Union Finance Commission formed under article 280 of the Constitution. It expires every fifth year or earlier. In Madhya Pradesh, four SFC's have been constituted until 2019 are as follows:

- i. The First State Finance Commission of Madhya Pradesh was constituted on 25<sup>th</sup> February 1995 with S.S. Sisodia as chairman and four other members. The commission submitted its report on 20<sup>th</sup> July 1996 for the next 1996-2001 period.
- ii. The Second SFC was constituted under the chairmanship of Dr. S.S. Sisodia on 17<sup>th</sup> June 1999 and submitted three reports. The first report was submitted in July 2003, second report in August 2003, and third report in December 2003 for the next 2001-06 period.

<sup>1</sup> Released on pro-rata basis on the basis of information provided by the State Government

- iii. The Third SFC was constituted on 19<sup>th</sup> July 2005 with Sheetal Sahaya as chairperson and five bureaucrats as members. The commission submitted its report on 1<sup>st</sup> November 2008 for the next 2006-16 period.
- iv. The Fourth SFC was constituted on 27<sup>th</sup> January 2012 with Dr. Dhal Singh Bisen. The commission submitted its report on 30<sup>th</sup> January 2017 for the next 2016-20 period.
- v. The fifth SFC notification has been issued on date 20<sup>th</sup> March 2017 for the next five years (2020-2025) of period . Table 11 shows SFC reports formed in Madhya Pradesh.

**Table 11: Formation of State Finance Commission in Madhya Pradesh**

	Period Covered by SFC	Date of Formation of SFC Report	Date of Submission of SFC Report	Date of ATR laid before the Legislature
1 <sup>st</sup> SFC	1996-97 to 2000-01	25 February 1995	20 July 1996	20 March 1996
2 <sup>nd</sup> SFC	2001-02 to 2005-06	17 June 1999	July 2003 (1 <sup>st</sup> Report)	14 March 2005
			August 2003(2 <sup>nd</sup> Report)	
			December 2003(3 <sup>rd</sup> Report)	
3 <sup>th</sup> SFC	2006-07 to 2015-16	19 July 2005	1 November 2008	5 February 2010
4 <sup>th</sup> SFC	2015-16 to 2019-20	27 January 2012	30 October 2015 (Interim) 30 January 2017 (Final)	20 July 2017
5 <sup>th</sup> SFC	2019-20 to 2024-25	20 March 2017	-	-

#### **9. Money Transfers to Panchayats on account of the SFC in Madhya Pradesh**

The SFCs are constituted in Madhya Pradesh in every five years since 1996 to recommend and aggregate distribution of State resources among the local governments – both *Panchayat* and Municipalities. They also recommend the ways and means to increase the tax base of *Panchayats* and allocations of State net tax receipts to and among the *Panchayats*.

Madhya Pradesh has constituted four SFCs till 2019 and fifth SFC report is in progress. The State has total of 23,183 *Panchayats*, of which 51 are *Zilla Panchayats*, 313 *Janpad Panchayats*, and 22,819 *Gram Panchayats*. All three-rungs of *Panchayats* devolves 29 functions of *Panchayats* prescribed in the 11<sup>th</sup> Schedule of Constitution and released the funds as per the recommendation of Third SFC of Madhya Pradesh from 2006 to 2019. SFCs of all generations have recommended various types of Grants which are as follows:

First SFC of Madhya Pradesh (1996-01) gives the following major recommendations:

- Recommended either 2.19 percent of the total tax revenue and non-tax revenue or 3.24 percent of the net proceeds of the total revenue of the preceding year for *Panchayats*.

Second SFC of Madhya Pradesh (2001-06) gives the following major recommendations:

- Recommended that after deducting 10% collection charges, 2.93 per cent may be given to the rural local bodies out of the State's own tax revenue.
- Recommended that out of the total divisible amount of tax revenue to rural local government, 90 percent is given to the District/Village *Panchayats* on the basis of population ratio and remaining 10 percent is allocated among such districts where rural population of SCs & STs is 10 percent or more of the rural population of the respective districts.
- Recommended the general purpose grant of Rs. 50 crores to *GPs*, Rs.14.65 crores to *Janapads* and Rs.2 crores to *Zilla Panchayats* for the maintenance of their buildings and on the performance of their functions respectively may be given.
- Recommended establishment grant (specific grant) of Rs.28.40 to *Panchayats* for the payment of honorarium and other payments to the staff working in the three-tier *Panchayats*, with a provision of 5 percent increase in the amount of grant every year.
- Recommended the specific grant of Rs.5 crores to the *Zilla Panchayats* for organizing training programmes at the district level for the elected representatives of *Panchayats* in their respective jurisdictions may be given.

Third SFC of Madhya Pradesh (2006-11) gives the following major recommendations:

- Recommends 4 percent of the net taxes of the State should be devolved to the *Panchayats* (accepted by the Government of Madhya Pradesh) and the amount was distributed to *GPs* as per Census 2011 population and minimum per capita share.
- Recommends Grant of Rs. 50 crore for the maintenance of assets at the *GPs* level should be provided and the grant allocation would be based upon the population (as per Census 2011) of the *Gram Panchayats*. The State Government has decided to give a maintenance grant of Rs. 50 Cr. (Rs. 10 Cr. every year during the SFC award period).

- Recommends a general purpose grant of Rs. 20 crore per annum to Block *Panchayats* and Rs. 5 crore per annum to *Zilla Panchayat*.

According to the observation made by 15<sup>th</sup> FC in 2019, the Government of Madhya Pradesh has been releasing funds currently as per the recommendations of the 3<sup>rd</sup> SFC. The recommendations of the 4<sup>th</sup> SFC had not been accepted by the State Government, while the submission of the report of the 5<sup>th</sup> SFC is still awaited. Table 12 shows the types of grants recommended by SFCs in Madhya Pradesh.

**Table 12: Types of Grants Recommended by SFCs in Madhya Pradesh**

SFC	Types of Grants
First SFC	General purpose grant <ul style="list-style-type: none"> <li>▪ Given to <i>Janpad/District Panchayats</i> @ Rs. 14.65 crores and Rs. 1.50 crores respectively for 1995-96.</li> </ul>
Second SFC	General purpose <ul style="list-style-type: none"> <li>▪ Rs. 50 crores to <i>GPs</i>, Rs. 14.65 crores to <i>Janpad Panchayats</i> and Rs. 2 crores to <i>ZPs</i>.</li> </ul> Special Purpose <ul style="list-style-type: none"> <li>▪ (Establishment grant) for the payment of honorarium and other payments to the staff working in the 3- tier Panchayats,</li> <li>▪ For organizing training programmes at the district level for the elected representatives Panchayats in their respective jurisdictions.</li> </ul>
Third SFC	General Purpose Performance Based <ul style="list-style-type: none"> <li>▪ To those <i>Gram Panchayats</i> which levy and collect the taxes on time.</li> </ul> Establishment Maintenance Compensatory Conditional Matching Grant

## **10. Empowerment of Panchayats to Impose and Collect Revenue**

The Government of Madhya Pradesh gives major taxation powers *GPs* as compared to the other two tiers viz. *Zilla Parishad* and *Panchayat Samitis*. Tax revenues collected by the *Gram Panchayat* through tax and non-tax sources is called own tax revenues. Own source of tax revenue of *GPs* normally includes the following items although it varies from one State to another: (i) Land and building tax/House tax (LBT) (ii) Profession tax, (iii) Entertainment tax, (iii) Advertisement tax. There are different types of non-tax revenue that *GPs* are authorized to levy. These taxes are important contributors to the sources of State finances. According to the Madhya Pradesh *Gram Panchayat* Obligatory Taxes and fees Rules, 1996, every *Panchayat* shall subject to impose any tax or fee after observing the following procedure:

- (a) The *Gram Panchayat* shall, subject to the provisions of these rules, pass a resolution the rate at which the tax or fee is to be imposed;
- (b) The *Gram Panchayat* shall, then, notify to the public the proposal by beat of drum in the *Gram Panchayat area* and by means of a notice affixed in the office of the *Gram Panchayat* and at conspicuous places in the village villages specifying a date not earlier than one month after the date of such publication, on or after which the *Gram Panchayat* shall take the proposal into consideration;
- (c) Any inhabitant of the village objecting to the rate of tax or fee proposed by the *Gram Panchayat* may send his objection or suggestion in writing on or before the date specified in the notice published under clause (b);
- (d) On or after the date fixed under Clause (b) the *Gram Panchayat* shall consider all objections and suggestions made under Clause (c) and shall impose the tax or fee and decide the rate at which it is to be imposed;
- (e) Where a *Gram Panchayat* finally decides the rate of tax or fee, a notice stating the tax or fee imposed and the rate thereof shall be published by the *Gram Panchayat* by affixing a copy thereof in the office of the *Gram Panchayat*. It shall also announce by beat of drum in the village or villages the fact of such publication;
- (f) The tax or fee shall accordingly be imposed from the date which shall be specified in the notice and which shall not be earlier than one month after the date of publication of notice.

Table 13 shows the empowerment of taxation handle of three-tier of *Panchayats* in Madhya Pradesh.

**Table 13: Empowerment of Taxation Handles of Panchayats in Madhya Pradesh**

	Taxes	Levied Collected	Appropriate	Deposited	Provisions	Non-Taxes	Levied Collected	Appropriate	Deposited	Provisions
Madhya Pradesh  (Gram Panchayat-V; Janpad Panchayat-I; Zilla Panchayat-D)	Cess on land	V	I	GF	S/74	Market fees	V	-	GF	Schedule-I[S/77(f)]
	Duty on transfer of Property	S(India Stamp act)	V,I	ST	S/75	Fees on the registration of cattle sold	V	-	GF	Schedule-I[S/77(f)]
Madhya Pradesh Panchayat Raj Adhiniyam, 1993	Development tax on agriculture	I	V,I	IF,GF	M.P. Janpad Panchayat (Imposition of Development Tax on Agriculture Land) Rules, 1999	Light tax	V(Gram Sabha)	-	GF	Schedule I-A[S/77 A] (3)
						Water rate	V		GF	Schedule II[S/77 (2)]
Schedule I-(S/77(f))- A. Obligatory Taxes	Development Tax	D	V,I	GF,DF	S/74(3) S/77(3) District Panchayat	Fees payable by the owners of the vehicles other than	V	-	GF	Schedule II[S/77 (2)]

to be imposed by G.P)					fund rules, 1998	motor-vehicle				
B. Tax imposed by B.P	Theatre Tax	I	V,I	IF,GF	Schedule-I(B)	Drainage Fee	V	-	GF	Schedule II[S/77(2)]
Schedule I-A (S/77A)	Tax on private latrines	V(Gram Sabha)	-	GF	Schedule I-A(2)	Licence fee (Lands under Janpad)	I	-	IF	Schedule II[S/77(2)]B
Obligatory taxes to be imposed by Gram Sabha)	Tax on Profession, trades and callings)	V(Gram Sabha)	-	GF	Schedule I-A[S/77A](4)	Fees for the use of sarais, dharamshalas, rest houses slaughter houses and encamping ground	V(Gram Sabha)	-	GF	Schedule II-A [S/77(A)]
Schedule II[S/77(2)]										
Optional taxes imposed by G.P	Tax on the bullock-carts, bicycles, rickshaws used for	V	-	GF	Schedule II[S/77(2)]	Fee for bullock-cart stand or tanga stand	V	-	GF	Schedule III(S/80)
B. Optional taxes										



by B.P	hire									
Schedule IIA[S/77A]	Tax on animals used for riding, driving	V( <i>Gram Sabha</i> )	-	GF	Schedule II-A [S/77(A)]	fee for grazing cattle	V	-	GF	Schedule III(S/80)
	Optional taxes by <i>Gram Sabha</i> , drough t or burden or on dogs or pigs					Fees for temporary structure or any projection over any public place	V	-	GF	Schedule II-A [S/77(A)]
Schedule III- Lease of collection of fess by GP	Tempo rary tax <sup>2</sup> .	V( <i>Gram Sabha</i> )	-	GF	Schedule II-A [S/77(A)]					
	Property tax	V( <i>Gram Sabha</i> )	-	GF	Schedule I-A (1)					

<sup>2</sup> for special works of public utility

## 11. GST Implications on Panchayats in Madhya Pradesh

The Madhya Pradesh GST Act 2017 makes provision to levy and collect tax on intra-State supply of goods or services or both and the matters connected therewith. The legislation has also affected the tax-handles of *Panchayats* in the State. Table 14 shows the major alterations in tax-handles of *Panchayats* of Madhya Pradesh post-GST.

**Table 14: Major Alterations in Tax-Handles of Panchayats of Madhya Pradesh post-GST**

Sl No.	Selected Sample States	Important/major changes in tax handles of Panchayats in State			
		Pre-GST	Post- GST		(As per the State GST Act)
A	Central Region	Taxes	Subsumed	Status	
	<b>Madhya Pradesh</b>		✓	Considered as supply of service under Schedule II (5), Section-7, M.P SGST Act, 2017.	<b>S/51 (1) (b)</b> -The Government may mandate local authority to deduct tax at source or TDS at the rate of <b>1 per cent</b> from the payment made to the supplier /deductee of taxable goods & services ,where the total value of such supply > <b>INR 2,50,000/-</b>
	<u>Acts/Amendments</u>	<b>Development Tax</b>			
	Madhya Pradesh Panchayat Raj Adhiniyam, 1993	<b>Tax on Profession, trades and callings</b>	-	Rates revised for Dealer registered or not registered under M.P Vat Act, 2002 or M.P GST Act, 2017.	<b>S/52 (1)</b> - Collection of tax at source /TCS
	Madhya Pradesh State GST Act, 2017			a) Does not exceed rupees 20 lacs(Nil) b) Exceed rupees 20 lacs(2500) <sup>3</sup>	<b>S/173(Repealed Acts)</b>
	<b>Madhya Pradesh Vritti Kar (Sanshodhan) Adhiniyam, 2017</b>	<b>Tax on luxury</b>	✓	Repealed	<b>Madhya Pradesh Sthaniya Kshetra Me Mal ke pravesh par kar Adhiniyam, 1976</b> (Act No.52 of 1976)
	<b>Madhya Pradesh Municipal (Entertainment</b>			Madhya Pradesh vilasta, manorajan, Amod evam vigyapan kar	<b>Madhya Pradesh vilasta, manorajan, Amod evam vigyapan kar</b>

<sup>3</sup> Madhya Pradesh Vritti Kar (Sanshodhan) Adhiniyam, 2017

and Amusement) Tax Rules, 2018			adhiniyam,,2011	adhiniyam,2011(Act No. 11 of 2011)
	Advertisement Duty <sup>4</sup>	✓	Repealed Madhya Pradesh vilasta, manorajan, Amod evam vigyapan kar adhiniyam,,2011	
	Entertainment Duty	-	Given to Municipal authorities for levy and collection under Madhya Pradesh Municipal (Entertainment and Amusement) Tax Rules, 2018	

## 12. Expenditure of Panchayats in Madhya Pradesh

The Government of Madhya Pradesh derives finances of their *Panchayats* from three major sources (i) grants-in-aid (ii) own resources from taxation (iii) assigned revenues. *Panchayats* in Madhya Pradesh is largely dependent upon grants/transfers for their existence and survival. The grants/transfers can be grouped into two categories (a) tied (specific purpose, scheme based) grant (b) untied (unconditional) grant.

The MP *Panchayat Raj Avam Gram Swaraj Adhiniyam Act*, 1993 empowered the *Panchayats* and levy obligatory tax and optional taxes to generate revenue for their sustenance. It also

<sup>4</sup> M.P Entertainment duty and advertisement tax act, 1936 ; Madhya Pradesh vilasta, manorajan, Amod evam vigyapan kar adhiniyam,,2011

empowered to levy some non-tax revenue in the form of market fees, registration of cattle and lease of water bodies, etc. at different levels. All three-tiers of *Panchayats* in Madhya Pradesh had generated zero own revenue, both own tax revenue and non-tax revenue in the year 2016-17 and 2017-18. The 14<sup>th</sup> FC had recommended grants for only *Gram Panchayats* out of three-tiers of *Panchayats* in the State.

Table 15 represents the expenditure of three-tier of *Panchayats* in Madhya Pradesh.

**Table 15: Expenditure of *Panchayats* in Madhya Pradesh**

(Rs. in crores)

Expenditure of <i>Panchayats</i> (Average of 2012-13 to 2017-18)				Rural Population 01/04/2018	Per-capita Expenditure (In Hundred Rs.)
<i>Zilla Parishad</i>	<i>Panchayat Samiti</i>	<i>Gram Panchayat</i>	<b>Total</b>	52,719,953	791.26
275.51	1251.89	2644.10	4171.50		

### 13. Gram Sabha

According to the Madhya Pradesh *Panchayat Raj and Gram Swaraj Act 1993*, under Section 5(A), there shall be a provision of constituting *Gram Sabha (GS)* for every village. All the voters within the territorial limits of a *Gram Panchayat* constitute the *Gram Sabha*. *Gram Sabha* is necessary for the *Panchayati Raj* that preserves the traditions and customs of the people, their cultural identity, community resources and the customary mode of dispute resolution. It is one of the significant instruments for transparency, accountability and for the involvement of the weaker or marginalized section of society. Some variations have been noted in the provisions by States in devolving powers to the '*Gram Sabha*'. The *Sabha* exercises the powers and performs functions at the village level as the legislature of a State may, by law, provide.

#### 13.1 *Gram Sabha* Meetings

According to Section 6 of the *MP Panchayat Raj Avam Gram Swaraj Adhiniyam Act, 1993*, the meetings of *GS* shall be held at least in January, April, July and October, and besides this *Gram*

*Sabha* may convene an additional meeting, if required. These meetings have to be held once in three months in the weeks starting 26<sup>th</sup> January, 14<sup>th</sup> April, 15<sup>th</sup> August, and 2<sup>nd</sup> October and may organize additional meetings, if required.

The Collector of the district shall nominate a Government Officer or employee for suitable arrangement of such meetings, who shall ensure the circulation of the agenda and notice of the date, time and place of meeting to be served within time and also ensure the due conduction of the proceedings of the meeting. The *Sarpanch* or more than 10 percent of the members or 50 members of the *Gram Sabha* (whichever is less), can request a special meeting of the *Gram Sabha* in writing. The secretary of the *Gram Panchayats* arranges a special meeting within seven days of the receipt of such a request. Prior to the *Gram Sabha* meeting, *Gram Panchayats* announce the date, place, and agenda of the meeting through notices in a public place and public announcements.

The quorum of every meeting of the *Gram Sabha* shall not be less than one-tenth of the total number of members of the *Gram Sabha* or five hundred members of the *Gram Sabha*. One-third of the quorum is women members. If the quorum is incomplete, then there is a provision in Section 6(2) to conduct a *Gram Sabha* meeting on any other day wherein the quorum criterion is not obligatory. There is no provision for *Mahila Sabha* meetings before a meeting of the *Gram Sabha*. The State government by general or special order (Section 7M of the ACT) can add or withdraw functions and duties entrusted to the *Gram Sabha*.

### **13.2 Powers and Functions of *Gram Sabha***

According to section 7 of Madhya Pradesh *Panchayat Raj Avam Gram Swaraj Adhiniyam* 1993, major powers and responsibilities of the *Gram Sabha* are as follows:

- i. To consideration annual budget of *Gram Panchayat* and make recommendations thereon.
- ii. Approving plans, including annual plans, programmes, and projects for social and economic development.
- iii. To consider audit reports and examination of accounts.
- iv. Ascertaining and certifying the proper utilization of funds.

- v. Managing natural resources including land, water and forests within the areas of the village in accordance with provisions of Constitution and relevant laws.
- vi. Ensuring active participation of people in implementation, maintenance and equitable distribution of benefits of development schemes.
- vii. Implement, execute and supervise development schemes and construction work within the *Gram Sabha* area.
- viii. To exercise control over institutions and functionaries in social sectors transferred to or appointed by *GP* through that *Panchayat*.
- ix. Carrying out the directions or orders given or issued by the government to the measures for amelioration of the condition of the SCs/STs and OBCs.
- x. Maintenance of ancient and historical monuments other than those declared by or under law made by parliament to be of national importance, grazing lands and other lands vesting in or under the control of *GS*.

#### **14. Gram Panchayat Development Plan (GPDP)**

At the institutional level of *Gram Panchayats*, the 14<sup>th</sup> FC award has created an enormous opportunity for responsive local governance. It is constitutionally mandated for all *Gram Panchayats* to prepare their *Gram Panchayat Development Plans (GPDP)* for economic development and social justice to utilizing locally available resources. In 2015, the Ministry of *Panchayati Raj (MoPR)* prepared model guidelines for GPDP and circulated the same to all the States where Part IX of the constitution is applicable. Based on these model guidelines, all the states notified their State-specific guidelines for GPDP. The campaign initiated under the "*Sabki Yojana Sabka Vikas*" will be an intensive and structured exercise for planning at *Gram Sabha* through convergence between *Panchayats* and concerned Line Departments of the State.

The Government of Madhya Pradesh has initiated the GPDP in 2015 under the name of "Smart Gram, Smart *Panchayat*" and issues guideline dated on 23<sup>rd</sup> October 2015 by *Panchayati Raj* and Rural Development Department. The guidelines explained *Gram Panchayat (GP)* resources, status assessment, planning process with people's participation, project plan, implementation of GPDP plan and capacity building. During the year 2015-2020, a total number of 91,054 GPDP has been approved and uploaded on PlanPlus software under "*Sabki Yojana Sabka Vikas*" campaign. Till 31<sup>st</sup> December 2018, only 68,306 GPDP have formulated in Madhya Pradesh and

the same is being integrated on the PlanPlus Software. Table 16 represents a consolidated status of Peoples Plan Campaign in Madhya Pradesh.

**Table 16: Consolidated Status of Peoples Plan Campaign in Madhya Pradesh  
(as on 07/01/2019)**

<b>Peoples Plan Campaign (PPC) Important Credentials</b>	<b>Number</b>	<b>Percentage</b>
<i>Gram Sabha</i> Scheduled	17231	75.5
<i>Gram Sabha</i> Held	17173	75.2
GPDP Approved as per Facilitator's Feedback	6717	29.4
GPDP uploaded on PlanPlus	715	3.1
GPDP under process on PlanPlus	352	1.5
Total GPDP (Uploaded & Under process)	1067	4.7

### **15. Transparency & Anti-corruption**

Madhya Pradesh was the first state in India which actively engages in securing the Right to Information Act (RTI), 2005 to empower the citizens, promote transparency and accountability in the working of the Government, contain corruption, and make our democracy work for the people in real sense. The *Panchayat* and Rural Development Department of Madhya Pradesh issue the following information to the public under Madhya Pradesh RTI Act, 2005.

Information Officer under RTI Act at three-tier of *Panchayats*

In Madhya Pradesh, the *Panchayat* Section Officer is the information officer at the district and block *Panchayat* level. The *Gram Panchayat Sachive* is the information officer at the village *Panchayat* level.

I<sup>st</sup> Appellate Authority under RTI Act:

The Chief Executive Officer (CEO) at District *Panchayat* level and at Block *Panchayat* level is the I<sup>st</sup> Appellate Authority. At the *Gram Panchayat* level, the Extension Officer is the I<sup>st</sup> Appellate Authority under RTI Act.

II<sup>nd</sup> Appellate Authority under RTI Act:

The State Information Commission (SIC) is the II<sup>nd</sup> Appellate Authority for all the three rungs of *Panchayats*.

To establish a more transparent and corruption-free process, the three tiers of *Panchayats* in Madhya Pradesh disclose the following information:

- Income and Expenditure Statement of *GPs* is distributed to every household every year.
- Statement of Accounts of Block *Panchayat* is distributed in every monthly meeting.
- Statement of Accounts of *Zilla Panchayat* is distributed in General Body Meeting.
- Annual Administrative Report of the State is submitted. *GP* submits the report to Block *Panchayat*, which is consolidated at the block level and submitted to district level. District *Panchayat* consolidates block reports at the district level and submits to State Government. These reports of all *ZPs* are submitted to Legislature.

The information can be communicated to the public through notice boards, newspapers, public announcements, media broadcasts, the internet or any other means in the local language. They also published a monthly magazine '*Panchayika*' of *Panchayats*.

The 'Citizens Charter' at each level of *Panchayats* have a provision of a) List of services, b) Procedure for obtaining the service, c) Time required for providing service and d) Grievance redress Mechanism (GRM). The GRM can be undertaken by Ombudsman, *Lokayukta*, and other Government agencies. In the year 2012-13, 240 complaints were received against elected representatives and 120 complaints were received against *Panchayat* officials for further action.

#### **16. Infrastructure of Panchayats (Physical & Digital)**

The 14<sup>th</sup> FC allocates performance grants to *ZPs* and *JPs* of Madhya Pradesh for the construction of physical and digital infrastructure development works, such as, *e-Panchayats* and *Panchayat Bhawan* in *GPs*, cement concrete roads, drainage, toilets, creation of basic amenities like furnishing office buildings of *Panchayats* and extension of *Panchayat Bhawans*, construction of boundary walls, etc. The Equipments & Applications in *Panchayats* of Madhya Pradesh can be show in Table 17.



**Table 17: Equipments & Applications in Panchayats of Madhya Pradesh**

Sl. No.	Equipments & Applications in Panchayats	Gram Panchayat	Block Panchayat	District Panchayat
1.	Number of Panchayat 'Ghar' (Pucca building)	19338	313	48
2.	Number of Computers, Printers, Scanners & other peripherals	1260	313	50
3.	Number of Telephone	1260	313	50
4.	Number of Internet	2600	313	50

In Madhya Pradesh, Secretary at *Gram Panchayat*, Chief Executive Officer (CEO) at *Janpad Panchayat* and *Zilla Panchayat* level execute the works of *Panchayati Raj* and Rural Development Department. The legislative work of three tiers *Panchayat* system are decentralized to elected members of all three rungs of *Panchayats*. These functionaries and elected representatives are looking into affairs of *Panchayati Raj* department on administrative matters. At the *Janpad Panchayat*, the CEO and five categories of personnel namely Block Panchayat Officer, *Panchayat* Coordinator (Dying/Non dying cadre), Assistant Grade, Peon (Contractual) are appointed by *Panchayati Raj* department to administer the schemes of Department of *Panchayati Raj*. At the *Gram Panchayat* level, *Panchayat* Secretary appointed to manage the affairs of day to day activities of *Gram Panchayats*. Table 18 mentioned below shows number of trainees belonging to *Panchayat* Functionaries & elected representatives undergone training since 2014 in Madhya Pradesh.

**Table 18: Training of Panchayat Functionaries & Elected Representatives**

Year	Numbers of Panchayat Functionaries & Elected Representatives
2014-15	314553
2015-16	60626
2016-17	236999

2017-18	391155
2018-19	818137
<b>Total Trainees</b>	<b>1821470</b>

### **17. Training Institutions / Activities**

The Ministry of *Panchayati Raj*, Government of India supports the State in designing local solutions, designing training programmes, develops software for activities like tax management and networking. The ministry undertakes analysis of the State trends to identify the initiatives and drives. The ministry also conducts experience sharing workshop and design incentive packages at all the three tiers of *Panchayats*. Capacity building and training to the elected representatives of PRIs and other stakeholders is important for the holistic development of the *Panchayats*. The programme called Rajiv Gandhi *Panchayat Sashaktikaran Abhiyaan* (RGPSA) renamed now as *Rashtriya Gram Swaraj Abhiyan* (RGSA) had been implemented during the year 2012-13. It continued till 2015-16 and attempted strengthening of *Panchayati Raj* System across the country. The programme also addresses the critical gaps that constrain the functioning of *Panchayats*, through promotion of devolution of powers, facilitating democratic decision making through People's participation, accountability in *Panchayats*, strengthening the institutional structure for knowledge creation and capacity building of *Panchayats* etc. Further, during 2016-17 and 2017-18, pending restructuring of the scheme, Ministry provided financial support to States under Capacity Building-*Panchayat Sashaktikaran Abhiyan* (CB-PSA) for Capacity Building & Training (CB&T) with focus on *Gram Panchayat* Development Plan (GPDP) so as to enable them to discharge their mandated functions effectively. Under these schemes funds were released to the States/UTs towards capacity building and training. Table 18 shows the year-wise details of funds released for training in *Panchayats* of Madhya Pradesh.

**Table 19: Year-Wise Details of Funds Released for Training in Panchayats of Madhya Pradesh (Rs. crore)**

Financial Year (s)	Funds Released (Via RGPSA/CB-PSA/RGSA)
2014-15	37.46
2015-16	10.80
2016-17	55.45
2017-18	30.25
2018-19	62.79
<b>Total</b>	<b>264.67</b>

The Madhya Pradesh *Panchayati Raj* and Rural Development Department (MPPRDD) prepare an extensive strategy for conducting a training programme for elected representatives after the conclusion of elections. The activities listed below are performed by *Panchayat* and Rural Development Department of Madhya Pradesh:

- Technical Support Group (TSG) members receive training from master trainers. TSG is consist of the four to six individual members; one from each sector such as education, health, energy, rights, livelihood and infrastructure. These members represent governmental departments, civil society and volunteers. For example, a TSG at *Gram Panchayat* level can consist of *Jan Shikshak*, auxiliary nurse midwife (ANM) /multi-purpose worker, sub-engineer (PHED/RES/PWD/Irrigation), Assistant Development Extension Officer, *Van Rakshak* and *Patwari*. A *Panchayat* secretary is always a part of the TSG at the *Gram Panchayat* level. The Chief Executive Officer (CEO) of the *Janpad Panchayat* is mostly the master trainer at block level. Training is supposed to be held at district or block level during a one to two day workshop. It covers the role of the TSG in the DDP process, micro-level planning and plan development, methodology for collecting information from the field, various schemes or flagship programmes.

- Departmental Administrative Annual Report is prepared by *Prashasnik Prativedan Panchyat Evam Gramin Vikas Vibhag* (General Administration Department of MPPRDD).
- Development of training material including film and electronic material as proposed by *Mahatma Gandhi State Institute for Rural Developments (MGSIRDs)*.
- Revenue generation training is conducted for all ERs and other functionaries of MPPRDD.
- *Sarpanch Sammelan* is organized for regular orientation, training and appraisal *Sarpanch* of *GPs*.
- Workshop for women *Panchayat* representatives and *Mahila Sammelans* were organized to facilitate dialogue and better management. Gender sensitization trainings were organized specifically for elected male *Panchayat* representatives.
- During 2016-17, the GPDP training had been imparted to 2,85,240 Participants (2,61,018 ERs + 22,816 Functionaries + 1406 Master Trainers) and 95,328 participants (22,816 ERs + 22,816 Functionaries + Others=49,696) trained for other than GPDP training.

#### **18. e-Connectivity & ICT Measures Taken**

Madhya Pradesh has taken a large number of e-governance measures to ensure participation of citizens in policy making and provides easy access to information to the citizens which help in easy communication among the three rungs of *Panchayats*. Almost all the district *Panchayats* uses wireless connectivity and has e-mail addresses for contact. Madhya Pradesh also uses applications like PRIA Soft, Plan Plus, National *Panchayat* Portal (NPP), Local Government Directory (LGD) and ActionSoft for capture receipt & expenditure details and other details regarding local government. Table 20 shows e-connectivity and ICT (Information and Communication Technology) measures taken by *Panchayats* in Madhya Pradesh.

The ICT measures implemented by Madhya Pradesh are as follows:

- The State uses *Panchpameshwar* portal to facilitate the functioning of *Gram Panchayats* (*GPs*) in a rule based and transparent manner. The portal was started by Tech *e-Panchayat* Society (MP StePs) and Department of *Panchayati Raj* of Madhya Pradesh.

- The '*Panchayat Darpan*' m-Governance platform, developed by *Panchayat* and Rural Development Department of Madhya Pradesh. It captures and disseminates the real-time and authentic information on all aspects of governance in *Panchayats* and rural development sector i.e. financial transactions: e-Payments, receipts; development works, public representatives, payments of salaries, bank statements etc.
- A decentralized planning application is use to submit and track the District/ State Departments annual plan proposals to State Planning Commission. It also has updated status of activity of all the MP planning Commission Departments.
- Under RGSA, *Gram Swaraj* IEC Mobile Van is used for capacity building of ERs.

**Table 20: e-Connectivity & ICT Measures Taken by *Panchayats* in Madhya Pradesh**

Applications	District <i>Panchayats</i>		Intermediate <i>Panchayat</i>		Village <i>Panchayat</i>	
	Total	Adopted	Total	Adopted	Total	Adopted
Local Government Directory (LGD)	51	51	313	313	22816	22816
Area Profiler	51	32	313	120	22816	3708
PRIA Soft	51	0	313	0	22816	4114
ActionSoft	51	25	313	170	22816	12973
National Asset Directory	NA	NA	NA	NA	NA	NA
Social Audit and Meeting Management	NA	NA	NA	NA	NA	NA
Training and Management	51	0	313	0	22816	0

Note: NA-Not Available

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