Report on the Bihar PRI Finance Study

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List of Abbreviations

AC	Abstract Contingent
ADRI	Asia Development Research Institute
AE	Assistant Engineer
AES	Assured Employment Scheme
ANM	Auxiliary Nurse-cum-Midwife
APHC	Additional Primary Health Centre
AWC	Anganwadi Centre
BDO	Block Development Officer
BMO	Block Marketing Officer
BPL	Below Poverty Line
BPRO	Bihar Panchayati Raj Ordinance
BREDA	Bihar Renewable Energy Development Agency
BRGF	Backward Region Grant Fund
BSEB	Bihar State Electricity Board
BWO	Block Welfare Officer
CAG	Comptroller and Auditor General
CDPO	Child Development Project Officer
CEO	Chief Executive Officer
CMO	Chief Medical Officer
CP	Chair Person
CRF	Calamity Relief Fund
CSS/CSP	Centrally sponsored schemes/programmes
CV	Coefficient of variation
DDC	District Development Commissioner
DDO	District Disbursement Officer
DIC	District Industries Centre
DM	District magistrate
DOPR	Department of Panchayat Raj
DRDA	District Rural Development Authority
DSE	District Superintendent of Education
ELA	Examiner of Local Accounts
EO	Executive Officer
FC12	Twelfth Finance Commission
FY	Fiscal Year
GoB	Government of Bihar
GP	Gram Panchayats
IAY	Indira Awas Yojana (Rural housing scheme)
ICDP	Integrated Child Development Project
ICDS	Integrated child development services
JGSY	Jawahar Gram Samridhi Yojana
KVIC	Khadi Village Industries Board
KVY	Kanya Vivah Yojana (Young women wedding (expenses) scheme)
LBC	Lower Backward Caste
LPY	Laxmibai Pension Yojana

MLA	Member of legislative assembly
MSP	Minimum support price
MUS	Muslim
NGO	Non-governmental organisaion
NIC	National Informatics Centre
NREGA	National Rural Employment Guarantee Act
OAP	Old Age Pension Scheme
OBC	Other Backward caste
ORS	Oral rehydration solution
OTH	Other
PDS	Public distribution system
PHC	Primary Health Center
PHED	Public Health Engineering Department
PIRA	Panchayati Raj Institutions Accounting Software
PMRY	Prime Minister Rojgar Yojana (Employment Scheme)
POH	Pension of Handicapped Scheme
PRI	Panchayati Raj Institutions
PS	Panchayat Samiti
Rs.	Rupees
SC	Scheduled caste
SDEO	Sub Divisional Educational Officer
SDO	Sub-divisional officer
SFC	State Finance Commission
SGSY	Swaranjayanti Gram Swarojgar Yojana
SHG	Self Help Group
SSP	Social Security Pension
TA	Technical assistant
ToR	Terms of reference
TSC	Total sanitation campaign
UBC	Upper Backward Caste
UC	Upper Caste
VEC	Village Education Committees
VLW	Village Level Worker
WB	World Bank
ZP	Zilla Parishad

Glossary of Hindi Terms

Adhyaksha	Elected head of a Zilla Parishad
Ahars	Reservoirs
Anganwadi	Women and child welfare
Annapurna Yojana	Food security programme (beneficiaries are people eligible for old-age pensions but who are not receiving them).
Antyodaya Anna Yojana	Food security programme for the poor
Crore	1 crore = 100,000,000 (Indian denomination)
Dalit	Name given to oppressed classes
Dharamshalas	Rest houses usually built for religious purpose
Ghat	Series of steps leading down to a body of water
Gram Katchahry	Organisation created by each GP to undertake judicial activities
Gram Raskha Dal	Organisation created by each GP to undertake security and disaster management related activities
Gram Sabha	Organisation created by each GP to deliberate on the GP's budget, developmental projects in the village, and identify beneficiaries for developmental schemes
Lakh	1 lakh = 100,000 (Indian denomination)
Lok Sabha	Lower house of the Indian Parliament
Melas	Gatherings or fairs for religious, commercial, cultural, or sporting activities
Mukhiya	Elected head of a Gram Panchayat
Musahar	Name of marginalised community (rat eaters)
Nyay Mitras	Employee of a GP responsible for initiating legal proceedings to settle disputes
Panchayat Bhavans	Buildings to be used as A Gram Panchayat office
Panchayat Sachivs	Employee of a Gram Panchayat responsible for maintenance of records
Prakalp	Name of district water and sanitation mission
Pramukh	Elected head of a Panchayat Samiti
Pucca	Proper or good condition
Pynes	Diversion channels
Rajya Sabha	Upper House of the Indian Parliament
Rozgar Sevaks	Employee of a Gram Panchayat responsible for maintenance of records
Sahaikas	Female helpers
Sarpanch	Elected head of a Gram Katchahry
Sewikas	Females in-charge
Swarojgaris	Self-employed
Tehsil Kutcheries	Offices of the sub-collector
Up-Adhyaksha	Elected second in command of a Zilla Parishad
Up-Mukhiya	Elected second in command of a Gram Panchayat
Up-Pramukh	Elected second in command of a Panchayat Samiti

Up-Sarpanch	Elected second in command of a Gram Katchahry
Zamindari	System of land ownership (Zamindar is the term used for land owners)

Executive Summary

The main objective of the *Report on the Bihar Panchayati Raj Institution Finance Study* is to investigate the best ways to increase the autonomy, capacity, and accountability of local self governments in the State of Bihar. This report is based on data collected from a set of 3 surveys conducted on a sample of 5 Zilla Parishads, 10 Panchayat Samitis, and 50 Gram Panchayats, during the period beginning on the 15th of March 2009 and ending on the 31st of July 2009. The 5 Zilla Parishads were purposely chosen, one each from five distinct socio-economic categories. The five categories are based on values of a social capital index which is the simple arithmetic sum of the values of the rural literacy rate, the gender disparity in literacy rate, the number of self-help groups per 1 lakh of population, and the number of primary agricultural credit societies and fisheries cooperative societies per 1 lakh of population. We also chose the sample of 5 Zilla Parishads to obtain representation from different regions of the state. The chosen Zilla Parishads are Begusarai, Bhojpur, Nalanda, Saharsa, and Sitamarhi, and two of the chosen districts – Nalanda and Saharsa – are targeted for intervention by the WB. One relatively well off and one less well off Panchayat Samiti were chosen from each Zilla Parishad, and five Gram Panchayats were randomly chosen from each Panchayat Samiti. Each of the 3 questionnaires (one each for the Zilla Parishads, Panchayat Samitis, and Gram Panchayats) consists of seven sections, covering the demographic profiles of elected officials, physical infrastructure, human resources, decision-making by Panchayats, flow of funds, implementation of projects, and suggestions for improvement. Chapter 1 describes the sampling methodology, questionnaires, and the scope of work for this study in greater detail.

Chapter 2 provides an overview of recent elections in the State of Bihar; explains the structure of local governments; and describes the demographic profile of elected officials. Overall, the implementation of the Mungeri Lall Commission Report brought significant changes in the political and social discourse in the State of Bihar. For the first time, members of the lower backward castes, which comprise approximately one-third of the total population, were brought onto the centre stage of politics in Bihar. The subsequent elections of 1995 and 2000 further strengthened the social justice mechanism, while the 2001 and 2006 PRI elections will go down

as turning points for the electoral empowerment of the lower backward castes. These elections gave a much greater role to the marginalised sections of the population in local government.

Turning to the structure of local self government, it consists of three tiers in the State of Bihar, namely Zilla Parishads, Panchayat Samitis, and Gram Panchayats. A Zilla Parishad is established for each district of the state and Adhyaksha and Up-Adhyaksha are elected on the basis of caste and gender. A Panchayat Samiti elects members from territorial constituencies, namely the Lok Sabha and state legislative assemblies. Reserved seats on the basis of caste and gender exist within this setup. The government permits the Panchayat Samitis to borrow from governments, banks, and other financial institutions. Every Gram Panchayat has an elected leader - the Mukhiya - and directly elected Ward members from the villages making up the Gram Panchayat. Fifty percent of the Mukhiya seats are reserved for the marginalised sections of the society. Though the aforementioned election processes increased political representation of the backward castes, the reins of power generally remain with the upper castes.

Chapter 3 begins with an overview of the economic criteria commonly used to evaluate expenditure assignments in a multi-tiered government system like that in the State of Bihar. On the basis of these economic principles, the chapter then evaluates the clarity and appropriateness of functional assignments to the Panchayats. Finally, this chapter describes the decision making arrangements across different Gram Panchayats and various activities undertaken by the Gram Panchayats, based on data collected from the surveys.

The fundamental economic principle that should guide the appropriate assignment of functional responsibilities in a market economy is the concept of market failure. Those activities which the market does well should be left to the private. However, those allocative functions which the market should not be expected to perform well, due for example to public goods, externalities, and natural monopoly, then these functions should be assigned to the lowest level of government consistent with heterogeneous tastes, economies of scale in production, and spill-over benefits. In addition, expenditure assignments should be exclusive, insofar as practical, to promote accountability and in case of concurrent assignments among two or more tiers of government, it is crucial to identify and assign sub-functions in a clear and exclusive manner. For example, education consists of many sub-functions, including administration, financing, curriculum

development, and instruction. In principle, the different sub-functions making up education could be assigned to different levels of government. However, they should be assigned in a clear and to the extent possible exclusive manner in order to promote accountability.

In the State of Bihar, the assignment of responsibilities to the Panchayatas is directed by the 7th and 11th Schedules of the Constitution. Some commercial activities, such as agriculture, land improvement, and small scale industries, which would ordinarily be assigned to the private sector in a market economy, are assigned by the Constitution to the Panchayats. The State of Bihar obviously is obligded to comply with such assignments. Though if it were not so constrained, it would be preferable to leave these functions in whole or in substantial part to the private sector. In the case of concurrent functions, such as the provision of primary education and electricity to name just two, among the Union, the states, and the PRIs, clear assignment of responsibilities among the five tiers of government (Union, State, Zilla Parishad, Panchayat Samit, and Gram Panchayat) is lacking. To the extent that there are concurrent assignments among these five tiers of government, coordinating mechanisms need to be established. Furthermore, it is crucial to provide the Panchayats with adequate financing and human resources to carry-out the functions assigned in the activity mapping. Local self governments should also be given greater responsibility for recurrent expenditures, such as supplies and personnel in the education and health sectors. If economies of scale and spillover benefits and costs are considered, assignment of research and development to Zilla Parishads and the control of epidemics and infectious diseases to Gram Parishads seem inappropriate.

Chapter 4 describes the availability to the Gram Panchayats of human and physical resources, such as the number of employees, the extent of their training and education, and availability, condition, and use of the Panchayat Bhavans, which is the administrative headquarters of the Gram Panchayats. These data were collected through the survey of 50 Gram Panchayats. This chapter also analyses the adequacy of these resources in performing the various responsibilities entrusted to the Gram Panchayats. Physical features such as proximity of the Gram Panchayat to the block headquarters and use of the Panchayat Bhavan as an office do not seem to affect the number of activities undertaken. While most Gram Panchayats in our sample have inadequate furniture for their Bhavans, Gram Panchayats in Begusarai who are generally satisfied with their

furniture, undertake more activities on an average than the Gram Panchayats in the other sample districts. So improving the quantity and quality of furniture may facilitate GPs in taking-up more activities. In contrast, the socio-demographic attributes of the Mukhiyas in our sample do appear to have a modest effect on the number and type of activities undertaken by Gram Panchayats. In addition, there is evidence that Mukhiyas are circumventing the democratic procedures for collective grassroots decision-making and directing resources to disproportionally benefit their own villages. This may suggest that accountability mechanisms may need to be strengthened and/or enforced. On average 8 Gram Panchayats share the services of a single technical assistant. Since the technical assistant is responsible for project planning, budgeting, and supervising project work in the majority of Gram Panchayats, the fact that many Gram Panchayats rely on the same person may adversely affect the quality of this important work. Gram Panchayats may be better served if they have the resources to hire their own personnel. Finally, the State Finance Commission, the Department of Finance, and the Department of Panchayati Raj lack the capacity to conduct analysis of local government finances.

Chapter 5 discusses the expenditure priorities of the Gram Panchayats, using the survey data. Gram Panchayat expenditures are generally financed through the following six Centrally Sponsored Schemes: Indira Awas Yojana (IAY), Kanya Vivah Yojana (KVY), Total Sanitation Campaign (TSC), Old-Age Pension Scheme (OAP), Laxmibai Pension Yojana (LPY), and Pension of Handicapped Scheme (POH). All expenditures by Grma Panchayats are based on allocations principally though not exclusively from these 6 schemes. Between fiscal years 2006-07 and 2008-09, the average expenditure per Gram Panchayat increased by 12.7 per cent per year. However, this increase was not uniform across the Gram Panchayats; some in fact experienced much higher growth than others. Overall, these expenditures and schemes appear to be responding to three priorities: roads, primary education, and drinking water. When interviewed, the Mukhiyas stated that there was extra attention given to the most impoverished communities but that implementing these projects was difficult in all areas due to an unavailability of land or encroachment upon available land by the rural elite. Furthermore, the programs of the Gram Panchayats struggled due to a lack of social cohesion and the need for frequent payment of bribes.

Chapter 6 analyses the revenue sources of the Gram Panchayats, Panchayat Samitis, and Zilla Parishads, based on data collected from the survery of Panchayats. Significantly, none of the sampled Gram Panchayats or Panchayat Samitis raise own revenues; two out of the five Zilla Parishads raise some own revenues from the rent of land and buildings. Otherwise, all of the revenues of the Panchayats come from inter-governmental transfers.

This chapter also describes the sources and timeliness of these transfers as well as the barriers that Mukhiyas claim prevent them from raising own revenues. The biggest obstacle to raising own revenues, according to the Mukhiyas in our sample, is that the Government of Bihar has not enacted the enabling legislation and regulations regarding permitted tax rates. In addition to the 6 schemes described above, the Gram Panchayats rely on transfers from the Twelfth Finance Commission (FC-12), the National Rural Employment Guarantee Act (NREGA), and the Backward Regions Grant Fund (BRGF) for revenue. This chapter and the associated tables describe each of these three revenue sources in detail. Each is funded by the central government, and there is some concern that NREGA and BRGF funds are subject to manipulation. When surveyed about ways for Gram Panchayats to raise revenues, Mukhiyas favored a variety of taxes on the most affluent members of their communities.

Chapter 7 provides a brief description of the accountability system, discusses its performance and adequacy, and provides some recommendations for improvement it. Briefly, reports generated by the Auditor General reveal a widespread breakdown of the *de jure* accountability system. According to the Auditor General's findings, Zilla Parishad, Panchayat Samitis, and Gram Panchayats are unable to prepare accurate budgets, to adhere to agreed upon estimates, to complete projects on time, and are unsuccessful at completing the audit forms required to correct these issues. Cash books reveal unapproved advances and the general lack of the use of prescribed budget controls. Other problems noted are incorrect information on employment generated, misreporting by Zilla Parishads on completed work, doubtful muster rolls, excess payments for labourers, wastage of expenditures due to abandonment of works, and non-confirmation of wages-to-material ratios prescribed in the Swaranjayanti Gram Swarojgar Yojana guidelines. The reports conclude that there is a clear possibility of misappropriation of funds in some instances. The findings do vary in some ways across Gram Panchayats. To

summarise, 80 per cent of Gram Panchayats prepare budgets and reports, but reports are more likely to be prepared than budgets. 90 per cent send their budgets and reports to the Block Development Office but are less likely to send them to the Panchayat Samitis and Zilla Parishads. These findings may suggest that simplified accounting systems and mandatory training could help address these problems.

Chapter 8 concludes the report. It begins with an evaluation the fiscal system, using the conventional economic criteria of fiscal autonomy, vertical imbalances, horizontal imbalances, and fiscal discipline. Chapter 8 also provides a number of recommendations for improving the system of local self government in the State of Bihar.

In contrast to local governments in the Republic of Tanzania and the State of West Bengal, local self governments in the State of Bihar are completely dependent on inter-governmental transfers. The federal architecture in the Constitution creates substantial vertical fiscal imbalances between the states and the Union government. The transfer dependency of the states is therefore passed on to Panchayati Raj Institutions in the State of Bihar. There also are clear horizontal fiscal disparities among the Gram Panchayats in the State of Bihar, and rather than correcting these imbalances, the transfer system appears to be exacerbate them. Regarding fiscal discipline, there is no evidence that the Gram Panchayats are borrowing money. However, the Mukhiyas appear to be by-passing the provisions for grassroots decision-making and directing resources to disproportionately benefit their own villages. In the broader sense of fiscal discipline, this behaviour by the Mukhiyas implies that there does not appear to be adequate fiscal discipline which is confirmed comparing Bihar with West Bengal.

We recommend that the Government of Bihar adopt a gradualist approach to decentralisation policy and develop a realistic multi-year blueprint for decentralization policy. Decentralisation policy should establish priorities, such as education, health, drinking water, and economic development. The Government of Bihar should give high priority to establishing a PRI fiscal analysis unit to provide technical support to the State Finance Commission, Department of Finance, and Department of Panchayat Raj. In addition, the accounting and reporting requirements need to be streamlined and simplified. The government should make strategic use

of its decentralization policy to promote commercial activity in the rural areas of the state. Finally, the Government of Bihar should undertake proper empirical evaluations of the effectiveness of the education and health sectors.

Chapter I: Introduction

Purpose of the study

1.01   The GoB is committed to strengthening local self government. As part of this process, the WB is preparing the Bihar Panchayat Strengthening Project. The development objectives of the project are to increase the autonomy, capacity, and accountability of PRIs. Specifically, the objectives encompass: 1) improving PRI governance capacity to implement government anti-poverty schemes and undertake discretionary development initiatives that are responsive to community needs in select districts and 2) improving the enabling environment, both policy and administrative, for PRIs.

1.02   As part of project preparations, the WB commissioned this study of Bihar PRI finances. Briefly, this study aims to understand how PRIs in the State of Bihar are currently financed and staffed; whether there is sufficient human and fiscal resource capacity for PRIs to carry out their legal responsibilities; whether there is sufficient autonomy in human and fiscal resource management for PRIs to influence development outcomes in their localities; the expenditure priorities of PRIs; the manner in which these priorities are determined *de jure* and *de facto*; and the accountability framework for PRIs. This study also examines the current revenue assignments to PRIs.

1.03   This study is intended to inform the GoB, the SFC, and the WB on the fiscal condition of the PRIs. It is expected to stimulate dialogue among stakeholders on how to adjust the inter-governmental fiscal framework to improve fiscal autonomy and development effectiveness of the PRIs in Bihar.

Methodology

1.04   This report is based on data collected from primary and secondary field work in the State of Bihar, during the period October 15, 2008 through July 31, 2009. The primary field work

involved collecting data from surveys of a sample of 5 ZPs, 10 PSs, and 50 GPs, for a total of 65 Panchayat units. A detailed description of the sample and the sampling methodology are provided below.

Sample design

1.05   We would like the sample to reflect the distribution of the quality of governance among the Panchayats of the State of Bihar. We know from previous research that literacy rates, particularly female literacy, is highly correlated with the quality of governance, and the formation of societies or the lack thereof also reflect the quality of local governance. ADRI has conducted a few studies where districts were grouped into socio-economic categories with respect to an indicator variable. In one such study, the 38 districts of the state were classified using four indicator variables, namely a poverty index, a social vulnerability index, a livelihood potential index, and a social capital index. With respect to each of these criteria, the districts can be categorised into five groups: much below average, below average, average, above average, and much above average. Any of these four indicators would be suitable for a study on PRI finances. In our opinion, the social capital index is best suited to the objectives of this study. A PRI unit's level of social capital endowment is indicative of its ability to undertake collective effort for development which is one of the major goals of the Panchayati Raj system.

1.06   The social capital index is constructed from the following 4 socio-economic indicators: the rural literacy rate, the gender disparity in literacy rate, the number of self-help groups per 1 lakh of population, and the number of primary agricultural credit societies and fisheries cooperative societies per 1 lakh of population. The social capital index is the simple arithmetic sum of the values of these 4 indices. Thus by using the social capital index as the stratifying variable, we hope to achieve a representative sample of Panchayats in terms of the quality of governance. We also purposefully chose Panchayats to achieve geographical representation from each of the 4 regions of Bihar (e.g., northeast, northwest, southeast, and southwest). The grouping of the 38 districts in the State of Bihar according to these 5 categories of social capital is provided in table 1.01.

1.07   For the choice of ZPs, we purposefully chose 5 districts, one each from 5 distinct socio-economic categories (social capital well above average, above average, and so on), with an eye to achieving geographic representation in the sample. The chosen districts are Begusarai, Bhojpur, Nalanda, Saharsa, and Sitamarhi which appear in bold letters in table 1.01. Regarding the geographical distribution of the districts, it should be noted that Bhojpur and Nalanda are from the south-western part of the state which is the most prosperous region. Saharsa, on the other hand, is from the north-eastern part, which is the most disadvantaged region of the state. The remaining two districts – Begusarai and Sitamarhi – are from the south-eastern and north-western parts of the state, respectively. The level of prosperity of the latter two regions is around the average for the entire state. Figure 1.01 is a map of the State of Bihar showing the geographic distribution of the sample districts. Finally, it should be noted that two of the chosen districts are targeted for intervention by the WB, namely Nalanda and Saharsa.

1.08   The sample of PSs was purposefully chosen to provide a relatively low-income PS and a relatively prosperous one from each ZP in the sample. The sample of 5 GPs from each of the 10 PSs in the sample is randomly chosen. Figure 1.01 also provides maps of each of the individual sample districts. The district maps identify the location of the sample PSs and their proximity to major roads. The district maps are intended to give the reader a sense of the representativeness of the sample PSs.

1.09   The final sample for the study of 65 Panchayats is provided in table 1.02. Since the sample GPs are randomly drawn from a high income PS and a low income one, our sample of 50 GPs may overstate the fiscal and human resource disparities among the GPs. According to the *State Finance Commission Report, 2004*, there are 38 ZPs, 533 PSs, and 8,469 GPs in the State of Bihar. In other words, we are sampling about 13.2 per cent, 1.9 per cent, and 0.6 per cent of the total number of ZPs, PSs, and GPs, respectively, in the State of Bihar. The sample sizes for the PSs and GPs are rather small for drawing valid inferences about the population characteristics. However, this is the maximum number that could be surveyed with the budget available for this study. Neverthess, it is important to keep these caveats in mind when interpreting the findings of this report.

1.10   Although article 11 of the BPRO states that "... any local area comprising a village or a group of contiguous villages or part thereof to be a Gram Panchayat area with a population within its territory as nearly as seven thousand". Table 1.03 shows the number of villages and the population of each of the 50 GPs in our sample, according to the 2001 census. The average population of the GPs in our sample is approximately 12,000, which is substantially larger than 7,000.

Overview of the survey instruments

1.11   Briefly, the ZP, PS, and GP questionnaires follow a common format. Section I of each questionnaire is a set of questions concerning the identity of the PRI unit. Section II is a set of questions directed at ascertaining the demographic profile of the elected officials in each unit of the sample. Section III is a set of questions concerning the physical infrastructure of the PRI units in the sample. Section IV is a set of questions concerning the human resource capacity of the Panchayats. Section V explores the functioning of the Panchayats, and section VI examines the flow of funds to the Panchayats. Section VII consists of detailed questions regarding the implementation of projects by the PRI units. Section VIII involves suggestions for improvements, and section IX involves general remarks.

1.12   The primary interlocutor for each questionnaire is the highest elected official of each PRI level (i.e., Mukhiya in the case of a GP and so on for the PSs and ZPs in the sample) or whomever he (she) designates. In many cases, we attempted to corroborate the responses of the interlocutors by examining the financial records of the Panchayat. Where appropriate, we also sought out the opinions of others, such as Ward members and other residents of the Panchayat. However, the primary data on which this report is based have not been audited. Therefore, we cannot certify the reliability of these data.

1.13   The secondary field work involved the collection of information from the individual departments of the GoB on the assignment of functions, assignment of taxes, and transfers by these   departments   and   registered   societies   in   the   case   of   centrally   sponsored

schemes/programmes (CSS/CSP). We also examined the capacity of the DoF, DoPR, and SFC to analyse PRI finances.

1.14 The study's main deliverable is a report on the status and evolution of PRI finances for the past three years in the State of Bihar and to provide suggestions for improving the inter-governmental fiscal framework. The topics listed below are addressed in this report. These topics are drawn from the ToR of the *Report on the Bihar Panchayati Raj Institutions Finance Study*. We also briefly describe below the methodology that was used to address each of these topics.

Topics and methodology

1.15 This report provides an analysis of the functions assigned to the PRIs. Our analysis is based on a careful review of the legal documents which set forth the functions assigned to the ZPs, PSs, and GPs, including the Constitution of India, the BPRO, 2006, and subsequent amendments to the same, and the activity mapping provided to us by the DoPR. We understand that the Panchanyat Raj Institutions Act, 1993 and the BPRO, 2006 have been replaced by the Panchanyat Raj Institutions Act, 2006. However, we were unable to obtain a copy of the Panchayati Raj Institutions Act, 2006. Therefore, we relied upon the BPRO, 2006 in conducting this analysis. As a result, there may be discrepancies between the current law as described in the Panchanyat Raj Institutions Act, 2006, and the details provided in this report. Based on our review of the BPRO, 2006 and other primary documents, we evaluated the clarity of functions assigned to the PRIs by law and administrative rules in light of the normative theory of fiscal decentralisation and international best practise.

1.16 Based on the primary field work described above, we construct to the greatest extent possible a complete picture of the financial resources available to the GPs in our sample. We also document the utilisation of funds by the GPs.[1]

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[1] Financial resources include the different revenue streams available to PRIs: Plan grants under the GoB and GoI Plan, discretionary grants, incentive grants, own tax and non-tax revenue, and shared revenue with GoB. The study also tracks the flow of funds from the GoB to the PRIs and examines the timeliness, completeness, and adequacy from the point of view of planning, budgeting, preparation and execution of annual plans.

1.17   Based on the primary field work, we examine the human resources available to the GPs. According to the Report of the Examiner of Local Accounts (2008), the state functionaries responsible for the functions devolved to the Panchayats have not been transferred to the ZPs and PSs. As part of the primary field work, we examine whether elected officials feel that the state functionaries report to them in their areas of competence, and whether these functionaries attend the meetings of the Panchayats, as prescibed by the BPRO, 2006. Regarding the adequacy of human resources available to the Panchayats, Section IV of the ZP, PS, and GP survey instruments include a number of questions about the human resource capacity of the Panchayats which allow us to address such issues in this report.

1.18   We analysed the Constitution of India and the BPRO, 2006 to evaluate the degree of vertical imbalances in the *de jure* PRI system. In evaluating vertical imbalances, one would ideally use estimates of the average per capita costs to achieve a minimum standard of service delivery for each function assigned to the PRIs and compare these costs with the revenues assigned to the PRIs. To the best of our knowledge, minimum standards of service delivery have not been established by the State of Bihar or the GoI and thus cost estimates to achieve such standards are not available. Consequently a quantitative estimate of the degree of vertical imbalance in the State of Bihar is beyond the scope of this study.

1.19   As previously noted, we construct a more or less complete picture of the sources of funds for each of the 50 GPs in our sample. Gauging the adequacy of finances for the various functions is a difficult task as it requires estimating expenditure needs by function, and needs are obviously a highly subjective concept. There are two approaches typically adopted in the literature on estimating expenditure needs. One method is a bottom up approach in which detailed information is used to estimate the unit cost of providing services. This approach is not feasible given the resources and time available for this study. The second approach is to use established expenditure norms, such as expenditures per client (or inhabitant) adjusted for different costs of delivery. To benchmark these expenditure norms, one could use, for example, information on average expenditures per client from other states of India. This methodology is not easily implemented because data on Panchayat expenditures across India are not available. To address

this issue, we solicit the opinion of elected PRI officials regarding the adequacy of PRI finances for the fulfilment of assigned functions.

1.20   We examine the expenditure priorities of the Panchayats. Section VII of the ZP, PS, and GP survey instruments include a number of questions regarding the selection of schemes over the previous 3 years that allow us to determine the spending priorities of the GPs. An analysis of the responses to these questions allows us to address this issue.

1.21   To describe the formal decision-making processes of the GPs, we first describe the *de jure* decision making process prescribed by the Bihar Panchayati Raj Ordinance, 2006. Regarding informal decision-making processes, we analyse survey responses regarding the regularity of GP meetings. The resources and time available for this study did not allow us to delve deeper into this issue.

1.22   Regarding the accountability system, we describe the *de jure* accountability system prescribed by the BPRO, 2006 and the Report of the Examiner of Local Accounts (2008). Section VI of the ZP, PS, and GP survey instruments include a number of questions regarding the audit status, financial reporting, and consolidation arrangements of the Panchayats. An analysis of the responses to these questions allows us to evaluate the degree of compliance by GPs in our sample with the *de jure* accountability system. In addition, we examine the Report of the Examiner of Local Accounts for 2006 and 2007 to gain greater insight into the degree of compliance by Panchayats with the *de jure* accountability system. Finally, a charted accountant examined the compliance of the Panchayats with the financial reporting requirements of the GoB. His findings are summarised in this report.

1.23   Based on an analysis of the data collected from the primary and secondary field work, we conduct a comparison with the State of West Bengal, using the report on West Bengal's PRI finances prepared for the WB by Professors Roy Bahl and Sally Wallace.

1.24   We conduct an analysis of the equalising effect of the transfer system, using the information obtained from the primary field work. Determining whether a transfer system is

equalising is an inherently difficult task. We examined the formulas used to make transfers to establish whether the design of the transfer system contains explicit or implicit equalising elements.

1.25   We evaluate the capacity of the DoF, DoPR, and the SFC to collect and analyse PRI financial data and adjust the inter-governmental fiscal framework according to GoB objectives. Based on discussions with the Permanent Secretary of the DoPR, Mr. Saaha, the SFC, DoF, and the DoPR currently lack the capacity to collect and analyse data on PRI finances. Furthermore, there is no consolidated reporting by the departments regarding transfers of money to the Panchayats. This state of affairs has been confirmed by the Examiner of Local Accounts and a member of the SFC. Therefore, there is not much to say other than to point out that the GoB's capacity to conduct and analyse PRI finances is woefully inadequate, and thus the GoB is unable to make evidenced-based adjustments to the inter-governmental fiscal framework.

1.26   Finally, we provide recommendations to the GoB on potential reforms to improve the inter-governmental fiscal framework with the objective of empowering local self government and improving overall GoB development effectiveness. This includes suggestions for improving the transfer system, PRI revenue authority, administration, and accountability system, based on an analysis of the data collected from the primary and secondary field work described above and in light of international best practises.

Summary

1.27   Chapter 1 explains the purpose of this study, describes the methodology, and provides an overview of the survey instruments and the sample design. The study is based on primary and secondary field work. The primary field work is based on data collected from surveys of a sample of 5 ZPs, 10 PSs, and 50 GPs, during the period October 15, 2008 through July 31, 2009. The 5 ZPs are purposely chosen, one each from five distinctive socio-economic categories with respect to the social capital index. The social capital index is constructed as the simple arithmetic sum of the values of the rural literacy rate, the gender disparity in literacy rate, the number of self-help groups per 1 lakh of population, and the number of primary agricultural credit societies

and fisheries cooperative societies per 1 lakh of population. Two PSs from each ZP, and five GPs from each PS are then randomly chosen. Each of the 3 questionnaires (ZP, PS, and GP) consists of seven sections. The secondary field work involves interviews and data collection with appropriate officials in the departments of the State of Bihar.

Briefly, the topics addressed in this report consist of the following:

1. An analysis of the functions assigned to the PRIs;

2. A description of the financial resources available to the GPs;

3. The human resources available to the GPs;

4. An evaluation of the degree of vertical imbalances in the *de jure* PRI system;

5. An examination of the expenditure priorities of the Panchayats;

6. A description of the formal and informal decision-making processes of the GPs;

7. A description of the *de jure* accountability system;

8. A comparison of PRI finances in the State of Bihar with that in the State of West Bengal;

9. An analysis of the equalising effect of the transfer system;

10. Recommendations to improve the inter-governmental fiscal framework;

Chapter II: Background

Recent elections of Panchayati Raj Institutions

2.01   In the PRI elections of 1978, there was a visible shift in the political centre of gravity. Karpoori Thakur, the then Chief Minister, implemented the Mungeri Lall Commission Report, which entailed reservation of jobs in the state government for both the lower backward castes (Annexure I castes) and the upper backward castes (Annexure II castes) in Bihar. This measure of Karpoori Thakur brought about a significant change in the political and social discourse in Bihar. An extremely important consequence of this measure was that members of the lower backward castes, distributed amongst 108 castes and 1/3rd of the total population, were brought onto the centre stage of politics in Bihar for the first time.

2.02   In 1990, Laloo Prasad became the Chief Minister of the state. While the legislative uncertainty of Karpoori Thakur hastened the process of decentralisation, Laloo Prasad could afford to ignore it because of the relative social and political stability during his administration. The subsequent assembly elections of 1995 and 2000, further strengthened the social justice group, especially its upper segment. Thus, the political purpose of decentralisation was irrelevant to the upper backward castes in Bihar. Additionally, it was feared that the backward caste consolidation which was built so assiduously over the years would be fractured by PRI elections at the grassroots level because of the lack of an organised and disciplined party structure at that level. Further, with the meager resources at the command of the state government, it was acknowledged that decentralisation would aggravate the financial crisis. Lastly, with the possibility of increased transparency, decentralisation was not a palatable proposition for the political managers and apex civil servants of the state. However, the intervention of the judiciary rendered PRI elections unavoidable. The broad results of the election largely conform to the above social and political trends in Bihar since the last PRI elections in 1978, which gradually strengthened the hold of the upper backward castes on the political power structures of Bihar.

2.03   The PRI elections of 2001 were held in Bihar after a lapse of 23 years, despite the 73rd Amendment of the Constitution in 1992 mandating that such elections be held. Apart from the political implications of decentralisation, the devolution of resources to the rural areas was expected to arrest the trend of a shrinking home market. With economic liberalisation and opening of the home market, economic stagnation could be circumvented by a buoyant rural market.

2.04   The 2001 PRI elections will go down in the history of Bihar as a turning point for the electoral empowerment of the lower backward castes (listed in Annexure I). Until recently, they were not taken into political or social cognisance, despite numbering more than 33 per cent of the total population. While economic empowerment had touched a fraction of the upper backward castes, large segments of the lower backward castes remained economically disadvantaged and politically marginalised.

2.05   The PRI elections of 2006 also were a landmark in the history of Bihar. Unlike the PRI elections of 2001, which were conducted after an intervention by the Patna High Court, the elections of 2006 had the full support of the new state government. Not only was the state government committed to strengthening the third tier of parliamentary institutions, the strategy of inclusion of the marginalised also was institutionalised through provisions for positive discrimination in this election. The 2006 elections reserved half the seats and even single posts for women, with proportional reservation for scheduled castes and scheduled tribes and lower backward castes. In Bihar, the electoral process resulted in substantial democratisation of the higher centres of power, like the legislative assembly. The new reservations put in place prior to the 2006 PRI elections attempted to mirror the democratisation of power with respect to the lower tiers of government. The PRI elections of 2006, through the instrument of positive discrimination, gave the marginalised section of the population a much larger role in local government.

2.06   During the last two decades, reservation resulting from Mungeri Lall Commission Report has ensured substantial presence of the lower backward castes in the state civil service, albeit at the middle and lower levels. The PRI elections of 2001, however, decisively established their

political identity. Not only has one from their ranks emerged as a Chairman of a ZP, but a large number of them were elected either as a Mukhiya (3.9 per cent) or as members of the ZP (3.5 per cent). For the first time, they have tried to forge a pan-lower-backward alliance at different levels. Their success in the Panchayat elections is certainly not spectacular, but their presence in the power structure has at least become noticeable, and it promises a new factor in provincial politics and social alliances.

2.07   Although there has been a change in the structure of power in the lower centres in favour of upper and lower backward castes, the upper castes or the traditional elites still retain a substantial part of the social and political power at the grassroots level. Admittedly, upper backwards have extended their political support base in the Panchayat elections of Bihar — chairmanships (43 per cent), membership in ZPs (42 per cent) and Mukhiyas (42 per cent), but the upper castes still hold a substantial power base in rural Bihar. Their share in elected posts is as follows: chairmanships (35 per cent), membership in ZPs (25 per cent), and Mukhiyas (34 per cent).

Local government structure

2.08   Though the Constitution allowed the state governments to establish local governing bodies, this was to be carried out by their own volition. This led to large inter-state disparities in the presence of local governments. However, the 73rd and 74th amendments to the Constitution render the establishment of rural (PRIs) and urban (municipalities) local governments mandatory and provide a blue print for the same. The amendments include the 11th and 12th schedules of the Constitution which lay out 29 items of expenditure devolution to PRIs and 18 items to the municipalities. While these schedules allow state governments to devolve powers of taxation to local bodies, it does not entrust this responsibility directly to the local governments.[2]

2.09   As figure 2.01 illustrates the PRI structure consists of 3 tiers of local self government: ZPs, PSs, and GPs. Details regarding the structure of these tiers of local self government are described below.

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[2] See H.L. Bhatia (2006). *Public Finance*, 26th edition. New Delhi: Vikas Publishing House Pvt., Ltd.

Gram Panchayat

2.10   A GP may be constituted from a single village or a group of contiguous villages so that on average the GP has about 7,000 residents. However, as previously discussed, the average population of a GP in our sample is approximately 12,000. A GP consists of an elected leader – the 'Mukhiya' - and directly elected members – Ward members - from prescribed constituencies which are established in a manner to ensure an average population of 500. An 'Up-Mukhiya' may be elected from amongst the directly elected Ward members.

2.11   In an attempt to encourage civic participation from marginalised sections of society, almost 50 per cent of Ward member and Mukhiya seats are designated as 'reserved' for them. While about 20 per cent of the seats are reserved for backward castes, the rest are divided among scheduled castes and scheduled tribes in the same proportion as found in the local population. While 50 per cent of these reserved seats are allocated to women, another 50 per cent of seats not designated as reserved on the basis of caste also are reserved for women. These reserved seats are then allocated to GPs within the district on the basis of rotation.

2.12   The term length for a GP is five years though it may be dissolved prior to the completion of the full term. The GP is also required to conduct regular meetings and keep records of resolutions, accounts, and prepare annual budgets. GPs are subject to audits by a prescribed government authority. Well established regulations relating to the powers of the Mukhiya, conduct of meetings, removal and resignation of members exist. Subsequent chapters of this report provide details regarding the expenditure responsibilities and taxation powers of the PRIs.

2.13   The GP may also establish standing committees to oversee implementation of the GP's functional responsibilities. A Gram Raskha Dal also may be organised for security and disaster management related activities.

2.14   The Gram Sabha is required to meet regularly and deliberate on the GP's budgets, developmental projects in the village, and identify beneficiaries for developmental schemes. The

Gram Sabha may also form a vigilance committee consisting of persons who are not members of the GP to supervise governance related activities.

2.15   Judicial functions of the GP fall under the purview of the Gram Katchahry which consists of a directly elected Sarpanch and Panches (members) from prescribed constituencies. A reservation system as described above also exists for these officials.

Panchayat Samiti

2.16   A PS is established for every block and consists of elected members from territorial constituencies, members of Lok Sabha (lower house of the Indian parliament) and state legislative assembly whose constituencies lie wholly or in part within the PS's jurisdiction; members of Rajya Sabha (upper house of the Indian parliament) and state legislative council who are registered as electors within the PS's jurisdiction; and all Mukhiyas of the GPs falling within the PS's jurisdiction.

2.17   The members are elected from constituencies so formed as to ensure uniformity of population served across jurisdictions. The members are required to elect a Pramukh and Up-Pramukh from amongst them. Reservation of seats for directly elected members, Pramukh, and Up-Pramukh on the basis of caste and gender exist and follow the same rationale as described above with respect to the GP. The PS also is required to constitute standing committees to aid in the discharge of its various functions.

2.18   The term length for a PS is five years though it may be dissolved prior to the completion of the full term. The PS is also required to conduct regular meetings and keep records of resolutions, accounts and prepare annual budgets. The PS enjoys permission to borrow from governments, banks or other financial institutions provided such borrowing is sanctioned by the government. PSs are subject to audits by a prescribed government authority. Well established regulations relating to the powers of the Pramukh, conduct of meetings, removal and resignation of members and constitution of standing committees exist. Subsequent chapters of this report provide details regarding the expenditure responsibilities and taxation powers of PSs.

Zilla Parishad

2.19   A ZP is established for every district. Its members include elected members from territorial constituencies where the constituencies house an average population of 50,000, members of Lok Sabha and state legislative assembly whose constituencies lie wholly or in part within the district; members of Rajya Sabha and state legislative council who are registered as electors within the district and all Pramukhs of the PSs in the district.

2.20   The directly elected members of the ZP in turn elect an Adhyaksha and Up-Adhyaksha. Reservation of seats for directly elected members, Adhyaksha, and Up-Adhyaksha on the basis of caste and gender exist and follow the same rationale as described above with respect to the GPs. The ZP is also required to constitute standing committees to aid in the discharge of its various functions.

2.21   The term length for a ZP is five years though it may be dissolved prior to the completion of the full term. The ZP is also required to conduct regular meetings and keep records of resolutions, accounts, and prepare annual budgets. The ZPs are permitted to borrow from governments, banks, and other financial institutions, provided such borrowing is sanctioned by the government. ZPs are subject to audits by a prescribed government authority. There exist well established regulations for relating to the powers of the Adhyaksha, conduct of meetings, removal and resignation of members, and constituting standing committees. Subsequent sections of this report provide details regarding the expenditure responsibilities and taxation powers of ZPs.

2.22   The relationships among PRI officials are illustrated by the organisational chart provided in figure 2.02. The responsibilities relating to implementation of policies, discharge of duties, control of officers, disbursement of money, and possession of records and documents are entrusted to the DDC cum CEO of the ZP. Similar responsibilities of the PSs are entrusted to the BDO cum EO.

Demographic profile of elected officials

2.23   This section describes the demographic profile of elected officials in our sample of 50 GPs. The elected officials of a GP include the Mukhiya, the Up-Mukhiya, Sarpanch, Up-Sarpanch, and Ward members. While the age, caste, gender, education, and occupational composition of elected officials is analysed here, the Mukhiya's profile is independently reviewed. In addition to the above demographics, we also include tables on the number of terms served and whether they were elected from a reserved seat.

2.24   Table 2.01 shows that approximately 59 per cent of Ward members in our sample were elected from reserved seats; whereas, 56 per cent of Mukhiyas were elected from reserved seats. While Nalanda on average elected almost 64 per cent of its members from reserved seats (the largest per cent from reserved seats), it only elected 40 per cent of its Mukhiyas from reserved seats. An explanation of the practise of reserved seats is provided in paragraph 2.11 above.

2.25   Table 2.02 provides the caste composition of Ward members and Mukhiyas by district for our sample of 50 GPs. While there is a significant difference in the caste composition of Mukhiyas; the composition of Ward members is more uniform across the 5 districts of our sample. Upper caste Mukhiyas constitute about 32 per cent of all Mukhiyas in our sample; whereas, Upper caste Ward members constitute only about 20.6 per cent of those in our sample. Interestingly, the largest concentration of upper caste Mukhiyas (60 per cent) and Ward members (32.5 per cent) in our sample are in Saharsa, a district in the most disadvantaged part of the state. About 7 per cent of Ward members and 12 per cent of Mukhiyas are Muslims, with a significant concentration in Sitamarhi, a district identified as 'much below average' in the social capital ranking used to stratify our sample. Though the election of 2006 increased the political representation of the backward castes; the reins of power largely remains with the upper castes. For example, the proportion of upper backward caste Mukhiyas are significantly greater than that of other castes.

2.26   Table 2.03 shows the distribution Ward members and Mukhiyas by gender and district. The gender distribution of Ward members on an average is very balanced. This is likely due to the result of reservation of seats for women. This pattern is more or less the same across all of

the districts. While a slightly larger per cent of Mukhiyas are male (54 per cent), the disparity is very pronounced in Nalanda, reflecting perhaps the lower per cent of Mukhiyas elected from reserved seats there.

2.27   Table 2.04 shows the distribution of PRI functionaries by age and district. Mukhiyas on average are somewhat older than Ward members. This pattern is fairly stable across the 5 districts in our sample.

2.28   Table 2.05 shows that Mukhiyas are generally more literate than the Ward members in our sample. Almost 60 per cent of the Mukhiyas in our sample achieve at least the educational level of secondary schooling, while only about 30 per cent of Ward members accomplish this level of education. Interestingly, no Mukhiya is identified as being illiterate. The response to this question may be biased by the fact that the Mukhiyas are self reporting their level of literacy. More than half of the Ward members in our sample are barely literate. Economic conditions seem to play an important role in determining the per cent of elected officials that are literate. For example, nearly 78 per cent of Ward members in the relatively poor district of Sitamarhi are either illiterate or just literate; whereas, in the relatively well off district of Bhojpur 45 per cent are either illiterate or just literate. The lack of highly literate Ward members probably reflects the region's educational opportunities. However, the electorate seems to value education, as evidenced by their inclination to elect better educated Mukhiyas, assuming self reports of literacy are accurate.

2.29   Table 2.06 shows that about one-third of Ward members and Mukhiya are not engaged in any occupation. This may reflect the reservation of seats for women who may be less likely to be engaged in employment outside the home. Cultivators, who generally earn higher incomes, form 34 per cent of Mukhiyas and about 25 per cent of Ward members, perhaps reflecting the importance of economic affluence in these communities. This proposition is further strengthened by the fact that 50 per cent of Mukhiyas in Bhojpur are cultivators. Surprisingly, while over 26 per cent of Ward members in our sample are rural labourers, this figure is just 4 per cent in the case of Mukhiyas. None of the Mukhiyas are artisans or salary earners. A very small proportion of Ward members are from this occupational category.

2.30   Table 2.07 provides information on the number of terms served by Ward members and Mukhiyas. There is a strong evidence of an apparent 'anti-incumbency' phenomenon in the case of both Mukhiyas and Ward members. However, Mukhiyas seem be less vulnerable to this phenomenon than Ward members, with almost 97 per cent of Ward members and 82 per cent of Mukhiyas serving only one term. This pattern is consistent across all 5 districts in our sample, though 40 per cent of Begusarai's Mukhiyas are serving a second term. Interestingly, a much larger per cent of Muslim Ward members serve more than one term, while more than half of the Mukhiyas who serve at least 2 terms belong to the upper and upper backward castes. A gender disparity also exists, with almost 30 per cent of male Mukhiyas serving more than one term; while in the case of female Mukhiyas it is only about 4 per cent. This apparent 'anti-incumbency' phenomenon may be explained, at least in part, by the reservation of seats.

Summary

2.31   Chapter 2 provides an overview of recent elections of the PRIs in the State of Bihar, explains the structure of local governments, and describes the demographic profile of elected officials in the sample of 50 GPs. The implementation of the Mungeri Lall Commission Report in the PRI elections held in 1978 brought significant changes in the political and social discourse in Bihar. Members of the lower backward castes, comprising one-third of the total population, were brought into the centre stage of politics in Bihar for the first time. The subsequent elections of 1995 and 2000 further strengthened the social justice mechanism. These elections gave a much greater role to the marginalized section of the population in local government.

2.32   The PRI structure of local self government consists of three tiers, namely Gram Panchayat (GP), Panchayat Samiti (PS) and the Zilla Parishad (ZP). The GP consists of an elected leader - the Mukhiya - and directly elected ward members. Fifty per cent of the Mukhiya seats are reserved for marginalized sections of the society. The PS consists of elected members from territorial constituencies, Lok Sabha, and state legislative assemblies. Reserved seats on the basis of caste and gender exist for these elected officials, as well. The government permits PSs to borrow from governments, banks, and other financial institutions. ZPs are established for every district, and Adhyaksha and Up-Adhyaksha are elected on the basis of caste and gender.

2.33   Voters on average appear to elect older, male Mukhiyas that are a part of the upper castes, better educated, and more affluent. While this pattern holds in the case of the caste composition of Ward members, it is not so in case of other characteristics. Male Mukhiyas also seem to enjoy greater success than Ward members in being elected to a second term. However, this apparent 'anti-incumbency' phenomenon may reflect, at least in part, the need to recruit political novices to satisfy the rules concerning the reservation of seats beginning with the 2006 elections. Though the reservation of seats has increased political representation of the backward castes, the reins of power largely remain with the upper castes.

Chapter III: Analysis of Expenditure Assignments

3.01   The economic role of government, broadly speaking, is to enhance the performance of the market economy. According to Richard A. Musgrave (1959) the economic role of government can be divided into three fundamental functions: the stabilisation function, the distribution function, and the allocation function. The stabilisation and distribution functions should be assigned to the central government; therefore, we do not take up the assignment of these two functions. That leaves the allocation function. In the vast majority of cases, the allocation function should be assigned to the private sector. In some cases, markets may fail to allocate good efficiently thus providing a role for government to correct such market failures. Below we describe the economic principles that should guide the assignment of allocative functions in a multi-tiered governmental system, such as that in the State of Bihar.

The principles of expenditure assignments

3.02   The State of Bihar is required by the 11th Schedule of the Constitution of India to assign certain functions to the Panchayats, some of which would often be assigned to the private sector. It may noneless be useful to discuss the appropriate assignment of allocative functions between the private and public sectors according to economic principles, before taking up the appropriate assignment of allocative functions in a multi-tiered system of government.

3.03   In the vast majority of cases, markets can be relied upon to efficiently allocate resources. In such cases, the allocation function should be assigned to the private sector. In those cases where the market cannot be relied upon to allocate goods and services efficiently, the government should make adjustments to market allocations. We refer to such instances as market failures. Generally speaking there are three types of market failures: public goods, externalities, and natural monopoly. We discuss each of these in turn below.

3.04   Local public goods have two properties. One property of local public goods is that they are non-rival in consumption over a limited geographic range, meaning that everyone within a certain geographic area can share equally in the consumption of the good. The other property is that public goods are non-exclusive, meaning that it is difficult or impossible to exclude others from enjoying the good once it is produced. Examples of public goods include vaccination programmes, police services, fire services, and education. When people make the decision to get a vaccinated, they may not take into account the benefit of reducing the chance that they will spread the disease to others. If we rely on private decision-making, too few people may get vaccinated. This is an example of a market failure, and there is a role for government to design policies to improve upon the private allocation. There are a number of ways that the government could address this market failure. The government could provide vaccination services for free or at a reduced cost, or the government could subsidise the price of vaccinations provided by the private sector. The point being that a market failure does not necessarily compel the government to take over the activity from the private sector. The public sector may still use the private sector to allocate the good or service, but the government should provide some assistance or regulation to improve upon the private allocation.

3.05   Externalities refer to cases where the consumption (production) of a good or service affects others for better or worse. Examples of negative production externalities are industrial pollution and solid waste management. Take the case of solid waste. It not only affects the person who creates it but the person's neighbours as well. However, the person may not take into account the harm to others and therefore allow too much waste to accumulate. There is a role for government to promote solid waste disposal. Again, the government may provide the service itself or contract with the private sector to provide the service.

3.06   Finally, market failures arise from natural monopoly. In the case of electricity, water, and mass transportation, there are large fixed costs. Because of these fixed costs, it is not cost effective to have many firms providing this good in a given market. Due to the resulting lack of competition, the firm will maximise profit by restricting output and increasing the price. As a result, too little is produced. Therefore, there is a role for government to either regulate natural monopolies or provide the good or service itself to correct this market failure.

3.07   Many of the functions assigned to the Panchayats by the 11th Schedule belong there because of potential market failures. In the case of agriculture, for example, infectious disease control should be assigned to the public sector. This is appropriate because infectious disease control involves an externality. Not only is the farmer whose livestock are diseased benefitted by infectious disease control but the farmer's neighbours are benefitted as well. The farmer takes into account the private benefit to himself of treating his livestock, but he may not take into account the benefit to others from having his lieestock treated and preventing the further spread of the disease. Therefore, he may not treat his livestock as aggressively or thoroughly as he would if he internalised the full benefits to others of treating his livestock. Therefore, there is a role for the public sector in infectious disease control. Having established that there is a role for government in infectious disease control, the next issue is which level of government should be assigned this function in a multi-tiered governmental system. We take up this issue below.

3.08   Now, we turn to the principles which should guide the decision of which level of government should be assigned responsibility for a given function in a multi-tiered governmental system, once it has been decided to assign the function to the public sector. According to the subsidiarity principle, a function should be aassigned to the lowest level of government consistent with heterogeneous tastes, economies of scale in the production, and spill-over benefits. We proceed below by discussing the role of each of these characteristics of government services in assigning functions in a multi-tiered system of government.

3.09   We begin by examining the role of economies of scale in the assignment of functions in a multi-tiered system of government. Once the decision is made to assign a particular function to the public sector, the presence or absence of economies of scale in the production of that function may play an important role in deciding which level of government should be responsible for it. If there are significant economies of scale in producing the good or service, then that function should be assigned to the tier of government that exhausts the available scale economies to minimise per unit costs of production. For example, government services, like waste water treatment, often involve large fixed costs on facilities. Such goods and services can be produced at lower costs per capita by spreading them over a large population and thus should

be assigned to the level of government that is sufficiently large to exploit these potential cost savings. However, economies of scale are easily abused as a rationale for centralising government functions. Often, creative solutions are available that permit decentralisation, even in the case of functions with significant economies of scale. Again, take the case of waste water treatment. Rather than assigning this function to a higher level of government to exploit available economies of scale, several small jurisdictions could form a special district to provide waste water treatment. Forming such special districts from a number of smaller jurisdictions would allow them to realise the potential savings from spreading the costs of production over a larger number of people and avoids centralisation of this function.

3.10   Turning now to the role of spill-over benefits in the assignment decision, the boundaries of a jurisdiction should correspond as closely as possible to the benefit area of the expenditure functions assigned to it. For example, the benefit area for sanitation services is clearly the local community, but the benefit area for air traffic control is the entire national territory. Therefore, the provision of sanitation services should be assigned to local governments, and air traffic control to the central government. If the benefit area of a function is larger than the jurisdiction to which it is assigned, the jurisdiction is unlikely to provide an efficient level of service due to spill-over benefits accruing to neighbouring jurisdictions. Such an assignment is likely to result in an inefficient under provision of the service because the jurisdiction is unlikely to take full account of the benefits provided to non-residents in making its decision about how much of the good or service to provide. For example, requiring a single municipality to finance a tertiary hospital that provides services to residents of the entire region in which it is situated, including nearby rural areas, is likely to result in a hospital with inadequate resources to handle the number of patients seeking treatment and as a result the quality of care is likely to suffer. In summary, it is important to take into account the benefit area of the government function when making assignment decisions.

3.11   Finally, we turn to the role of heterogeneous tastes in making the assignment decision. Heterogeneous tastes refers to the case where some people are willing to pay more for a high level of the government service; others may only be willing to pay for a moderate level; and still others may only want a minimal level of the service or none at all. If there is a substantial

variation in the demand for a government service among the population, it may be desirable to have many jurisdictions that offer a variety of service levels. The application of this principle assumes that there are not extensive economies of scale in the production of the public goods in question, and assigning this function to a small jurisdiction will not result in significant spill-over benefits to neighbouring jurisdictions. Assigning functions to the lowest level of government, consistent with exploiting economies of scale and internalizing spill-over benefits, puts decision making into the hands of officials that are closer to the people that are affected by their decisions. This promotes accountability of officials to its residents. Furthermore, officials closer to the people that they serve should know best the people's preferences for government services.

3.12   The foregoing discussion provides useful guidance to the appropriate assignments of functions in a multi-tiered governmental system. However, there is no single best distribution of expenditure assignments. Table 3.01 shows the distribution of functions in 11 federal countries, including India. While the expenditure assignments reported in this table broadly agree with the foregoing principles, the most significant feature of this table is the variety of expenditure assignments among federal countries. Based on such evidence, Jorge Martinez-Vazquez and Andrey Timofeev (2007) conclude that an important consideration for efficient service delivery is to have concrete, clear, and stable expenditure assignments. Insofar as practical, expenditure assignments should be exclusive, as this will promote accountability of government officials to its citizenry. If local residents do not know which level of government is responsible for providing a given government function due to murky assignments, then they will not know which level of government to hold accountable for poor service delivery. Murky assignments may serve the interests of elected officials and civil servants would wish to escape accountability for poor performance, but it does not serve the interests of stakeholders.

3.13   While exclusive expenditure assignments are desirable, it does not mean that there is no role for concurrent assignments in a multi-tiered governmental system. In the case of concurrent assignments, sub-functions that comprise a given function should be identified and clearly and exclusively assigned to the appropriate tier of government, consistent with heterogeneous tastes, economies of scale, and benefit spill-overs. More specifically, most functions of government, such as agriculture, education, and healthcare to take just a few examples, are multidimensional

in nature. In other words, government functions often are the consequence of the performance of many sub-functions.

3.14   Education, for example, is often divided into at least four levels: pre-school, primary, secondary, and tertiary (university) education. In addition, there are vocational training programmes, adult literacy programmes, public libraries, and so on. All of these distinct activities fall under education. Each of these levels of education in turn consist of many sub-functions, such as designing the curriculum; recruiting, training, monitoring, promoting, and disciplining teachers; maintaining and cleaning school buildings; purchasing books and other learning materials; providing food services; and financing education in addition to many other administrative tasks associated with providing educational services. If education is a concurrent assignment of two or more tiers of government, as in the State of Bihar, then the sub-functions of education should be identified and clearly and exclusively assigned to the appropriate tier of government. For example, curriculum design may involve substantial fixed costs. Cost savings may be achieved by spreading these costs over a large population. Therefore, it may be more cost effective to assign this sub-function to a higher level government, such as the state, and thereby avoid the duplication of costs inherent in assigning this sub-function to a lower level government. The cost savings from such an assignment may be worth the loss of local autonomy in making curriculum decisions. In contrast, the quality of education may be enhanced by assigning the sub-function of recruiting, promoting (dismissing) and disciplining teachers to the local level of government. Local officials and even school officials themselves are in a much better position to monitor the performance of teachers, than government officials at higher levels of government. In short, exclusive assignments should not be interpreted to be an all or nothing assignment of a function to a particular tier of government.

3.15   Insofar as practical, expenditure assignments should be clear and exclusive. However, concurrent expenditure assignments may be necessary and appropriate in some cases, as in the case of education and healthcare. In the case of concurrent assignments, the assignment of the respective sub-functions that make up a given function of government should be assigned to the appropriate tier government in a clear and exclusive fashion. Nevertheless, some overlapping of

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responsibilities among the various tiers of government may be inevitable. In such cases, mechanisms for coordination among the responsible tiers of government should be put in place.

Formal determination of expenditure priorities

3.16   The 73rd Amendment of the Constitution, and more specifically Schedule 11, compels the the states to decentralise specific functions of government. Therefore, it is worth reviewing the requirements of Schedule 11. Specifically, the 73rd Amendment provides a list of the powers, authority, and responsibilities of Panchayats. For ease of reference, this list is provided in table 3.02. The responsibilities of the PRIs can be broadly classified as functions relating to agriculture and allied activities (functions 1-7, and 12 in table 3.02), rural development (8, 9, and 22), education (17-21), healthcare (23), infrastructure (13-15 and 29), and social welfare (10, 11, 16, and 24-28).

3.17   The Constitution is silent on local government finances and the assignment of these functions and their sub-functions to the three tiers of local government. According to sub-section 5, List II (State List), of the Seventh Schedule (article 246 of the Constitution), the states are responsible for constituting and assigning the powers of local authorities for the purpose of local self-government or village administration. In other words, each state is responsible for defining the powers, authority, and responsibilities of the Panchayats. However, the assignment of responsibilities to the Panchayats is constrainted by the 11th Schedule of the Constitution, and financing of the Panchayats is constrained by the requirements of the 7th Schedule of the Constitution. Before analysing the assignment of these functions by the State of Bihar, it may be useful briefly to discuss the constraints facing the State of Bihar due to the Constitution, regarding the assignment of functions to the PRIs.

3.18   Regarding the responsibilities listed in the 11th Schedule, there are a number of production/commerical activities that would seem to be more appropriately assigned to the private sector, such as agriculture (function 1 in the 11th Schedule and table 3.02), land improvement (function 2), small scale industries (function 8), cottage industries (function 9), fuel and fodder (funciton 12), rural electrification (fucntion 14), and markets (function 22). Granted,

there is a role for government in many of these areas. For example, there is a clear role for government to intervene in private agriculture, whether for subsistence or commercial purposes, to prevent the spread of diseases, to conduct research and development, and to disseminate improved agricultural techniques. However, the Constitution simply assigns agriculture to the Panchayats. The Constitution may be directing the states to allow local self governments to regulate agriculture. However, regulation of agriculture is probably best done by state government in the interests of creating a common market. Allowing local self governments to regulate agriculture runs the risk that this authority will be abused to restrict trade in favour of local production. Finally, perhaps subsistence and even some commercial activities in agriculture are community-based undertakings, rather than private undertakings. If that is the case, it would seem that the Union government could rely on local customs and practises to make such decisions, rather than proscribing that they should be undertaken by local self governments. In short, it is difficult to understand why the Constitution assigns certain production/commercial activities to government, except perhaps as a vestige of the idea of 'socialism' that animated many of the framers of the Constitution and the Congress Party.[3] Of course, this points to the need for flexibility in expenditure and revenue assignments and thus cautions against making explicit assignments in the Constitution.

3.19   It is also interesting to note that some of the responsibilities listed in the 11th Schedule are concurrent responsibilities of the Union government, the states, and the PRIs. As provided for in List III, forests (function 6 in the 11th Schedule and in table 3.02), education (functions 17 through 20), fuel and fodder (function 12), and electricity (fucntions 14 and 15) are examples of concurrent responsibilities of the Union, states, and PRIs. While making these responsibilities the concurrent responsibility of the Union, state, and local self governments may or may not be appropriate, at the very least the respective sub-functions constituting these responsibilities should be clearly and exclusively assigned to an appropriate tier of government. As discussed below, the GoB has chosen to make explicit assignments of certain sub-functions among the Panchayats, but an explicit assignment of the respective responsibilities of the Union and state governments appears to be missing. Furthermore, there needs to be coordinating mechanisms

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[3] See, for example, Granville Austin (1999) for a discussion of 'social revolution' and the First Amendment of the Constitution, specifically pages 69-98.

among the tiers of government in the case of overlapping responsibilities. Such coordinating mechanisms appear to be missing, as well.

Clarity and appropriateness of assignments

3.20 One can identify the functions that have been 'actually" transferred to the PRIs on the basis of a number of GoB circulars. These circulars in Hindi are summarised in an activity mapping which was translated into English as part of the study. However, these circulars may not be very meaningful in some cases. If, for example the assignment of a function is not accompanied by additional finances and human resources, then the PRI functionaries do not take them seriously. The PRIs consider a function to be 'actually' devolved to them when they obtain at least additional financial and human resources to carry out a given function. The devolution of funds includes three major heads: FC12, BRFG and NREGA. However, it should be noted that these allocations are not 'sector' specific and, even after being within the parameters of relevant guidelines, the programmes can touch upon a number of sectors mentioned in the legal text. As discussed in greater detail in subsequent chapters, the reason one can find several GPs reporting activities under different heads— infrastructure, development, and maintenance functions (table 5.06 – 5.08). Some of the circulars, not accompanied by additional financial and human resource support, bestow supervisory or recommending authority to the PRIs, e.g., ICDS, VEC, IAY, and so on. After taking care of programmes under FC12, BRFG, and NREGA, the PRI functionaries are left with very little time to attend to the recommending and supervisory functions.

3.21 There are several general issues with the current assignments of sub-functions to the 3 tiers of local self government as described the GoB's activity mapping. First, in most cases the activity mapping does not provide for financing of these activities. In addition, the activity mapping does not provide for the assignment of the functionaries necessary to carry-out these activities. In most cases, these functionaries remain employees of the state. The activity mapping appears to address the contradiction of decentralising functions but maintaining control over the relevant functionaries by providing the Panchayats with supervisory authority over the work of and requests for leave by state functionaries. According to informal discussions with Panchayat officials, they do not feel that they have real authority or autonomy in many areas assigned to

them in the activity mapping. Second, the activity mapping does not define the respective responsibilities of the Union government and the State of Bihar for each of the 29 functions where there are concurrent assignments among the five tiers of government: Union government, GoB, and the PRIs. Third, it does not provide for coordinating mechanisms or authorities in the case of overlapping responsibilities within or among functions. Finally, the GPs and PSs are often assigned monitoring responsibilities, rather than authentic autonomy. In the cases in which GPs and PSs are given responsibility for monitoring and reporting, there is no mechanism for the GPs or PSs to appeal decisions taken by higher levels of government, suggesting that their monitoring responsibility lacks any substantive meaning in actual practise.

Assignment of production and commercial activities

3.22   As previously noted, the activity mapping assigns responsibility for some commercial activities to the Panchayats rather than the private sector. For example, ZPs are assigned responsibility for production activities and acquiring materials and equipment, and the PSs are assigned responsibility for establishing seed farms and nurseries. Other examples of assigning seemingly private sector functions to Panchayats include animual husbandry, dairying, poulty, fisheries, farm forestry, small scale industries, and fuel and fodder. Generally speaking, these seem like production activities that should be left to the private sector. Perhaps, there is a reason that the private sector is ineffective in performing these production activities. If that is the case, it may be more effective to identify the obstacles that prevent the private sector from being effective at performing these functions and trying to remedy these obstacles. It may be that the private sector is simply being displaced by public sector activity in these areas. Alternatively, subsistence farmers may lack the cash income to purchase the goods and services from the market. If that is the case, it may be more effective for the government to provide farmers with vouchers to purchase these services from the market rather than having Panchayats attempt to produce these goods and services. Vouchers would have the added benefit of stimulating the cash economy in rural areas of the state and thus promote commercial agriculture.

Assignment of financing arrangements

3.23   The GPs are responsible for the control, operation, and maintenance of minor irrigation projects, tube-wells, and lift irrigation projects as well as the selection of the beneficiaries for

such projects. These assignments seem clear and appropriate. However, there is no provision for the financing of these activities. It also would seem appropriate to give a larger role to the PSs and GPs in the choice of projects undertaken by the minor irrigation department, including providing PSs and GPs with conditional grants to finance minor irrigation projects within their jurisdictions. After all the PSs and GPs are more likely to know best the minor irrigation projects which have the highest rate of return, than officials in the irrigation department located in Patna.

3.24   In the case of healthcare, the current assignments leaves financing and budgeting for personnel (salaries) and supplies in the hands of state officials. The share of the state budget in India spent on wages and salaries in the health and education sectors often is in excess of 98 per cent. These sectors simply are not effective without providing for supplies, particularly in the case of the health sector. The assignment of sub-functions should be re-considered with this issue in mind. Local self governments should be given greater responsibility for financing and budgeting for supplies and personnel in the education and health sectors. Perhaps, the state should create block grants for education and health to finance the hiring of personnel and procurement of supplies by GPs. The state should monitor local self-governments to make sure that the conditions of such block grant are met. Otherwise, the GPs should left to make hiring and procurement decisions in these sectors.

Assignment of functionaries

3.25   Regarding water resources, the ZPs are assigned 4 sub-functions. These sub-functions include providing engineering assistance to the PSs and GPs for irrigation projects. In addition, the ZPs should control, monitor, and supervise projects being implemented by PSs and GPs. The PSs are assigned 5 sub-functions. In addition to a number of supervisory tasks, the PSs are responsible for control, operation, and maintenance of surface irrigation projects (e.g. dams, weirs, medium irrigation projects, and so on) of the minor irrigation department. Finally, the GPs are assigned 8 sub-functions. The GPs are largely responsible for the control, operation, and maintenance of minor irrigation projects, tube-wells, and lift irrigation projects as well as the selection of the beneficiaries for such projects. These assignments seem clear and appropriate. However, there is no provision for the financing of these activities and the provisioning of functionaries to carry-out these activities at PS and GP level seems inadequate.

Assignment of responsibility without meaningful authority

3.26   Local self-governments are given some authority to supervise and monitor the work of gazetted and non-gazetted health officials. This authority is given meaning by requiring the appropriate tiers of government to approve casual leave of gazetted and non-gazetted health officers and to approve payment of their salaries based on absence reports. In the case of the distribution of medical supplies, local self governments are given a largely supervisory role. Schools and clinics are plagued by two problems: unexplained absences by teachers and the lack of supplies. The assignment of the supervision of health and education personnel and the ability to approve the payment of their salaries based on reports of absences may address the former problem. In the case of disciplinary actions, the ZP (PS) can make recommendations, but the activity mapping does not indicate to whom they should make these recommendations or provide for an appeals process when a PS or ZP is dissatisfied with the action or lack of action taken by the relevant authority.

3.27   Regarding PMRY, the ZPs and PSs are responsible for monitoring and inspecting training and production centres for hand and power looms and silk. The GPs appear to be able to recommend beneficiaries but not select beneficiaries. The real authority appears to be in the hands of the DIC, and the assignment of the Panchayats does not appear to be substantive. Given all the responsibilities of the Panchayats, one wonders if it is necessary or desirable to assign to them sub-functions that do not appear to involve authentic responsibility or authority.

Economies of scale

3.28   Assigning research and development to the ZPs does not seem appropriate for two reasons. Research and development involves considerable economies of scale and spillover benefits. Research and development often requires laboratories, equipment, and highly trained technicians. Cost savings can be achieved by spreading these costs over a large population. This would argue for assigning research and development to the state if not the federal government.

3.29   Districts are responsible for formulation of, as opposed to simply implementing, national and state education policy and schemes. This invites unnecessary duplication of effort in formulating policies and may lead to wide discrepancies among the districts in the interpretation

of state and national policies. Due to economies of scale in the development of curricula, this responsibility should be assigned to a higher level of government, unless there is a compelling and countervailing benefit from the proposed assignment.

Spillover benefits and costs

3.30   Assigning the control of epidemics and infectious diseases to GPs is not appropriate due to the significant spillover benefits (costs) from controlling (failing to control) such epidemics. For example, GPs are likely to internalise the economic losses of slaughtering their livestock to contain an epidemic but fail to internalise the benefit to neighbouring GPs from containing it. This will tilt the decision of any given GP against containing an epidemic. Clearly, the control of epidemics and infectious diseases should be assigned to a higher level of government that can internalise these costs and benefits. Having said this, GPs should provide surveillance for outbreaks of infectious diseases, but they should not be relied upon to control such outbreaks.

Concurrent assignments

3.31   Regarding social forestry and farm forestry, there appears to be considerable overlap in the assignments among the ZPs, PSs, and GPs. According to the activity mapping, each tier is responsible for "[n]ew functions related to social forestry and farm forestry, earlier performed by the Forest Dept., shall be done by [ZP, PS, GP] now, with required assistance from rangers." Perhaps the meanings of social forestry and farm forestry are clear, but it would be worthwhile to define the functions previously performed by the Forest Department that make up social and farm forestry that are being re-assigned. Furthermore, the concurrent assignment of social and farm forestry to all 3 tiers of local self government proposed is the type of arrangement that should avoided. Murky assignments like these lead to a lack of accountability and poor service delivery.

Lack of clarity in assignments

3.32   In several cases, there are concurrent assignments which should be avoided in favour of exclusive assignments to promote accountability. More specifically, these cases include the following: formulation and implementation of national and state education policy and schemes (under the policy works and normal teaching activities sub-function); activities related to

enrolment, decrease in number of drop-outs, and supervision and evaluation of the 8th grade general examinations; and evaluation and monitoring of mid-day meals and distribution of allowances. There is lack of clarity regarding the respective roles of the VECs and GPs. Are the VECs subordinate to the GPs, or do the VECs have independent authority? How should disagreements be resolved? These issues need to be clarified. Also, making the districts responsible for the formulation of, as opposed to simply implementing, national and state education policies and schemes invites unnecessary duplication of effort in formulating policies and may lead to wide discrepancies among the districts in the interpretation of state and national policies. At the very least, there should be some way to centralise and share information about the policies adopted by the districts and the manner in which these policies are formulated in order to identify best practises.

Decision making arrangements

3.33   Consistent with the 11th Schedule of the Constitution of India, the BPRO, 2006 assigns 31 functions to the GPs. The GoB has provided greater specificity to these general assignments in an activity mapping which is discussed above. The BPRO, 2006 also provides for the election of a Mukhiya, Up-Mukhiya, and Ward members; the appointment of a number of committees; and regular meetings of the Gram Sabha. Decisions on behalf of the GP should be collective decisions either through a meeting of the Gram Sabha or by the people's elected representatives. While the BPRO, 2006 and the activity mapping give the Mukhiya considerable power and responsibility, the Ward members have little formal authority. During informal discussions with Ward members, we were told that Mukhiyas seldom consult them in taking decisions. Below, we report evidence gathered with the PRI survey that support the anecdotal evidence gathered from Ward members during informal interviews.

3.34   Table 3.03 shows that GPs on average held about 8 meetings over the past 3 years, with an average attendance of about 7 members in FY 2009. However, only about 14 per cent of villages have held at least one Gram Sabha meeting. The average number of meetings is also stable across time and districts. The average number of meetings varies from one in Saharsa to about 14 in Nalanda. A significantly larger number of villages in Bhojpur have convened at least

one meeting as compared to other districts. Distance from the GP to the block headquarters affects the number of meetings only when GPs are between 9 to 12 miles of the block headquarters. Apparently, Mukhiyas are not complying with the rules set forth in the BPRO regarding the frequency of GP meetings.

3.35   Table 3.04 shows the topics that were part of the agenda of GP meetings in 2008-09. In all, they report 259 topics which are grouped into seven major categories: (i) programme planning, (ii) monitoring of various schemes, (iii) poverty alleviation programmes, (iv) education issues, (v) health related issues, (vi) other development issues, and (vii) administrative issues.

3.36   Table 3.05 reports the distribution of the number of projects per village in the GP for our sample of 50 GPs. The Mukhiya's village on average benefits from 18.5 projects, while the average number across all villages in all districts is about 10. This problem is especially acute in the prosperous district of Bhojpur where the Mukhiya's villages on average benefit from about 4 times the number of projects as all other villages in our sample. In contrast, the Mukhiyas in Saharsa do not show such extreme favouritism to their own village. The distribution in Saharsa is 14 projects on average benefitting the Mukhiya's village, and all other villages benefitting from approximately 11 projects on average. Interestingly, all villages in our sample of 50 GPs benefit from at least 1 project.

3.37   Table 3.06 provides information on average expenditures by GPs and village types for the 50 GPs in our sample. The average expenditure in the Mukhiya's village is almost twice that spent on all other villages combined. This problem is especially acute in the economically developed district of Bhojpur where average expenditures on the Mukhiyas's village are three times that on all other villages combined. In the economically disadvantaged district of Saharsa, the difference in average expenditure per village shows a slight preference for the Mukhiya's village, but the difference is negligible.

3.38   The GP survey also directed Mukhiyas to list the main reasons why the GPs did not undertake assigned activities. Interestingly, the lack of an official directive from a state official is cited as the foremost reason for the lack of activity. The legal provisions, they maintain, are not sufficient to establish their standing for such activities. This was true even in the case of

activities such as ensuring enrolment and attendance in primary and middle schools and health programmes which are activities that seemingly could be carried out without additional financing or technical funtionaries.

3.39   In case of activities such as agriculture and poverty alleviation programmes which were overseen by specialised government departments, the Mukhiyas feel that their involvement may be seen as an infringement on the authority of others. The Mukhiyas noted that provision of guidelines outlining their role would result in increased coordination and improved efficiency of these developmental programmes.

3.40   Involvement in a few activities requires training of Ward members. When such training is not conducted, they lack the required skills and knowledge to undertake activities and hence do not get involved in these activities. GPs also appear to neglect time consuming promotional activities, ironically due to the low level of awareness of the concerned developments in, for example, the education or health sectors.

3.41   The problem of inadequate manpower is also an important reason for GPs avoiding or limiting their activities in many fields. The Mukhiyas/Panchayat Sachivs feel that, with the available manpower, they can only administer the existing programmes: FC12, NREGA, BRGF, TFC, and a few others.

Activities of the GPs

3.42   For convenience, we have divided the GP's 31 functional responsibilities listed in Article 22 of the BPRO, 2006 into 7 categories, specifically production related activities, infrastructure related activities, development related activities, maintenance related activities, administrative and quasi-judicial activities, and NREGA and non-NREGA related project activities. Below we report the percentage of GPs in our sample taking up activities in these areas. We also use simple cross-tabulations to see if distance of the GP from the block headquarters and the availability of a Bhavan influence the take-up rate of activities by GPs.

3.43   Table 3.07 shows the percentage of GPs performing various assigned production activities. More than half of the GPs in our sample undertake agriculture related activities while less than one-fifth promotes Khadi and village industries. GPs that are within 0 to 4 kilometres of the block office are significantly more likely to engage in productive activities than GPs that are more remote. Perhaps, they are more likely to engage in productive activities because they are closer to markets and thus have greater commercial opportunities from such investments than the more remote GPs who may not find it profitable to transport goods to market because of their remoteness. Interestingly, though perhaps not surprisingly, the most remote GPs (more than 12 kilometres from the block headquarters) are more likely to engage in agricultural and animal husbandry related activities than those between 5 and 12 kilometres.

3.44   Table 3.08 shows that nearly all GPs in our sample undertake activities related to the building of roads and promotion of non-conventional sources of energy. Interestingly, distance of the GPs from the block headquarters appears to increase the probability that a GP will take-up the building of roads and promotion of non-conventional sources of energy, perhaps reflecting the lack of such amenities in more remote areas. Less than two-thirds of the GPs are involved in rural sanitation. Though rural electrification may be an activity which would be very productive for these GPs, only about 32 per cent undertake such activities, perhaps due to the scale of such projects, the lack of financing, and the lack of technical expertise. Other infrastructure related activities such as maintenance of dharamshalas, cattle sheds, ponds, slaughterhouses, parks, and huts are generally not undertaken by GPs.

3.45   Table 3.09 shows the per cent of GPs in our sample engaged in activities related to development functions. Over 55 per cent of all GPs are involved in some developmental activity, with over 90 per cent undertaking activities to provide drinking water and promote education. The 10 GPs in our sample in Nalanda seem most active, with at least 60 per cent of them involved in a given development activity.

3.46   Table 3.10 shows the per cent of GPs in our sample engaged in maintenance related activities. Over 70 per cent of GPs are involved in maintenance functions related to public roads, drains, tanks, and wells, while maintenance of slaughter houses, garbage bins, huts, cattle sheds,

grazing lands, and dharamshalas are generally neglected. Proximity of the GP to the block headquarters does not appear to have a clear influence on the probability that a GP will take-up maintenance functions.

Summary

3.47   Chapter 3 provides a summary of the economic principles for making expenditure assignments in a multi-tiered governmental system. On the basis of these principles, the chapter evaluates the clarity and appropriateness of the expenditure assignments to the PRIs by the GoB. Finally, this chapter provides statistics on the decision making arrangements and the various activities undertaken by the GPs.

3.48   The fundamental economic principle which should guide the appropriate assignment of functional responsibilities is the efficiency of markets and the private sector. In the case of market failures due to public goods, externalities, and natural monopoly, these allocative functions should be assigned to the lowest level of government consistent with heterogeneous tastes, economies of scale, and spill-over benefits. Expenditure assignments should be clear and insofar as possible exclusive to promote accountability. In the case of concurrent assignments among two or more tiers of government, it is important to identify and assign sub-functions in a clear and exclusive manner.

3.49   In making assignments to the PRIs, the State of Bihar is constrained by the 7th and 11th Schedules of the Constitution. Some seemingly productive and commercial activities, such as agriculture, land improvement, small scale industries, which are assigned to the PRIs by the 11th Schedule would ordinarily be assigned to the private sector in a market economy. In the case of overlapping functions among the Union, the states, and PRIs, clear assignments of responsibility among these tiers are missing. It is crucial to provide adequate financial and human resources to support the functions assigned to the PRIs in the activity mapping. Local self-governments also should be given greater responsibility for hiring and procurement in the education and health sectors. Taking due account of potential economies of scale and spillover benefits, the assignment of research and development to ZPs and the control of epidemics and infectious diseases to GPs seem inappropriate.

Chapter IV: Human and Physical Resources

4.01   This chapter describes the availability of human capital resources, such as the number of employees, the extent of their training and education, and availability, condition, and use of Panchayat Bhavans. This chapter also analyses whether such resources are adequate for performing various responsibilities entrusted to the GPs. The evidence reported here is based on responses to the GP survey.

Proximity of the GP headquarters to important centres

4.02   Proximity of a GP to the means of communication, transport, and commerce may influence the ability of a GP to function effectively. Though we cannot assess the GPs use of access to important centres, we assume that greater proximity improves the performance of the GP, as it facilitates monitoring by the PS, and the Mukhiya and other GP functionaries do not need to spend as much time travelling to the BDO; therefore, they may make more frequent trips to visit the BDO and PS, which are generally housed in the same building.

4.03   Table 4.01 shows that GP headquarters within the 5 districts in our sample seem reasonably well connected to important centres. On average GP headquarters are about 1-4 kms from important centres, like pucca roads (average distance in our sample is 1 km), bus stops (2.6 kms), post offices (1 km), commercial banks (3.9 kms), high schools (3.2 kms), and public health centres (1.9 kms). The distance from the GP headquarters to the block office is approximately 8 kms on average, with the range being 4.0 kms on average to 10.4 kms on average in Begusari and Nalanda, respectively. In contrast, the GP headquarters are on average about 12.7 kms away from a railway station and 13.1 kms from an urban centre. GP headquarters in Bhojpur and Saharsa are more isolated than the GP headquarters in the other 3 districts in our sample. Proximity of the GP headquarters to these centres is broadly similar across our sample of 50.

4.04   Table 4.02 shows that approximately 88 per cent of GP headquarters are within 8 kms of a commercial bank. This is likely a testament to the policy of public sector banks pursuing policies to improve rural services. While 60 per cent of GP headquarters are within 8 kms of

their block office, only 30 per cent of GP headquarters in the backward region of Saharsa lie within that distance. This may adversely affect the monitoring efforts of PSs in more vulnerable areas.

Availability, condition, and use of Panchayat Bhavan

4.05   Panchayat Bhavans are vital resources to GPs as they provide a designated space to hold meetings, store documents, and plan and execute activities. Having a Panchayat Bhavan is likely to create a sense of identity to GPs and lend an air of importance to their undertakings. Table 4.03 shows that a majority of the GPs in our sample have a Panchayat Bhavan, but 38 per cent do not. While 80 per cent of the GPs in our sample of 10 in Begusarai have their own Bhavan, only 50 per cent of the GPs in our sample in Saharsa have one. It is interesting to note that the percentage of GPs in our sample with Bhavans declines markedly when the distance to the block headquarters exceeds 8 kms. More specifically, 36.4 per cent of the GPs in our sample that are between 9 to 12 kms from the block headquarters have a Bhavan, and only a third of those more than 12 kms have one. Finally, it is significant that 16 per cent of the GPs with a Bhavan report that the Bhavan is not usable. This means that effectively, only 53 per cent of the GPs in our have a usable Bhavan.

4.06   While it is important for a GP to have a Bhavan, the use to which it is put and its condition are also important. There is wide variation in the use to which the Bhavan is put across the 5 districts in our sample. Table 4.03 shows that all the Bhavans in Sitamarhi are used as a Panchayat office, but only a third of the GPs in Bhojpur do so. The distance of the Bhavan from the block headquarters appears to influence its use. More specifically, only 50 per cent of GPs with a Bhavan use it as a Panchayat office when it is between 9 and 12 km from the block headquarters; whereas 82 per cent of GPs within 0-4 kms of the block heardquarters with a Bhavan use it as a Panchayat office.

4.07   Table 4.04 shows that the primary source of funds for Bhavan construction is the government. More specifically, the government is the source of funds for the construction of the Bhavan in slightly more than 90 per cent of the cases in our sample. The fact that nearly 50 per

cent of the GPs in our sample do not have a usable Bhavan may be attributable to the government's lack of funds. There does not appear to be any significant variation in the source of construction funds according to the distance of the GP from the block headquarters.

4.08   Table 4.05 shows that the size of a GP office is rather small, having at most 2 rooms. While 78 per cent of these offices have a roof in good condition; slightly less than half of them possess a meeting hall or a toilet. These general conditions are consistent irrespective of the proximity of the GP to the block headquarters.

4.09   Table 4.06 shows that GP offices on average have one table and almirah and about 9 chairs. There is not much variation in the furnishings of Bhavans among the districts or with respect to proximity of the GP to the block headquarters. An overwhelming majority of the GPs in our sample report that the furnishings of the Bhavan are inadequate. There is some variation among the districts, with 50 per cent of GPs in Begusarai satisfied with their furniture while no GP in Saharsa finds their furnishings adequate.

Human resources

4.10   Table 4.07 summarises the human resources of the PRIs, including their responsibilities and terms of employment. GPs are assigned three functionaries, namely a Panchayt Sachiv, a Panchayat Rozgar Sevak, and a Nyay Mitra. The Panchayat Sachiv is the Mukhiyas secretary or assistant. The Rozgar Sevak officially works only on NREGA-related activities. The Nyay Mitra attempts to settle legal disputes at the local level. There are no separate appointments for PSs; all the work is done by the BDO. ZPs have their own human resources, with about 80-100 sanctioned posts, but there are many vacancies, ranging from 22 in Saharsa to 56 in Sitamarhi. No level of PRI government has the autonomy to hire, promote, fire, or establish the rate of remuneration of their staff. The rates of pay of PRI functionaries are low by any standard. Local government autonomy may be enhanced if the PRIs were given greater human resource management autonomy.

4.11   According to table 4.08, the functioning staffs for our sample of 50 GPs are rather small, with an average of 4 employees. There is some variation across our sample of 5 districts, with the sample of 10 GPs in Bhojpur employing on average about 3 people and the sample of GPs in Sitamarhi employing more than 4.

4.12   Table 4.09 shows the average age, average length of service, and average number of GPs served by GP employees in our sample of 50 GPs. The average age of the Panchayat Sachivs is in the mid-40s, and the average number of GPs served by a Panchayat Sachive varies between 1.5 and 2.0. There is considerable variation in the average length of service. At the low end, the average length of service is 3.8 years for our sample of 10 GPs in Begusarai, and at the high end, the average length is 14.5 years in Bhojpur. The average age of the Rozgar Sevak and technical assistants is quite a bit younger, with the average age being in the early 30s. They are quite new to their jobs, with the average length of service being between 1 and 2 years. The Rozgar Sevaks serve between 1 and 2 GPs on average. In contrast, the technical assistants serve, on average, between 1.3 GPs in Nalanda and 11.9 GPs in Bhojpur. The average number of GPs served by the technical assistants in our sample is 7.5 GPs. Turning to the Nyay Mitras, the average age is in the mid-30s; the average length of service is between 1 and 2 years; and the average number of GPs served is approximately 1 GP. It is reassuring that the Panchayat Sachivs are mature and experienced, but they appear to be dividing their time between more than one GP which is not ideal, given the importance of their role in the administration of GPs and as an assistant to the Mukhiyas. It is also of considerable concern that the other GP employees have so little experience. This may suggest a high rate of turnover in these positions. It is particularly concerning that the technical assistants serve so many GPs.

4.13   Table 4.10 describes the education level of the GP employees. Nearly all of the Rozgar Sevak, technical assistants, and Nyay Mitras are university graduates and above, which suggests that they are well qualified for their jobs. More specifically, 84 per cent of the Rozgar Sevaks in our sample are college graduates and above; 91.3 per cent of the technical assistants; and 93 per cent of the Nyay Mitras. Ironically, the Panchayat Sachivs are not as well educated. In fact, approximately one-third passed secondary school, one-third passed higher secondary school, and one-third are graduates and above. There is some variation in the level of education of the

Panchayat Sachivs across the 5 districts in our sample. Nevertheless, these data suggest that the Panchayat Sachivs are not as well educated as perhaps one would like them to be.

Responsibilities of the Mukhiya and GP employees

4.14   Having described the number and profile of GP employees, we turn now to a description of their 'actual' responsibilities. In particular, we would like to know if there is a division of labour between the Mukhiya and the GP employees. This will help us assess whether the assignment of responsibilities between the Mukhiya and GP employees is appropriate, which is the topic of this section. We begin by examining the distribution of responsibilities for activities related to non-NREGA projects; then, we turn to a description of the distribution of responsibilities for NREGA projects. We conclude this section with a description of the assignment of administrative and quasi-judicial responsibilities.

4.15   Table 4.11 shows the distribution of responsibilities for activities related to non-NREGA projects. There appears to be a clear division of labour. The Mukhiya and Rozgar Sevak working as a team and the TA/AE assume responsibility for project planning and budgeting. In a few cases, the Mukhiya or the Rozgar Sevak work independently on project planning and budgeting, but this is rare. Programme Officers are not involved at all in this activity. In contrast, the Programme Officer, which is a post created specifically for NREGA related activities, is engaged in supervision of work as are the technical assistant and assistant engineer. In Nalanda, 50 per cent of the Mukhiyas are engaged in supervising project work, but this does not occur in the other districts in our sample. The Rozgar Sevak and Mukhiya working either as a team or independently assume responsibility for maintaining records and accounts. The Programme Officers, and only in a single instance a TA/AE is responsible for this activity.

4.16   Table 4.12 examines the effect of distance of the GP office from the block headquarters on the division of labour on non-NREGA projects. According to the evidence in table 4.11, distance from the block headquarters appears to have an important influence on whether the TA/AEs are engaged in supervising non-NREGA projects. The per cent of TA/AEs engaged in supervising non-NREGA projects declines from 53 per cent for GPs between 0 and 4 kms from

the block headquarters to 11 per cent for those more than 12 kms from the block headquarters. In contrast, the engagement of Programme Officers supervising non-NREGA projects appears to increase with distance. One would imagine that the quality and perhaps the timeliness of completing projects benefit from supervision by TA/AE; therefore, the GoB may want to consider ways to encourage TA/AEs to travel more frequently to more distant GPs to assist with supervising their projects.

4.17   The NREGA guidelines provide information on the nature of the responsibilities entrusted to the PRIs and their functionaries. GPs are responsible for project planning and budgeting, and local vigilance committees are responsible for monitoring work. Programme Officer is a post created specifically for NREGA. They work at the BDO office and are responsible for NREGA-related programmes in all the GPs. The Programme Officer is entrusted with responsibility for monitoring registration, job card issues, and other supervisory tasks. Meanwhile, the Rozgar Sevak is required to maintain records regarding registration, job cards, employment register, and so on. However, the guidelines are silent on which member of the GP is required to undertake the responsibilities for project planning and budgeting and maintenance of records and accounts.

4.18   Table 4.13 shows the distribution of responsibility for activities related to NREGA projects. A significant proportion of GP employees seem to fulfil their assigned NREGA-related responsibilities. While 64 per cent of TA/AE assumes responsibility for project planning and budgeting; 90 per cent of Programme Officers supervise project work. The Rozgar Sevak assumes primary responsibility for maintaining records and accounts. This division of labour is broadly consistent with the NREGA guidelines, and the division of labour observed in the case of non-NREGA projects.

4.19   Table 4.14 examines the effect of distance of the GP office from the block headquarters on the division of labour reported above. Interestingly, this table shows that the likelihood of a Programme Officer assuming responsibility for supervision of work increases with the distance from the GP office to the block headquarters; whereas, the engagement of the TA/AEs in supervision declines with distance. It is not clear whether Programme Officers are substituting

for the effort of TA/AEs in the case of more distant GPs. It is also not clear whether the expertise of Programme Officers is an adequate substitute for TA/AEs. Given the importance of technical supervision of projects by qualified experts, this pattern probably merits further investigation in the case of both NREGA and non-NREGA projects.

4.20   Table 4.15 shows the distribution of administrative and quasi-judicial responsibilities. Again, there is a clear division of labour between the Mukhiya, Panchayat Sachiv, and Sarpanch. Regarding the responsibility for general administration, in 46 per cent of the GPs in our sample the Mukhiya assumes primary responsibility for this activity and in 54 per cent of the GPs the Mukhiya and Panchayat Sachiv collaborate or work jointly on this activity. The Panchayat Sachiv has no independent role in general administration. In 78 per cent of the GPs in our sample, the Panchayat Sachiv assumes independent responsibility for preparing the agenda and minutes of GP meetings. There is 1 GP in which the Mukhiya assumes independent responsibility for this activity and in 20 per cent of the cases the Mukhiya and Sachiv assume joint responsibility for this activity. In the case of preparing the annual plan, the Mukhiya assumes independent responsibility for this activity in 40 per cent of the GPs in the sample, and in the remaining GPs, the Mukhiya and Sachiv assume joint responsibility for this activity. Finally, the Sarpanch assumes independent responsibility for quasi-judicial functions in 20 per cent of the GPs in our sample; the Mukhiya assumes independent responsibility in 4 per cent of the GPs; and they collaborate in 76 per cent of the GPs. Interestingly, while the *de jure* quasi-judicial responsibility rests with the Sarparchs, in practice the responsibility for quasi-judicial functions is shared by the Sarpanchs and Mukhiyas in 76 per cent of the cases in our sample.

Training of elected officials and GP employees

4.21   Tables 4.16 and 4.17 show the extent and type of training received by elected GP members, specifically Mukhiyas (table 4.16), Ward members (table 4.17), Sarpanchs (table 4.17), and Panchs (table 4.17). Elected Ward members spend significantly fewer days in training than their employees. Among the elected officials, the Mukhiyas attend the largest number of training programmes and more days in training. Almost all Mukhiyas attend a wide variety of training programmes which is consistent with the broad range of duties that they are expected to

perform on behalf of a GP. While male and female Mukhiyas attend a similar number of training programmes, male Mukhiyas spend 3 days more in training than females. Mukhiyas from more backward castes appear to receive the least amount of training. However, distance from the GP office to the block headquarters does not seem to affect the amount of training received by elected officials. Approximately 9 Ward members attend at least one training programme per year and about 8 members attend all available training programmes.

4.22   Tables 4.18 through 4.21 provide information on the extent of training received by GP employees. Most of the employees have attended 1-3 training sessions on average, with technical assistants attending the most. While Sachivs on average spend about 50 days in training, Nyay Mitras spend less than 3. Begusarai and Nalanda's Nyay Mitras have not attended any training programmes. Interestingly, while the number of training programmes attended somewhat diminishes with distance from block headquarters, this is counteracted by the fact that they spend more days in training. Sachivs receive the most training, with over 90 per cent attending training programmes on general administration, financial administration, and project implementation. Given the very limited involvement of Sachivs in project administration reported above, one wonders if such training for Sachivs is productive. Less than 25 per cent of Nyay Mitras attend training programmes. Employees in the backward district of Sitamarhi seem to receive the least amount of training. Since Nyay Mitras have quasi-judicial responsibilities, it may be desirable to provide them with more training. This assumes of course that the relatively low level of training among Nyay Mitras relative to other positions reflects a lack of opportunity for training rather than a low take up rate, perhaps due their already high level of education or due to family obligations. These data suggest that the GoB may want to devise schemes to encourage backward caste officials and officials from more distant GPs to receive more training.

Does the attributes of the Mukhiya influence the number of activities taken-up?

4.23   We have described in some detail the demographic profile of the Mukhiyas in our sample, including their gender, education, caste and religion, and number of terms served. In addition, we have described the physical proximity of the GP headquarters to the block headquarters as well as the availability of a Panchayat Bhavan. The question then arises whether

any of this matter in terms of an observable or measurable difference in the quality of governance. Using simple cross tabulations, we examine the influence of these attributes on the number of activities undertaken by a GP. This is admittedly a crude measure of the quality of governance, but it seems like a good place to start. If there is further interest in this topic, then more detailed and sophisticated statistical analysis could be undertaken. However, it is important to keep in mind that the analysis is limited by the small size of our sample.

4.25   Table 4.22 shows the relationship between the education of the Mukhiya and the number and type of activities taken-up by the 50 GPs in our sample. Mukhiyas that passed higher secondary school or above take-up a larger number of production related, infrastructure related, and development related activities. However, the difference is not particularly strong. The impact of education is especially evident in the case of production related activities, where GPs led by well educated Mukhiyas take-up 2.1 projects on average as opposed to a take-up rate of 1.2 projects in the case of less educated Mukhiyas. Having said this, we do not have information on the timeliness or quality of these projects. Again, given the small size of our sample, these results should be viewed with caution, particularly because the effect does not appear to be substantial.

4.26   Table 4.23 shows the relationship between the number and type of activities and the number of terms served by the Mukhiya. While very few Mukhiyas in our sample have served more than one term, longer serving Mukhiyas do not appear to take-up more activities. In fact, in Begusarai, where 40 per cent of Mukhiyas have served more than one term, the longer serving Mukhiyas take-up fewer production and infrastructure related activities than their first-term counterparts.

4.27   Table 4.24 shows the relationship between the number and type of activities taken-up and the distance of the GP headquarters from the block headquarters. Though GPs further away from the block headquarters tend to undertake fewer production and development related activities, this pattern is not consistent across the districts, though the differences are not large. Interestingly, while 70 per cent of GPs in Saharsa are more than 8 kilometres away from the block headquarters, they are marginally more likely to undertake a greater number of activities than GPs closer to the block headquarters. Again, there simply does not appear to be compelling

evidence that distance of the GP from the block headquarters has an influence on the number or type of activities taken-up by a GP.

4.28   Finally, table 4.25 shows the relationship between the availability of a Bhavan and the number and type of activities taken-up by the GPs in our sample. Interestingly, the number and type of activities taken-up by a GP do not appear to be influenced by the availability of a Panchayat Bhavan, at least in our sample. In fact, GPs that do not have a Bhavan take-up slightly more development related activities. These findings should be viewed with caution due to the small size of our sample.

Capacity of the SFC, DoF, and PRI Department to collect and analyse PRI finance data

4.29   Based on interviews with a member of the SFC and the former director of the DoPR, the GoB does not have any staff dedicated to studying PRI finances, and there is a lack of data on PRI finances. In short, the SFC, DoF, and DoPR do not have the analytical capacity to examine PRI finances. Either the DoF or the PRI Department should create a fiscal cell dedicated to studying PRI finances. The GoB should strive to create the analytical capacity and data infrastructure necessary to make informed policy decisions. This would lead to improved decision-making and better economic and development policies.

Summary

4.30   Chapter 4 describes the physical and human capital resources of the GPs, and the lack of capacity of the SFC, DoF, and PRI Department to conduct analysis of PRI finances. While physical features such as proximity to block headquarters and use of Panchayat Bhavan as an office do not seem to affect the number of activities undertaken by GPs, human resource attributes such as the education of the Mukhiyas appear to have a positive effect on the take-up of activities. While most GPs report inadequate furniture for their Bhavans, GPs in Begusarai who are generally satisfied with their furniture, also undertake more activities on average than the GPs in the other sample districts. So improving the quantity and quality of furniture may facilitate GPs in taking-up more activities. About 8 GPs within a district share the services of a

technical assistant. Since we identify this employee as the one responsible for project planning, budgeting, and supervising project work in a majority of GPs, the fact that several GPs may rely on the same person to perform these activities may adversely affect the quality of this important work. Regarding the PRIs' human resource management autonomy, no tier of PRI government has the autonomy to hire, promote, fire, or establish remuneration. PRIs may be more effective if they have the autonomy and resources to hire, promote, fire, and establish remunation of their personnel. Finally, there is evidence that Mukhiyas are circumventing the democratic procedures for collective grassroots decision-making and directing scarce resources disproportionally to benefit their own village. This suggests that social accountability mechanisms may need to be strengthened or more closely adhered to by elected officials.

Chapter V: Analysis of Expenditures

5.01   This chapter reports evidence from the Bihar PRI survey on expenditures by the 50 GPs in our sample. The reported expenditures are principally financed by five schemes: Indira Awas Yojana (IAY), Kanya Vivah Yojana (KVY), Total Sanitation Campaign (TSC), Old-Age Pension Scheme (OAP), Laxmibai Pension Yojana (LPY), and Pension of Handicapped Scheme (POH). Generally speaking, these are income-support programmes administered by the PRIs. We also describe the expenditure priorities financed by FC-12, NREGA, and BRGF which are ear-marked for development projects. Finally, the GPs do not have any recurrent expenditure; their expenditures are either transfer payments or capital expenditures. As we report in the next chapter on revenues, none of the 50 GPs in the sample raise own revenues; therefore, they are completely transfer dependent. Furthermore, GP 'revenues' are allocations. This practise constrains the fiscal autonomy of the GPs.

Gram Panchayat Expenditure Priorities

5.02   Table 5.01 shows that the average number of programmes per GP and average expenditure per programme increased from FY 2006-07 to FY 2008-09. More specifically, the average number of programmes in FY 2006-07 was 11.2 per GP which increased to 16.6 per GP in 2008-09. Similarly, the average expenditure per GP increased from Rs. 14,600 in FY 2006-07 to Rs. 22,300 in FY 2008-09. During the same period, the average expenditure by the GPs in our sample increased from Rs. 67.3 per capita in FY 2006-07 to Rs. 96.4 per capita in FY 2008-09, an increase of 12.7 per cent per annum during this 3 year period. However, these averages mask considerable variation during this period across the 5 sample districts. Focusing on the rate of annual increase in average expenditures per capita, it increased by 21.4 per cent per annum in Bhojpur. In Nalanda, the annual rate actually decreased by 19 per cent per annum. The per annum rates of growth for Begusarai, Saharsa, and Sitamarhi are 4.6 per cent, 56.6 per cent, and -0.2 per cent, respectively. Ironically, the disparities in the annual growth rates reduced the coefficient of variation of average per capita expenditures across the 5 districts from 63 in FY 2006-07 to 33 in FY 2008-09.

5.03   Table 5.02 shows average expenditures per GP and average expenditures per capita for 6 important schemes for the same period. The average expenditure per GP and average expenditure per capita for 50 GPs and for all 6 schemes increased by approximately 152 per cent per annum over this 3 year period. As a result, the share of these 6 schemes in total expenditures increased from 30.2 per cent in FY 2006-07 to 73.7 per cent in FY 2008-09. Although the Laxmibai Pension Yojana showed dramatic growth during this period, the initial base was small. Therefore, the increase in importance of these 6 schemes is driven in our sample primarily by growth in the Old-Age Pension Scheme (58.4 per cent per annum), followed closely by growth in the Total Sanitation Scheme (52.7 per cent per annum) and growth in the Laxmibai Pension Yojana (42.6 per cent per annum). Interestingly, the average total outlay for these 6 schemes across the 5 districts in FY 2008-09 is broadly similar, between Rs. 8,75,000 and Rs. 8,96,000, with the exception of Sitamarhi where the corresponding figure is less than half as much (Rs. 4,31,000). While the Indira Awas Yojana and Old-Age Pension Scheme are taken-up in every district, the other programmes are not. In fact, the GPs in our sample in the backward district of Sitamarhi do not take-up any of the other 4 schemes. It would be interesting to know the reasons for this.

5.04   Table 5.03 and 5.04 show the average number of people recommended and benefitted by GP for these 6 schemes, by district. As one would expect, the number of people recommended for most schemes is greater than the number who benefit, but this pattern is reversed in case of the IYA and OPA schemes. This is because the BDO is actually making the decision who shall benefit from a scheme independently of the recommendations by the GPs. It is interesting to note that although the sampled GPs in the district of Sitamarhi identify potential beneficiaries for nearly every scheme, with the single exception of the TSC, there are no beneficiaries for the Kanya Vivah Yojana, Laxmibai Pension Yojana, or the Pension for Handicapped Scheme.

5.05   Development expenditures, i.e. those financed by FC-12, NREGA, and BRGF funds constitute the lion's share of GP expenditures *on projects* as opposed to income support programmes. The other large component, teacher salaries is merely routed through the GPs. Table 5.05 shows that the average and per capita expenditures on main projects has almost

doubled between FY 2006-07 and FY 2008-09. However, this pattern is not consistent across all 5 sample districts. While these items have seen an almost fivefold increase in Saharsa, from Rs. 56,800 in FY 2006-07 to Rs. 2,56,300 in FY 2008-09, they have gradually declined in Nalanda, from Rs. 1,30,000 to Rs. 99,000, respectively. It would be interesting to know the reason behind these large disparities in expenditures per capita on main projects. The average and per capita expenditures on other projects is rather small by comparison, pointing to the importance of gaining a better understanding of what is going on with main projects. Interestingly, while all districts experienced a decline in expenditures in FY 2009 relative to the previous year, expenditures on other projects in Nalanda increased. It may be that the sampled GPs in Nalanda are substituting one type of project for another. Salaries for teachers constitute a large share of GP expenditures, though again these funds are merely routed through the GPs.

5.07   Tables 5.06 through 5.08 decompose FC-12, NREGA, and BRGF supported expenditures into expenditures on particular activities, specifically expenditures on solar and vapour lights, drinking water, road works, building works, irrigation works, and sanitation work. It should be noted that there are slight discrepancies in the amounts received and utilised with these funds. Generally, FC-12 funds are mostly used on solar and vapour lights and drinking water. Not surprisingly given that NREGA funds must be used on labour intensive projects, these funds are used primarily for road works (construction, and repair). BRGF funds are used mainly for the construction and repair of buildings. There is variation among the districts in the manner in which they utilise funds on different projects, reflecting perhaps the preferences of the Mukhiya or the demands of the residents. For example, the sampled GPs in Bhojpur use a significant proportion of their FC-12 funds for sanitation and road construction; almost half of their NREGA funds are used for new irrigation projects and repairs; and it uses BRGF funds to finance solar and vapour lights. Interestingly, the listed activities are all under taken throughout the three year period of this study. This means that GPs are undertaking all decentralised activities, but they are financing them from different sources of funds across the years.

5.08   Most of the Mukhiyas reported that the programmes are chosen to meet the needs of the people; some GPs also elaborated on their answers. The GPs are seen to be particularly responsive to three needs: roads, primary education, and drinking water. When deciding on

programmes, special consideration is reportedly given to the needs of the relatively more backward villages and marginalised sections of society, such as the scheduled castes/tribes and Muslims. Programmes that encourage environmental protection and uses of non-conventional sources of energy are also popular. Though employment generation is an obvious consideration for NREGA programmes, it is also an important concern for programmes funded by other sources, too. Finally, certain programmes are reportedly chosen to utilise all the funds that were allocated to GPs by the end of the fiscal year.

5.09   Table 5.09 summarises the difficulties reported by the Sachivs and Mukhiyas with implementing projects. We have grouped these difficulties into five broad categories: administrative reasons, economic reasons, social reasons, and corruption-related reasons. The most frequently reported difficulty is the unavailability of land or its encroachment by the rural elite. Unrealistically low prices in government manuals, a cumbersome system of bank payments, and lack of social cohesion in the GP are also frequently reported difficulties. In addition, demand by government officials for payment of bribes also is high on the list of difficulties. However, official restrictions on the choice of programme expenditures is mentioned only twice out of 78 responses as a difficulty. It, thus, appears that autonomy in the choice of programmes is not perceived to be a major problem.

5.10   Finally, there are no separate administrative or recurring expenditures by GPs and PSs in our sample. Recurrent expenditures by ZPs in our sample, except for Bhojpur, are summarised in table 5.10.

Summary

5.11   Chapter 5 discusses the expenditure priorities of the 50 sampled GPs. GP expenditures on income support are basically financed by the following six schemes: Indira Awas Yojana (IAY), Kanya Vivah Yojana (KVY), Total Sanitation Campaign (TSC), Old-Age Pension Scheme (OAP), Laxmibai Pension Yojana (LPY), and Pension of Handicapped Scheme (POH). Between FY 2006-07 and 2008-09 the average expenditure per GP increased by 12.7 per cent per annum. However, this increase was not uniform across the GPs in our sample; some GPs, in fact,

experienced much higher growth than others. The tables show that there is a significant difference between the number recommended for benefits and the actual number benefitted. Based on informal conversations with Mukhiyas, it is our understanding that BDO officials make the decision regarding who will receive benefits under these 6 programmes. Capital expenditures are primarily financed by 3 programmes: FC-123, NREGA, and BRGF. The priority expenditures are roads, primary education, and drinking water. When interviewed, the Mukhiyas stated that there was extra attention given to the most impoverished communities, but that implementing these projects was difficult in all areas due to the unavailability of land or its encroachment by the rural elite. Furthermore, the GPs faced difficulties in establishing priorities due to a lack of social cohesion and the need for frequent payment of bribes.

Chapter VI: Analysis of Revenues

6.01   The PRIs do not receive any revenue; **they only receive allocations**. Table 6.01 shows the total allocations received from FC-12, NREGA, and BRGF, by district and year. In addition, figures 6.01 - 6.03 are pie-charts that show the composition of the total allocations, by year.

Devolution of funds to PRIs

6.02   As we show below, allocations from the Twelfth Finance Commission (FC-12), National Rural Employment Guarantee Act (NREGA), and the Backward Regions Grant Fund (BRGF) are the most important sources of GP revenues. We begin by explaining each of these programmes. Then, we provide evidence on the amount of funds transferred to the GPs in our sample by source of funds based on evidence for the PRI Survey data. We conclude with a summary of the Mukhiya's opinion of the adequacy of transfers and favoured major tax heads. However, an important finding of this study is that no GP in our sample collects any revenue from own revenues. The Mukhiyas explain that they are unable to levy own taxes, despite the revenue assignments provided in the *Bihar Panchayati Raj Ordinance*, 2006 because the Government of Bihar has not issued supporting regulations, on, for example, the permitted rates of tax.

Twelfth Finance Commission

6.03   PRI funds, as recommended by the Twelfth Finance Commission (henceforth FC-12), is transferred to the GoB by the central government. The state government distributes the sums to the ZP, PS, and GP in the ratios 2:6:92, respectively. In other words, the overwhelming majority of the FC-12 allocations go to the GPs, reflecting the Union's policy of strengthening the tier of local self government that is closest to the people. The allocated sums are sent directly to the ZPs, PSs, and GPs, within 15 days of the sum being credited to the state's account. The allocations among the ZPs, PSs, and GPs are made in proportion to their respective populations.

National Rural Employment Guarantee Act

6.04   The central government accounts for 90 per cent of the NREGA funds while the remaining 10 per cent is provided by the state government. The state government divides the total allocation under NREGA among the ZPs, PSs, and GPs in the ratios of 50:30:20, respectively. Since NREGA is a rights-based programme, there is no pre-determined budget. Initially, each unit is provided with a prescribed amount, and then reimbursed the remainder on the basis of utilisation certificates submitted by the Panchayats. The Disbursement Officer (DDO) for NREGA funds is the ZP's District Engineer; the Programme Officer for the PS; and the Mukhiya in case of the GPs. As discussed in greater detail below, the Mukhiyas report that NREGA funds are not adequate. This is ironic because this is a demand-driven programme; therefore, it is not clear why they report these funds as inadequate.

Backward Regions Grant Fund

6.05   The BRGF is entirely supported by the central government. In Bihar, all districts (37) with the exception of Siwan are recipients of BRGF transfers. Each year, every district receives a fixed minimum amount of Rs. 10 crore. Thereafter, 50 per cent of the remaining sum is allocated among the districts on the basis of their share in total population (2001 census), and the remaining 50 per cent of the sum is distributed on the basis of district's land area.

6.06   The total funds are first transferred by the central government to the District Rural Development Authority (DRDA). In turn, the District Development Commissioner (DDC), who is the Chief Executive Officer (CEO) of the DRDA, then distributes the funds to the PSs and GPs. The amount transferred to a Panchayat unit is determined by the proportion of their population in the total population.

Amounts of GP revenues by source

6.07   The main sources of revenue for the PRIs include grants and transfers from the state and central governments, including the State Finance Commission, Union Finance Commission, and Centrally Sponsored Schemes (CSS). Importantly, no GP in our sample reported raising own revenues. The reason given by Panchayat officials for not raising own revenues is the failure of the state to issue the necessary implementing regulations, such as allowable rates of tax.

6.08   Table 6.02 shows that the average amount of revenue received by GPs from FC-12 has declined modestly over the 3 year period from 2006-07 to 2008-09; consequently, the per capita amounts have declined modestly, as well. Across districts however, we find that the 10 GPs in Begusarai in our sample received a 13.1 per cent increase per annum in average FC-12 transfers per GP during the 3 year period under study. In contrast, the sample average FC-12 transfers for the 10 GPs in Bhojpur declined by 9.7 per cent per annum during the same period.

6.09   Interestingly, the difference between the minimum and maximum average amount received by GPs for our sample of 5 districts is about Rs. 66,000 in FY 2006-07 and Rs. 108,000 in FY 2008-09. This suggests that there are growing disparities in the FC-12 transfers to the GPs in our sample. Table 6.03 confirms this impression. The coefficient of variation of per capita allocations among the 50 GPs in our sample has increased from 39.8 to 54.3 during the 3 year study period.[4] This overall trend across the 50 GPs in our sample masks considerable variation in these trends among the GPs within the 5 districts in our sample. More specifically, The CV of per capita allocations is decreasing throughout the period among the sample GPs in Bhojpur and has an inverted U-shape in Sitamarhi. In short, not only are total FC-12 allocations per GP declining during the study period, the disparities in transfers is increasing. If these revenue trends continue, this may have implications over time for rural development in the State of Bihar.

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[4] The coefficient of variation (CV) is the conventional measure of fiscal disparities used in the empirical literature on fiscal decentralisation. The CV is given by the following formula: CV = (standard deviation ÷ average) × 100.

6.10   Turning to NREGA revenues, table 6.04 shows that the average and per capita NREGA revenues dramatically increased during the 3 study period, from Rs. 29.3 per capita in FY 2006-07 to Rs. 78.6 in FY 2008-09. This is an average growth rate of 38.9 per cent per annum. However, this dramatic growth rate does not reflect a positive growth rate in per capita transfers across the 5 sample districts. Sasharsa's average growth rate of per capita revenues was 207 per cent per annum; an average per annum growth rate among the smapled GPs in Bhojpur of 70.0 per cent per annum is by comparison rather more modest. The average annual growth rates for Nalanda, Begusarai, and Sitamarhi are -3.9 per cent, 49.8 per cent, and 37.9 per cent, respectively.

6.11   Table 6.05 shows the CV for NREGA revenues. The CV of per capita NREGA allocations for the 50 GPs in our sample declined during the study period, from 126.6 in FY 2006-07 to a still substantial 77 in FY 2008-09. Again, this declining trend for the sample as a whole masks the variety of trends among the 5 sample districts. For example, the CV of per capita allocations is increasing among the 10 sample GPs in Sitamarhi, from 80.7 to 137.7. In other words, not only are the GPs in the backward district of Sitamarhi subject to decreasing average and per capita NREGA allocations but also to an increasing dispersion in per capita allocations among the GPs. This may imply a highly unequal individual take-up rate among the GPs in Sitamarhi which may reflect leadership issues in some GPs. This certainly bears further investigation.

6.12   Now, we turn to an analysis of BRGF revenues received by the 50 GPs in our sample. Average per capita allocations increased from Rs. 14.8 in FY 2007-08 to Rs. 36.2 in FY 2008-09 which reflects a growth rate of 144.6 per cent between FY 2007-08 and FY 2008-09. Again, there is considerable variation in the growth rates in per capita transfer among GPs in the 5 sample districts. More specifically, the sample GPs in Nalanda experienced hardly any growth in per capita allocation, with a growth rate of 0.7 per cent. In contrast, the growth rates for Bhojpur, Begusarai, Saharsa, and Sitamarhi are 166.9 per cent, 980.0 per cent, 355.4 per cent, and 45.9 per cent, respectively.

6.13   Table 6.07 shows that CV for per capita BRGF allocations among the 50 GPs in our sample decreased substantially from 162.8 in FY 2006-07 to 76.0 in FY 2008-09. This pattern of a declining CV is also reflected in the trend for Bhojpur, Begusarai, Saharsa, and Sitamarhi. In contrast, the CV is increasing in Nalanda. Of course, we only have two years of data, so we should not make too much of such trends.

6.14   Aggregate allocations for the 50 GPs in our sample have increased during the study period, although there is considerable variation in the experiences among the 5 sample districts. A potentially troubling aspect of these trends is the growing inequality in allocation in some districts which may result in uneven development among the GPs in Bihar. NREGA and BRGF funds seem more amenable to manipulation with these allocations varying according to the caste and gender of the Mukhiya in our sample. Does the influence of the attributes of the Mukhiya reflect discrimination by officials, superior advocacy by the Mukhiyas, or simple sampling error? Such patterns deserve further investigation.

Mukhiya's evaluation of the adequacy of transfers and favourability of major tax heads

6.15   Table 6.08 shows the Mukhiya's opinion of the adequacy of transfers by source. While Mukhiyas are almost unanimous in their opinion regarding the inadequacy of funds from the FC-12, 16 and 6 per cent of them, respectively, rate NREGA and BRGF funds adequate. Interestingly, 30 per cent of Mukhiyas in Begusarai opine that NREGA funds are adequate though GPs there on an average received a little less than the average amount received by all districts in all three years. In fact, 84 per cent of the Mukhiyas rate NREGA transfers as either inadequate or very inadequate. As previously noted, this is particularly ironic because NREGA is a demand driven programme.

6.16   Though the PRI Act provides for collection of own taxes by a GP, no GP in the sample reports having done so. The main reason provided by the GPs for not levying own taxes is the failure of the GoB to issue the necessary implementing regulations, such as the allowable rates of tax. It is the opinion of the Mukhiyas that a provision is the law alone is not sufficient to levy taxes; they require an official circular from the state government authorising them to do so. The

DoPR does not have any explanation for not having issued guidelines on collection of local taxes. It appears that they are too busy with the allocation exercises under FC12 and BRGF; NREGA allocations come from DRD. Regarding the DoPR's future plans to issue the necessary guidelines, they maintain that 'they will come', without specifying a time frame.

6.17   Table 6.09 shows the most favoured tax heads. In the opinion of the Mukhiyas in our sample, a tax on fisheries is the most favoured tax head, which is preferred by 16 per cent. The second and third most favoured heads are the taxes on Melas and land revenues. These choices suggest that the Mukhiyas in our sample would prefer to levy taxes that are generally borne by the more affluent or perhaps capable of being exported to non-residents.

6.18   As regards the predictability of distributions by FC-12, NREGA, and BRGF, this can be evaluated by the timing of funds. Funds do not necessarily have to be transferred in amounts of 25 percent of the total by quarter. Nearly any timing of quarterly distributions can be satisfactory, as long as it is predictable. Tables 6.10 - 6.12 show the timing of FC-12, NREGA, and BRGF distributions, respectively, by year and district. The patterns, such as they are, appear to be highly irregular by quarter, year, and district. The predictability of BRGF distributions seems to be the most irregular of the three. This lack of predictability can create problems for the planning and budgeting of GPs.

Panchayat Samiti finances

6.19   Table 6.13 shows the average number of development programmes, the total expenditure on development programmes, and the average expenditure on development programmes, undertaken by the 10 PSs in our sample by district and year. The average number of development programmes undertaken by our sample of 10 PSs increases from 23.8 programmes in 2006-07, to 39.7 programmes in 2007-08, and by 2008-09 reaches 59 programmes. This pattern appears to reflect the substantial increase in development programmes undertaken by Sitamarhi during this three year period. Total expenditures on development programmes increased significantly from Rs. 1.8 million to Rs. 7.7 million between 2006-07 and 2007-08, respectively. In particular, total expenditures in Sitamarhi increased throughout the three year

period. The pattern for average expenditures per development programme is rather complex, but average expenditures per programme is generally increasing between 2006-07 and 2007-08 and then decreases between 2007-08 and 2008-09.

6.20   Tables 6.14 through 6.16 show the timeliness of distributions to the PSs from FC-12, NREGA, and BRGF, respectively. Generally speaking, the pattern of distributions appears to be very irregular. This may create problems for planning and budgeting by PSs, unless they are told well in advance by the Union government, BDO, and/or state government when they should expect to receive distributions under these programmes and in what amounts.

Zilla Parishad finances

6.21   Table 6.17 shows the average number of development programmes, the total expenditure on development programmes, and the average expenditure on development programmes, undertaken by the 5 ZPs in our sample, by district and year. The average number of development programmes increases from 45 programmes in 2006-07, to 89 programmes in 2007-08, and in 2008-09 reaches 150. However, this increase in the average number of programmes masks considerable heterogeneity among the 5 districts in our sample. Forr example, the number of programmes in Bhojpur increases sharply from 3 programmes in 2006-07 to 422 in 2008-09. In contrast, the average number in Nalanda first decreases from 169 to 108 between 2006-07 and 2007-08 and then increases to 144 in 2008-09. In terms of average expenditure on all development programmes, there is a substantial increase during this period, from Rs. 8.1 million in 2006-07 to Rs. 172.3 million in 2008-09. A similar increasing trend in average expenditure per programme is exhibited in our data during this period.

6.22   Tables 6.18 through 6.20 show the timeliness of distributions to the ZPs from FC-12, NREGA, and BRGF, respectively. Generally speaking, the pattern of distributions appears to be very irregular. This may create problems for planning and budgeting by ZPs, unless they are told well in advance by the Union government, BDO, and/or state government when they should expect to receive distributions under these programmes and in what amounts.

6.23   From our sample, we could not find any evidence of revenue effort by PSs. However, ZPs do raise some own revenues, though not from taxes but rather from rent for shops on public land, ferry arrangements, rent for land where fairs are held, and so on. Of the 5 ZPs, only two are able to provide information on their own revenue collections. This information is summarised in table 6.21.

Summary

6.24   Chapter 6 analyses the revenue sources of the GPs, based on information gathered through the Bihar PRI survey. Perhaps most importantly, we find that none of the GPs raise own revenue. Therefore, they are entirely dependent upon government transfers from three main sources to finance development projects, namely FC-12 allocations, NREGA allocations, and BRGF allocations. This chapter also describes the sources of these transfers in addition to summarising the barriers that Mukhiyas claim prevent them from raising own revenue, namely the falure to date of the GoB to issue enabling regulations regarding permitted tax rates. Finally, this chapter describes each of the three revenue sources in detail. The three main sources of allocations come from the Union government, and there is some concern that NREGA and BRGF funds are vulnerable to manipulation. When asked about ways for GPs to raise own revenues, the sampled Mukhiyas favoured a variety of taxes on the most affluent members of their communities. It appears that the timing of distributions by FC-12, NREGA, and particularly BRGF is highly irregular and unpredictable which can create problems for planning and budgeting by GPs.

Chapter VII: Description and Performance of the Accountability System

7.01   This chapter reviews the *de jure* accountability system for PRI finances and the compliance of the GPs with this system, based on evidence from the PRI Survey and audit reports by the CAG.

A brief description of the accountability system

7.02   Articles 29, 57, and 84 of the BPRO, 2006 state that each GP, PS, and ZP are required to prepare a budget of estimated receipts and disbursements for the following fiscal year. This budget is then required to be approved by a majority of the GP members present at the meeting. The quorum for the meeting should not be less than 50 per cent of total members. Articles 58 and 85 of the BPRO, 2006 require that each ZP and PS maintain accounts as prescribed. Article 30 of the BPRO, 2006 mandates the maintenance of income and expenditure accounts by each GP.

7.03   Regular audits of the accounts of the GPs, PSs, and ZPs are to be undertaken by an authority prescribed by the government and copies of the audit reports are to be sent to the audited PRIs. The PRIs are then required to correct any defects or irregularities found in the audit reports and provide clarifications regarding them to the authority carrying out the audit. Apart from the usual audit mentioned previously, the PRIs may also be subject to concurrent or special audit. It is important to point out that the DoF does not audit the PRIs.

Performance of the accountability system

7.04   The *Reports of the Examiner of Local Accounts* prepared for the Comptroller and Auditor General of India provide information on the status of PRI accounting, audit arrangements, and budget control systems. The report published in 2006 concludes that standard budget and accounting formats prepared by CAG were generally not operationalised by the PRIs, and the budgeting and financial accounting mechanism were deficient and deviated from the form prescribed by the Bihar Panchayati Raj Act 1993 and Bihar Panchayat Samitis and Zilla

Parishads Budgets and Accounts Rules, 1964.[5] The report concludes that PRIs in general do not maintain annual accounts, receipts and payment accounts, and registers. So, it is difficult to ascertain an overall picture of a PRI's financial situation. The reports also uncovers the use of many cash books, submission of incorrect utilisation certificates, and advances to executing agents which were not covered by the rules. Budgetary controls are not exercised as the GPs and PSs generally do not prepare budget documents while the same is also true in the case of two ZPs. Similar findings with respect to usage of multiple cash books and lack of annual accounts and budgets are noted in the 2007 report.[6] The report also notes that at least 5 ZPs prepared unrealistic budget estimates. The BPRO, 2006 mandates the creation of a Finance, Planning, and Audit Committee by the PRIs, the 2007 report notes that only 40 of the 569 PRIs reviewed have formed such a committee. This report also finds that devolved 10th and 11th Finance Commission funds were left unutilised, and the failure by the GPs to prepare annual accounts made it difficult to ascertain the quanta of expenditures on education, health, and other services.

7.05   The PSs and GPs also do not undertake the preparation of annual action plans as mandated by the SGRY scheme. Assets and employment registers, completion certificates, and work orders are not maintained, while muster rolls are certified by executing agents and not elected PRI members. These lapses make it impossible to estimate employment generated by the scheme and provide justifications for executed works. Other problems noted are incorrect information on employment generated, misreporting by ZPs on works completed, doubtful muster rolls, excess payments for labourers, wastage of expenditures due to abandonment of works, and non-confirmation of wages-to-materials ratio prescribed in the SGRY guidelines. The possibility of misappropriation of SGRY funds are noted in the 2007 report. Major lapses in revenue management, irregularities in execution of works, excess payment, execution of the same work by PSs and GPs, non-release of SGRY funds, and wasteful expenditures are items highlighted in the 2007 report.

7.06   The completion rate of various schemes is about 56 per cent, across all PRIs. Lack of effective supervision and control by the prescribed authorities (i.e., Mukhiya, DDC, CEO, BDO,

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[5] This report contains audits of 8 ZPs, 69 PSs and 510 GPs covering the period FY 2002to FY 2005.
[6] Thie 2007 report is based on audits of 12 ZPs, 65 PSs and 513 GPs covering the period FY 2002 to FY 2006.

Pramukh, and Adhyakshya) is blamed for unsatisfactory completion rates. Lack of effective monitoring and control by the DoPR and the DDC leads to shortfalls in the programme aimed at construction of Panchayat Bhavans. Similar issues plague the programmes aimed at construction of primary school buildings and provision of toilet and water facilities in primary and middle schools. The 2007 report concludes that about 46 per cent, 41 per cent, and 19 per cent of works undertaken during FY 2002-2006 by ZPs, PSs, and GPs, respectively were incomplete at the time of the audit.

7.07   Other irregularities highlighted in the 2006 report include unauthorised diversion of road cess funds, irregular revision of pay, outstanding advances, and misuse of provident fund contributions.

7.08   While we outline the findings from the CAG reports above, we describe the current state of affairs relating to accounts, budgets, and audit status using tabulations made from the PRI Survey data. Though we did not conduct forensic audits of the 65 Panchayats in the survey which would uncover evidence of any malfeasance or irregularities, the survey does enrich our understanding of actual practises regarding maintenance and reporting of accounts, budgets, and other documents. Here we present data exclusively for the GPs.

7.09   Table 7.01 shows that over 80 per cent of the GPs prepare annual budgets and reports, but GPs seem to be more likely to prepare reports than budgets. There also is some evidence that such activities have waned in FY 2009.

7.10   Table 7.02 shows that over 90 per cent of the GPs send their annual budgets and reports to the BDO, but they are less likely to send these reports to the PS or ZP. Interestingly, this seems to be driven by the actions of GPs in Bhojpur and Saharsa.

7.11   Table 7.03 shows that preparation of annual accounts was carried out by almost all GPs, though GPs in Bhojpur and Saharsa were less likely to have done so than GPs elsewhere. Interestingly, GPs that are more distant from the block headquarters prepare these documents. Table 7.04 shows that significantly fewer GPs preparing the accounts send these to the PS or ZP,

the exception being the GPs in Begusarai where almost all GPs send their accounts to the concerned offices.

7.12   Table 7.03 shows that although over 80 per cent of GPs prepared audit reports in FY 2007-08, this number dropped to 58 per cent in FY 2008-09.[7] Table 7.04 shows that there is a similar pattern regarding GPs sending these reports to the concerned offices. Contrary to what we see in case of accounts, GPs farther away from the block headquarters are less likely to prepare and send audit reports.

7.13   The importance of preparing annual budgets, reports, accounts, and audit reports cannot be over emphasized. These documents provide details regarding the financial position of GPs, progress of programmes undertaken, and an overview of upcoming initiatives. Given this, it is disappointing that not all GPs prepare these documents. It is especially bewildering that although they prepare these documents, many of them fail to send them to the concerned offices. This can seriously hamper the ability of the higher tiers of local self government to supervise activities undertaken by the GPs and may result in a lack of co-ordination among them.

7.14   We also include information from investigations carried out by an independent Chartered Accountant to substantiate the information obtained from self reports by Mukhiyas, regarding their compliance or non-compliance with the prescriptions of the PRI accountability system described in the BPRO. The following paragraphs are based on his report.

7.15   While it is mandated that PRIs should maintain separate bank accounts for each different source of revenue (funds from the central government, state government, central government departments, and others), this was not always followed due to delays experienced in opening of accounts or when there were one-time receipts. It was also noted that funds deposited were withdrawn entirely within days. Inordinate delays in receipt of funds by the PRIs even though they have been cleared by the DC and/or the DDC are present. Delays prior to collection of funds by banks from the issuer also occur. Faster and seamless transfer facilities, in the form of

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[7] PRIs are required to respond to the findings of an audit with an "*audit report*" describing the measures taken by the PRI unit in response to any deficiencies identified by a CAG audit.

Electronic Fund Transfers, Core Banking Systems, etc. to transfer funds to the PRIs may aid in reducing such delays.

7.16 In general, accounting processes and procedures and record keeping does not follow a standard pattern throughout the state and are carried out differently at different PRIs. The PRI would be well served if the GoB creates consistent and simplified accounting systems and mandates its implementation.

7.17 There was no consistency regarding the heads under which expenditures were booked, though large unadjusted advances to Ward members and employees were found in cash books, detailed information on such advances for various schemes were meticulously maintained. However, in the absence of proper adjustment of advances by debit to respective heads of expenditure duly supported by cogent third-party evidences, the PRI as well as the persons to whom the advances are made continue to be accountable for such amounts. As no utilisation certificates are issued by PRIs, even ostensibly, they remain accountable.[8] But even if utilisation certificates are issued such certificates will continue to be un-verifiable by auditors in case they are asked to certify end-use of funds.

7.18 The following ramifications of non-adjustment of advances were noted by a chartered accountant who assisted with this study:

❖ Large amounts of money appear to be recoverable from the incumbents to whom advances were made.

❖ A fair break-down of expenses actually incurred by the PRIs cannot be arrived at.

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[8] Utilisation certificates refer to an official document that certifies the use of funds by a government department or agency.

❖ The entire amount advanced is presumed to have been spent. Amount refundable, if any, being the unspent amount of an advance is neither ascertainable nor claimed from the incumbent.

❖ Adjustment of advances, whenever carried out, will have to be on the basis of statement of expenses largely supported by third-party receipts, cash memos, credit memos, etc. The absence of such third-party evidence renders the accounts non-transparent.

❖ End-use of funds cannot be verified to the satisfaction of the verifier.

❖ Value of assets created, if any, out of PRI funds cannot be ascertained.

❖ Periodic financial statements, even in the form of a Receipts and Payments Account cannot be drawn up.

❖ Actual and budgeted expenses cannot be compared.

❖ PRIs are unable to issue utilisation certificates against the various funds received, which in turn affects the authenticity of the utilisation certificate issued by the GoB.

❖ Material for preparing a budget for the future periods is not available.

7.19   It was found that cash books were not balanced, even periodically, to reveal the balance of cash on hand or at bank. As such, there is no system of preparing bank reconciliation statements, and understandably so. Since reconciliation has to be struck between two balances,

one as per the bank records and the other as per PRI records; since the accounting system does not include balancing of cash book, balance as per PRI books cannot be ascertained.

7.20   A sizable amount of funds received by the ZP comes in the form of loans from the GoB. However, no separate account is maintained for such loans rendering it totally impossible to reconcile the balance of loan against the balance as per government records.

7.21   Anomalies in the accounting system of the PRIs, including non-preparation of budgets can be attributed to a lack of accounting knowledge and/or lack of training of the Gram Sevaks who are charged with the responsibility of book keeping. Regular training on such matters would immensely enrich the ability of the PRIs to maintain required documents.

Adequacy of current system of accountability

7.22   The GoB was to frame rules for accounting arrangements of PRIs under Section 121 of the Bihar Panchayat Act 1993; however this has not been the case. These institutions therefore follow the framework established by the PS and ZPs (Budget and Accounts) Rules 1964. The presence of detailed accounting requirements in the BPRO, 2006 suggest that the PRIs are aware of the regulations regarding budgets, accounts, plans, and other documents. However, there seems to be a mismatch between the provisions of the BPRO, 2006 and the ability of the PRIs to maintain such records. Audit reports by the CAG and the report by the independent chartered accountant commissioned for this study highlight the lack of uniformity in maintenance of accounts, improper use of funds, and unadjusted advances in cash books. Both reports argue that such irregularities render it impossible to arrive at the overall financial position of the PRIs. Other issues noted include misappropriation of funds and non-submission of utilisation certificates. Evidence from the survey also indicates that records generally are not maintained as prescribed, and even when maintained they are not sent to upper tiers of the PRI.

7.23   In an effort to standardise the accounting framework the Comptroller and Auditor General of India (CAG) in 2002, formulated an accounting system for PRIs involving a 6-tier coding system of account heads on the recommendation of the 11th Finance Commission. This

accounting system has since been replaced by a simplified accounting system in 2007, involving a 3-tier coding system of account heads. The simplified accounting system, accepted and approved in January 2009 by the Technical Committee on Budget and Accounting Standards for PRIs, is intended to be used both for budgeting as well as for accounting throughout the country. It is expected to promote uniformity on the one hand and better accountability on the other and help enable the government to exercise better control over the PRIs. The simplified accounting system also is intended to form the basis for development of the "PRIA Soft" (Panchayati Raj Institutions Accounting Software) by the National Informatics Centre (NIC) in close consultation with the CAG.

7.24   Guidelines for audit of PRI accounts have also been drawn up by the CAG. These audits are to be carried out by the Examiner of Local Accounts (ELA) under the overall supervision of the Principal Accountant General (Audit) of each state. In the case of the State of Bihar, the ELA has already submitted a report covering the period ending 31st March 2007.

7.25   The need for training was highlighted by both respondents of the survey as well as the independent chartered accountant commissioned for this report. There has been effort to undertake such training activities. Training modules have been drawn up, the first set of trainees are intended to be future training instructors. Whereas the first phase of training (to instructors) is complete in 15 states, Bihar and Kerala are the only 2 states where the second phase of training (by instructors) is also complete. However, it seems that the training was imparted to local functionaries of CAG. Further supervision is required to prevent misappropriation and diversion of funds by PRis.

Summary

7.26   Chapter 7 provides a brief description of the accountability system; discusses its performance and adequacy; and provides some recommendations for its improvement. Reports generated by the Auditor General of India reveal a widespread breakdown of the *de jure* accountability system. GPs, PSs, and ZPs are unable to prepare accurate budgets, to adhere to the agreed estimates, to complete the projects on time, and are unsuccessful at completing the

required audit forms, e.g., utilisation certificates. Cash books reveal unapproved advances and a general lack of use of prescribed budget controls. Other problems are incorrect information on employment generated, misreporting by ZPs of works completed, doubtful muster rolls, excess payments for labourers, wastage of expenditures due to abandonment of works, and non-confirmation of wages-to-materials ratio prescribed in the SGRY guidelines. The report concludes that there is the clear possibility of misappropriation of funds in some instances. The findings do vary in some ways across GPs. To summarize, 80 percent of GPs prepare budgets and reports, but the reports are more likely to be prepared than the budgets. Ninety percent of GPs send their budgets and reports to the BDO but are less likely to send them to the PSs or ZPs. Finally, GPs that are more distant from the block headquarters are more likely to complete these documents. These findings suggest that a simplified accounting system is needed and mandatory training should be implemented across GPs.

Chapter VIII: Analysis of the Fiscal System and Recommendations

8.01   In this chapter we evaluate the fiscal system, using the conventional criteria of fiscal autonomy, vertical imbalances, horizontal imbalances, and fiscal discipline. The revenue and expenditure assignments have been discussed elsewhere in this report. We conclude with some recommendations for the GoB.

Fiscal autonomy

8.02   There are 3 ways to evaluate the fiscal autonomy of sub-national governments, namely tax autonomy, revenue autonomy, and expenditure autonomy. According to the tax autonomy criterion, local governments should at a minimum have rate setting authority over at least one tax. The rational for this principle is that local governments should finance expenditures at the margin from own taxes in order to create a Wicksellian link between tax prices for local services and the benefit of local services. In this way, policy-makers and the citizens of local governments will internalise the true cost of providing local government services, and this should promote fiscal discipline by and efficient allocation within the public sector.

8.03   The second criterion for fiscal autonomy is the share of sub-national revenues in total government revenues. The greater this share, the greater the fiscal autonomy of sub-national governments. The third criterion is the share of sub-national expenditures in total government expenditures. Again, the greater this share, the greater is the fiscal autonomy of sub-national governments.

8.04   Although we do not have the necessary data to calculate these expenditure and revenues for local governments in the State of Bihar, some points of comparison may be helpful in putting these measures into some kind of perspective. According to the *Local Government Review* 2007, local governments in the United Republic of Tanzania are responsible for 21.4 per cent of total government spending in fiscal year FY 2006-07. This is a substantial share of total government

spending, especially when taking into account that Tanzania is one of the poorest countries in the world, and Tanzania just began its decentralisation policy reforms in 1999. Before 1999, Tanzania was a highly centralised, socialist economy. However, local governments in Tanzania do not have much discretion over even this spending because these expenditures are financed exclusively with central government transfers, and the central government places restrictions on these block grants. As a point of contrast, according to Ronald C. Fisher (2007), local governments in the United States in FY 2003 were responsible for approximately 30 per cent of total federal, state, and local government spending. By this measure, the United States is only slightly more decentralised than Tanzania. However, approximately 60 per cent of local government expenditures are self-financed by local governments, and consequently local governments in the United States enjoy greater expenditure autonomy than their counterparts in Tanzania.

8.05   In the case of local government autonomy in the State of Bihar, it is likely to be much closer to the status of those in Tanzania, in terms of local government fiscal autonomy, than those in the United States. Like local governments in Tanzania, PRIs in the State of Bihar are almost completely transfer dependent, the excpetion being some minor own revenue generation by ZPs, and there are restrictions on the use to which these funds can be put. Therefore, one must conclude that PRIs in the State of Bihar do not have much genuine fiscal autonomy. However, this should come as no surprise, given the different histories and stages of development of these three countries. In fact, it may be completely appropriate to constrain the fiscal autonomy of local government during the early stages of decentralisation and gradually increase it over time. This is the gradualist approach to decentralisation that is being pursued in Tanzania and many other countries, including China. The 'big-bang' approach to decentralisation that was adopted in the Republic of Indonesia and the Federal Republic of Russia led to very difficult transitions and the near total collapse of the public sector in the early stages of decentralisation. It also unleashed separatist movements in several regions of these countries. In retrospect, many

observers believe that a gradualist approach to decentralisation in these two countries would have been a more effective approach.[9]

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[9] See, for example, James Alm, Jorge Martinez-Vazquez, and Sri Mulyani Indrawati, eds. (2004) and Jorge Martinez-Vazquez, Mark Rider, and Sally Wallace (2008) for discussions of the Indonesian and Russian experiences with the 'big-bang' approach to fiscal decentralisation.

Vertical fiscal imbalances

8.06   Vertical fiscal imbalances refer to the tendency among federal countries for the revenue raising powers of government to be concentrated in the hands of the central government, while the functions of government, particularly the most expensive ones, to be assigned to sub-national governments. Examples of the latter include expenditures on education and helath. This creates a situation in which sub-national governments assume greater for expenditure functions but lack the means to self-finance these responsibilities. The result is called a vertical fiscal imbalance. Again, we are not in a position to quantify this imbalance for the PRIs in the State of Bihar. However, it is well-known that India's Constitution gives exclusive authority for the most productive tax bases to the Union government, while the functions of government, particularly health and education which are the most expensive functions of government, are concurrent with the states and local governments. Consequently, the states of India are transfer-dependent and as a consequence so are local governments. This also is the case in the State of Bihar: there is a vertical imbalance between the expenditures functions assigned to PRIs and the revenues available to them to carry-out these functions.

8.07   Although local governments have some revenue raising authority provided for in the BPRO, 2006, they do not exercise this authority. The reason given for not raising own revenues with the available tax handles is the failure of the GoB to issue enabling regulations, such as the allowable rates of tax. Clearly, there is a vertical fiscal imbalance between local self governments in the State of Bihar on the one hand and the State of Bihar and the Union government on the other hand, even after taking into account transfers to local governments by the state and Union governments. The Mukhiyas in our sample also report that they have inadequate fiscal resources to carry-out their expenditure obligations. This is one of the limitations of the activity mapping which is evaluated in some detail in chapter 3. Specifically, the activity mapping does not provide for financing of PRI functions, except in a very limited number of cases.

8.08   Regarding total PRI expenditures in the State of Bihar, we were not able to obtain total figures for NREGA allocations. However, based on our sample of 65 PRIs, we estimate that NREGA allocations account for more than 50 percent of total allocations to PRIs. Table 8.01 shows the total allocations to the PRIs in the State of Bihar from FC-12 and BRGF. Thus, we estimate that total allocations to PRIs, after accounting for our estimate of NREGA allocations, were approximately Rs. 1,400 crores in 2008-09. The total expenditure for GoB (revenue and capital expenditures) in 2008-09 was Rs. 38,574 crore. In other words, allocations to the PRIs in the State of Bihar account for about 3-4 percent of the total state expenditures in 2008-09.

Horizontal fiscal imbalances

8.09   We do not have the data to do a careful analysis of the potential horizontal fiscal imbalances among local self governments in the State of Governments, particularly for GPs. However, the PRI Survey data provides some evidence that there are large disparities among GPs in per capita allocations driven by the erratic nature of the transfers by district and over time. The trends described in chapter 5 in terms of the growth rates in allocations across districts and the trends in the coefficient of variation of per capita allocations are difficult to explain, especially in terms of an equalisation story. The FC-12 and BRGF transfer formulas are based primarily on population; therefore, these formulas are not likely to be equalising. They do not take into account disparities among the PRIs which may influence expenditure needs or costs of delivering services, such as the per cent of the population in poverty. It is clear from the available evidence and examination of the transfer formulas that there are horizontal fiscal disparities among the GPs in the State of Bihar, and the transfer system rather than mitigating them appears to be exacerbating them.

Fiscal discipline

8.10   There is no evidence that GPs are borrowing money. There is borrowing from the State of Bihar by ZPs, but this borrowing is not documented. Therefore, it is impossible to evaluate whether there is adequate fiscal discipline among ZPs. There is evidence that the Mukhiyas are by-passing the provisions for grassroots decision-making and the social accountability

mechanisms and directing resources to benefit their own villages. Furthermore, the GPs do a poor job of producing budgets and planning documents. In this broader sense of fiscal discipline, it does not appear to be adequate.

Comparison with the State of West Bengal

8.11   The objective of this section is to review and compare the state of PRIs in the State of Bihar with that in the State of West Bengal. The assessment matrix is organised according to the following 5 aspects of fiscal decentralisation briefly described below.

8.11.01 <u>Structure and scope of the government sector</u>. How large is the role of the public sector in the state economy, and to what extent is the government sector well-structured to make effective policy decisions and to efficiently provide public services in a decentralized framework? Among others this area includes issues such as the size of the public sector vis-à-vis the private sector, the number of tiers of government in the system; the basic scope of each tier (including district and sub-district government tiers, if relevant); and mechanisms for dialogue and cooperation within each tier and between different tiers of government. This dimension also considers whether the correct degree of political decentralization and local empowerment is in place to institute effective local government.

8.11.02 <u>Assignment of functional/expenditure responsibilities</u>. To what extent is the assignment of functional or expenditure responsibilities consistent with an efficient and effective approach to decentralization and local governance? Is there a complete assignment of expenditure responsibilities between the different levels of government, for all sectors (education, health care, etc.) as well as clarity in the distribution of attributions in co-shared responsibilities (delivery of services, capital development, staffing, regulation and setting of standards, financing, etc.). How pervasive are state and national mandates? What functions or expenditure responsibilities –if any- are "falling through the cracks"? To what extent are local governments able to properly administer their assigned functions?

8.11.03 <u>Revenue assignment and local tax administration</u>. To what extent is the assignment of

revenue sources between different levels of government consistent with an efficient and effective approach to decentralization and local governance? What is the degree of revenue sufficiency and the extent of vertical and horizontal imbalances? Is there sufficient revenue autonomy at the local level?

8.11.04 <u>Intergovernmental fiscal transfers</u>. To what extent is the design and implementation of the system of intergovernmental fiscal transfers in each state consistent with an efficient and effective approach to decentralization and local governance? Is there sufficient equalization to address horizontal disparities? Is the system of transfers incentive compatible at the local level so that local governments exercise their tax effort and strive for an efficient production of public services? Are there adequate transfer instruments to pursue state and national government objectives? To what extent are there central and state government mandates that are improperly funded by system of local government finance?

8.11.05 <u>Subnational borrowing and infrastructure development</u>. Do local governments have adequate access to funds for capital development through borrowing or other mechanisms? Is the current regulatory and monitoring framework sufficient to avoid unsustainable practices of capital infrastructure development?

Assessing the status of fiscal decentralisation reforms in two states

Aspect of fiscal decentralisation	State of Bihar	State of West Bengal
(1) Structure of public sector	- Population: 83 million (2001) 16.6% SC/ST population (2001) 90% rural population (2001) - The lowest state domestic product per capita (only 34% of the national average) - No PRI elections for 23 years	- Population: 80 million (2001) 28.6 % SC/ST population (2001) 72% rural population (2001) 15th place from the bottom among 32 states and union territories of India in terms of state domestic product per

	before 2001 • Direct election of GP Chairperson • 2006 elections reserved half the seats for women, scheduled castes/tribes and lower backward castes in proportion to their share in the population. • 8463 Gram Panchayats • An average GP houses about 7,000 residents • Average GP constituency of 500 residents	capita(or just under the national average) • Regular PRI elections since 1978 and direct GP elections even before that • GP Chairperson is selected among themselves by GP councilors • The 1992 Amendment to the state Act makes it mandatory to provide for reservation of seats at each level of the panchayat for Scheduled Castes, Scheduled Tribes, and women in proportion to their share in the population. • 3,354 Gram Panchayats an average GP houses about 17,000 residents • Average GP constituency of 1,500 residents
(2a) De jure functional and expenditure assignments	• In addition to agriculture responsibilities common for the two states, GPs monitor attendance of agricultural officers. • In addition to responsibilities for water resources common to the two states, GPs monitor attendance of minor	• In addition to agriculture responsibilities common to the two states, GPs collect soil for sample surveys for the purpose of financial assistance to farmers and take an active role in production of quality seeds and their distribution. • In addition to land management

	irrigation dept. workers.
	• In addition to the animal resources responsibilities common for the two states, GPs monitor attendance of state officials posted in the area.
	• In addition to the forestry responsibilities common for the two states, GPs engage in minor forest produce
	• In addition to the education responsibilities common for the two states, GPs identify school sites, construct and repair primary and middle schools selected by the PS; inspect and supervise primary and middle schools within the GP; determine opening and closing hours of schools being run for special target groups; evaluate dropout rates and develop remedial actions; hire, fire, supervise and pay para-teachers.
	• In addition to the healthcare responsibilities common for the two states, GPs monitor attendance of non-gazetted

responsibilities common for the two states, GPs also identify sharecropping tenants for legal registration and display the recorded tenancies

• In addition to water resources responsibilities common for the two states, GPs build percolation tanks, field channels within the GP.

• In addition to the animal resources responsibilities common for the two states, GPs organize SHGs, distribute improved poultry breeds, seeds / manure to farmers

• In addition to the forestry responsibilities common for the two states, GPs organize SHGs.

• In addition to the water supply responsibilities common for the two states, GPs construction wells, tanks, and tube wells for hand pump installations.

• In addition to the healthcare responsibilities common for the two states, GPs are entrusted with birth and death registration; maintenance and upgradation of health sub-centers and ICDS (Anganwadi

	officials posted in GP area. • In addition to the social welfare responsibilities common for the two states, GPs are entrusted with issuance of food ration cards; distribution of scholarships for SC/ST/OBC students of grades 1-6, supervision over residential schools for the latter group.	or mother and child heath) centers; local purchase of non-medical items required by the sub-centers; supplementary nutrition for lactating mothers and children under 6 years old.
(2b) De facto functional and expenditure assignments	• Average GP expenditure: Rs . 133.2 per capita in 2007-08, half of which is accounted for by teacher salaries • Average 12FC expenditure per GP was Rs.3.38 lakhs (Rs. 30.5 per capita) in 2007/08.Generally, 12FC funds are mostly used on solar and vapour lights, drinking water, and sanitation. • Average NREGA expenditure per GP was Rs.4.11 lakhs (Rs. 37.4 per capita) in 2007/08. NREGA are used primarily for road works (construction and repair) and irrigation infrastructure (new and	• Average GP expenditure: Rs . 319 per capita in 2007-08, 7.5% of which is accounted for by salaries. • Average 12FC expenditure per GP was Rs.4.43 lakhs (Rs. 23.3 per capita) in 2007/08.Generally, untied funds (12FC, SFC) are mostly used on roads and GP buildings. • NREGA are used primarily for road works (construction and repair) and drinking water installations. Average NREGS expenditure per GP was Rs. 30.3 lakhs Rs. 159 per capita) in 2007/08 • BRGF funds are used mainly for the construction of ICDS

	repair) • BRGF funds are used mainly for the construction and repair of buildings. on solar and vapour lights	(Anganwadi or mother and child heath) centers and roads.
(3) Assignment of revenue sources	• Intergovernmental revenue accounted for 100% of GP revenue	• Intergovernmental revenue accounted for 93.8% of GP revenue in 2005-06
(4) Intergov. fiscal transfers, incl. the scope of unfunded mandate	• 92% the PRI allocation of the 12FC funds is allocated to GPs in proportion to total population (another 6% to PS, 2% to ZP). • State share in the NREGA funding to PRIs is 10%. • 20% the PRI allocation of the NREGS funds is allocated to GPs (another 30% to PS, 50% to ZP). • All but one district are BRGF recipients • Average BRGF allocation : Rs. 75 per capita (2007/08) • 70% of BRGF funds (92% in 2007/08) are allocated to	• 20% of the 12FC funds is distributed as Incentive Grants on revenue mobilization of the Panchayats. Remaining 80% is distributed the same way as the 2nd State Finance Commission grants (60% to GPs in proportion to total population and illiterate population; another 20% to PS, 20% to ZP). • State share in the NREGA funding to PRIs is 25%. • 90% the PRI allocation of the NREGS funds is allocated to GPs (another 10% to PS). • 11 of 18 districts are BRGF recipients • Average BRGF allocation : Rs. 59 per capita (2007/08) • 60% of BRGF funds are

	GPs in equal shares (another 20% to PS, 10% to ZP)	allocated to GPs in proportion to total population and illiterate population (another 20% to PS, 20% to ZP)
(5) LG borrowing and infrastructure development	• No evidence that GPs are borrowing money	• Within the fiscal year, GPs can and extensively do borrow money from other (earmarked) accounts under their control, especially when they need to meet statutory liabilities such as wages or remittance of VAT to be withheld from vendors. • Most of the new infrastructure is built using NREGS funds and untied funds such as State Finance Commission, BRGF, and incentive grants

Note: West Bengal districts receive less BRGF funds per capita due the fact that they have on average twice as much population as in Bihar combined with the fixed amount per district in the BRGF allocation from the Union, which accounted for Rs 2,500 crore out of total Rs. 4,400 crore BRGF allocation in FY 08/09.

Summary

8.12   The states of Bihar and West Bengal are similar in size. However, Bihar is more rural and much poorer than West Bengal. PRI units are twice as big in population (and therefore fewer in their number) in West Bengal than in Bihar. GP Chairperson is selected among themselves by GP councilors in West Berngal while being directly elected in Bihar. West Bengal has a 30+ year tradition of directly elected PRIs while Bihar did not hold PRI elections for 23 years until 2001.

8.13   In terms of de jure assignment, Bihar's GPs are involved in supervising state department employees (in particular their attendance) in many sectors that have less GP engagement in West Bengal. Furthermore, Bihar's GPs are delegated responsibility for construction of schools, and hiring, firing, and remuneration of para-teachers. Also, unlike in West Bengal, Bihar's GPs are assigned responsibility for minor forest production and distribution of food ration cards and scholarships for disadvantage students. On the other hand, West Bengal's GPs are assigned a number of significant responsibilities that are centralized in Bihar: building infrastructure for hand-pump water sources and minor irrigation; construction and operation of health sub centers and centers for maternal and child health. West Bengal's GPs are also assigned responsibility for the two major initiative of the 1970s Left Front government: facilitation of land tenancy registration for sharecroppers and formation of self-help groups (SHGs).

8.14   In terms of actual expenditures, West Bengal's GPs spend 150% more resources per capita than their Bihar's counterparts. The non-wage expenditures of GPs are four times higher in West Bengal than in Bihar in per capita terms. The major differences appear to be in the volume of labor intensive projects funded through the guaranteed employment schemes (NREGA). While 90% of NREGA funds received from the Union government is allocated to GP budgets in West Bengal, in Bihar the GP share is only 20%. In both states, NREGA funds are used by GPs for road and water infrastructure.

8.15   While in West Bengal GPs are able to fund at least ten percent of their budgets from locally raised revenues, in Bihar GPs are entirely transfer-dependent.

8.16   In terms of allocation of intergovernmental transfers among GPs, unlike per capita allocation in Bihar, West Bengal addresses equity by giving 50 percent weight to illiteracy. At the same time, West Bengal puts aside 20% of the Union Finance Commission funds as incentive grants to rewards revenue mobilization by PRIs. While centralizing a larger part of NREGA's projects at the district level, Bihar channels a larger share of (semi-) discretionary resources (12-FC and BRGF) to the the GPs. Bihar also receives more resources per capita from the Union government, because it has smaller districts and the fact that more than half of the BRGF funds is allocated by the Union in fixed amounts per district.

Recommendations to the Government of Bihar

8.17   The following suggestions for improving the functioning of GPs were collected from the Mukhiyas, selected GP members, and Panchayat Sachivs of the 50 sampled GPs. These suggestions are related to the autonomy of GPs, their infrastructural endowments, financial and manpower base, and a few other issues.

Autonomy of GPs

(1)   Each GP should have an administrative structure of its own and all paid employees of the GPs should be answerable to the Mukhiya who should also have a role in their appointment process.

(2)   Mukhiyas should have the power to self-approve projects involving smaller amounts (say, upto Rs. 5.00 lakh).

(3)   GPs should have the liberty to prepare project budgets using current market prices of different inputs, and not be bound by prices mentioned in government guidelines.

(4)   Preparation of a credible list of BPL (Below Poverty Line) households is very crucial for many poverty alleviation programmes. This task should be entrusted to the GP.

(5)   Villagers often require residence, income and caste certificates for applying to various offices (jobs, passport, poverty alleviation programmes, etc.). The power to issue these certificates should be with the GP/Mukhiya. At present, these certificates are being issued by the BDO.

Infrastructure

(1)   All GPs should have their Panchayat Bhavan and there should also be residential facilities, particularly for the Panchayat Sachiv.

Manpower

(1) Each GP should be provided with adequate manpower. At present, 4 paid employees are available for each GP; but as many of these paid employees are required to serve more than one GP, the actual availability of manpower is very limited.

(2) Many of the GP functionaries (elected or paid) are not trained. They should all be trained and there should also be provisions for periodic training programmes.

Financial

(1) Allocations to GPs should be increased and such allocations should be made proportional to the population of GPs.

(2) The proposed programmes and budgets should be approved within a specified time period, and the funds should be released timely so that they can be executed properly.

(3) Allocation of funds in generally done for the GP as a whole. The distribution of funds among the wards is determined quite often by the Mukhiya, leaving some wards under-served or even un-served. It will be desirable that part of the total allocation is made wardwise to avoid unequal distribution of project funds among the wards.

(4) The law provides for collection of taxes by the GPs. But, in the absence of a departmental directive, no GP is collecting any taxes. The Department of PRI at the state level should issue a proper directive so that GPs start collecting their own taxes.

Other Suggestions

(1) The legal provision of about 6 GP meeting in a year is often not followed. There should be administrative directive to the GPs for following this provision. More frequent meeting of the GPs will inprove its functioning.

(2) The GP functionaries should be provided with required security and the local Police Station should be told to arrange for it.

(3) The elected functionaries should be paid regular allowances and for attending meetings or making required visits to various offices.

(4) Many of the elected functionaries of GPs are not literate. Arrangements should be made to make them literate, presumably though the Adult Literacy Programmes of the government.

8.18   Below are some further recommendations that the GoB may wish to consider.

(1) The Government should develop a realistic multi-year blueprint for decentralisation that is consistent with the government's goals for strengthening local self government and takes due account of the abilities of the state and local governments to implement, recognising the fiscal and human resource capacities of the state and local governments.

(2) Continue to pursue a gradualist approach. However, local self governments may not all move at the same speed. The Government of Bihar should attempt to accommodate the different speeds with which local self governments are able and willing to pursue fiscal decentralisation. Just as in Patna, there are different lanes for different modes of transportation, like pedestrians, ox carts, pedal rickshaws, modern SUVs, and so on. Similarly, the State of Bihar should create different lanes for Panchayats that are able and willing to pursue decentralisation rapidly, and those that wish to go more slowly. In many respects, this is what China has managed to do so successfully in many sectors.

(3) Rather than wholesale implementation of decentralisation policies everywhere and all at once, consider using pilot studies to see what works and what does not. Again, pilot studies have been used successfully by China and many African countries in pursuing decentralisation policies, like Tanzania and Uganda to take two examples with which I am familiar.

(4) Focus on a few priorities. For example, it would seem that the most important government sectors are education, health, drinking water, and those related to productive activities. Focus on making a few sectors successful. It is too easy to be

diverted by trying to make all 31 decentralised functions successful simultaneously and everywhere. This is not practical and ultimately will not be successful.

(5) The government should give high priority to establishing a PRI fiscal analysis unit in either the Department of Finance or the PRI Department. This unit should provide technical support to the State Finance Commission. The Government of Bihar must collect comprehensive and timely information on PRI finances. It also must recruit and train the necessary staff and acquire the necessary hardware and software to analyse these data. The Government of Bihar must have ways of indirectly monitoring the state of local government finances and a fiscal analysis unit dedicated to analysing PRI finances is a proven method of accomplishing this.

(6) The activity mapping is an excellent beginning, but it needs further work. The matrix should account not only for the respective roles of 3 tiers of local government but should also account for the roles of the Union and State governments. The matrix also should include details about the responsibility for financing each function.

(7) The decentralisation strategy should include a strategy for increasing the fiscal autonomy of local self governments, by enabling and perhaps incentivising them to levy and collect own taxes. There will be a lot of political resistance to such an effort, but the ultimate success of local self government ultimately depends on their ability and willingness to self-finance local government services. Self-financing is the very essence of fiscal autonomy and local self government. Without it, there is not real autonomy.

(8) The Government of Bihar should devise strategies to strengthen grassroots democracy, particularly at the GP level of government. The Mukhiyas appear to be ruling by fiat, directing resources to benefit themselves and their villages, and bypassing the provisions of the *Bihar Panchayati Raj Ordinance*, 2006 for grassroots democracy. Pilot programs to see what works and what does not work may be a place to start.

(9) The responsibilities of the Mukhiyas for carrying out activities and maintaining records are too much for unpaid officials. Elected officials, including the Ward members, should receive salaries commensurate with their official responsibilities. This should

increase the professionalism of elected officials, and the public may hold them more accountable if the elected officials are receiving a salary for their service, particularly if the Panchayats are required to self-finance all or part of the salaries of local officials. As it is, elected officials are donating their time to the Panchayats, and therefore the public may be more tolerant when elected local officials take certain liberties, such as demanding bribes for jobs financed through NREGA or using their office to direct benefits to themselves and their village.

(10) The accountability system described in the *Bihar Panchayati Raj Ordinance*, 2006 and reviewed in chapter 7 of this report is not realistic given the general level of education of the Mukhiyas and the human and physical resources available to them, at least as reported by the 50 GPs sampled in the PRI Survey. The accounting and reporting requirements need to be streamlined and simplified, so that it is reasonable to expect the 3 tiers of local self government to comply with these requirements and still promotes a reasonable level of fiduciary accountability on behalf of the Panchayats by elected officials.

(11) The government should make strategic use of its decentralisation policy to promote commercial activity in rural areas of Bihar. At this stage of Bihar's development, increasing economic development in the rural areas is surely one of the most important goals of decentralisation policy. As the rural areas develop, improvements in the other sectors – health, education, and so on – will follow as a matter of course. Without economic development, the progress that can be achieved in these sectors will be severely constrained. There simply will not be the fiscal resources to improve service delivery in the rural areas, without an increase in the level of commercial activities in the rural parts of Bihar. For example, the state could supplement NREGA allocations with additional funds for materials, equipment, and training. This would create synergy, lead to higher quality investments, increase the skills of the labour force, and create opportunities for further commercial activity in the rural areas.

(12) The Government of Bihar should conduct proper empirical evaluations of the effectiveness of the education and health sectors. There are foundations, multilateral

donors, and bilateral donors that would help provide grant money for such evaluations, and the State also has access to the outstanding capabilities of the ADRI to design and implement such evaluations. Two examples come immediately to mind:

(13) It would be extremely useful for the Government to know if the resources spent on education (e.g., pupil-teacher ratios, condition of school buildings, gender and qualification of the teachers, and so on) influence the performance of students on the 8th grade exam.

(14) A similar study should be conducted on the effectiveness of expenditures and availability of health professionals and supplies on important health outcomes, such as infant and maternal mortality.

Summary

8.17   Chapter 8 evaluates the fiscal system, using the conventional criteria of fiscal autonomy, vertical imbalances, horizontal imbalances, and fiscal discipline. This chapter concludes with some recommendations for the GoB. In a comparison with local governments in Tanzania and the State of West Bengal, local self governments in the State of Bihar are completely dependent on intergovernmental transfers. There are clear vertical fiscal imbalances between the PRIs and the State of Bihar, and the Union government and the State of Bihar, even after taking into account transfers to local governments by the Union government and the State of Bihar. This conclusion is also confirmed by comparing the State of Bihar with the State of West Bengal. The analysis of horizontal imbalances show clear horizontal fiscal disparities among the GPs, and the transfer system rather than correcting them appears to be exacerbating them. Regarding fiscal discipline, there is no evidence that GPs are borrowing money. However, the Mukhiyas are by-passing the provisions for grassroots decision-making and directing resources to benefit their own village.

8.18   Some modest recommendations for the GoB include the following. The GoB should pursue a gradualist approach to decentralisation and should develop a realistic multi-year

blueprint to guide their reform efforts. The reforms should focus on important development priorities, such as providing education, health, and clean drinking water. The GoB should give high priority to establishing a PRI fiscal analysis unit in order to provide technical support to the DoF, DoPR, and SFC and to support the development of a strategy to increase the fiscal autonomy of local self governments in the State of Bihar. In addition, the accounting and reporting requirements should be simplified and streamlined. The government should make strategic use of its decentralization policy to promote commercial activity in rural areas of Bihar. Finally, empirical evaluations of the effectiveness of the education and health sectors are required.

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TABLES AND FIGURES

Table 1.01 Districts ranked according to the index of social capital

Category (according to the social capital index)	Districts in Bihar		
Much above average (7 districts)	Aurangabad	Munger	W Champaran
	Bhojpur	Rohtas	
	Gaya	Patna	
Above average (8 districts)	Arwal	Jehanabad	Shekhpura
	Bhagalpur	Kaimur	Siwan
	Buxar	**Nalanda**	
Average (8 districts)	**Begusarai**	Muzaffarpur	Sheohar
	Gopalganj	Nawada	Vaishali
	Lakhisarai	Saran	
Below average (8 districts)	Banka	Jamui	**Saharsa**
	Darbhanga	Khagaria	Samastipur
	E Champaran	Madhubani	
Much below average (7 districts)	Araria	Madhepura	Supaul
	Kishanganj	Purnia	
	Katihar	**Sitamarhi**	

Source: Author's own calculations.

Table 1.02 Sample of Panchayati Raj Institutions, by tier of government

Zilla Parishads	Panchayat Samities (number of GPs/population of PS)[1]	Gram Panchayats
Bhojpur	Agiawan (15/1,22,093)	Agiawan, Badgaon, Dilian, Karwasin, and Nonwar
	Udwantnagar (16/1,31,865)	Eraura, Choti Sasaram, Kusumha, Nawada Ben, and Udwantnagar
Nalanda	Bihar Sharif (20/3,94,435)	Muraura, Pachauri, Paroha, Sakraul, and Sigthu
	Silaw (14/1,23,030)	Barakar, Gorawan, Kariyanna, Nanand, and Pawadih
Begusarai	Naw Kothi (9/80,356)	Dafarpur, Hasanpur Bagar, Maheshwara, Naw Kothi, and Rajakpur
	Barauni (24/2,25,879)	Amarpur, Buthauli Mahna, Mallahipur North, and Pipra Dewas
Saharsa	Saharsa / Kahara (15/2,29,744)	Amarpur, Bangaun South, Chainpur, Diwari, and Padri
	Sonbarsha (21/1,76,336)	Khajuraha, Lagma, Raghunathpur, Shahpur, and Soha
Sitamarhi	Dumra (28/3,38,994)	Bhupobhairo, Bishanpur, Chakrajopatti, Khairwa , and Lagama
	Bokhara (11/1,03,778)	Banoul, Bhaur, Bokhara Chakauti, Dumari, and Maksudanpur

Note: [1]The figures in brackets indicate the number of Gram Panchayats in the respective Panchayat Samiti and the population of the Panchayat Samiti, according to the 2001 census.

Table 1.03 Number of villages and current population, in the sample of 50 Gram Panchayats

District	Panchayat Samiti	Gram Panchayat (number of villages/current population in 1,000's)					Average population (1,000's)
Bhojpur	Agiwan	Agiwan (6/12.8)	Dilian (8/22.0)	Narwar (4/10.1)	Badgaon (2/14.0)	Karwasin (4/10.6)	13.9
	Udwantnagar	Kusumba (7/9.6)	Udwantnagar (1/11.0)	Eroura (9/14.3)	Nawatoben (5/9.4)	Choti Sasaram (5/10.8)	11.0
Nalanda	Bihar Sharif	Paroha (4/7.1)	Sakraul (3/8.0)	Sinthu (3/12.0)	Muraura (8/12.1)	Pachauri (4/11.7)	10.2
	Silao	Pawadih (6/13.3)	Gorawan (3/8.7)	Kariyana (1/7.2)	Barakar (8/21.8)	Nanand (1/9.7)	12.1
Begusarai	Naokothi	Maheswara (2/13.0)	Dafarpur (6/20.0)	Rajakpur (2/10.0)	Hasanpur (3/11.5)	Naokothi (1/13.0)	13.5
	Barauni	Pipra Devas (2/19.0)	Mallahipur North (1/17.0)	Amarpur (2/8.0)	Mahana (3/15.0)	Bathauli (6/13.6)	14.5
Saharsa	Kahara	Bangaon South (1/12.6)	Dewari (4/11.2)	Amarpur(s) (3/9.0)	Chainpur (1/12.1)	Padri (1/6.2)	10.2
	Sonbarsa	Sahpur (4/9.4)	Raghunathpur (3/11.3)	Lagama (4/8.7)	Khajuraha (3/15.3)	Soha (2/11.1)	11.2
Sitamarhi	Dumara	Khairwa (3/10.7)	Bisanpur (3/7 .8)	Chakrajoputti (2/13.4)	Bhupbhairo (2/9.5)	Lagama (5/13.0)	10.9
	Bokhara	Maksudanpur Dumari (3/10.0)	Bhaur (3/11.8)	Banaul (1/14.9)	Bokhara (1/12.5)	Chakauli (2/10.8)	12.0

Note: [1]The figures in brackets indicate the number of villages in and the population of the respective Gram Panchayat, according to the 2001 census.

Table 2.01 Distribution of Ward members and Mukhiyas, by reserved seat (per cent)

PRI functionaries	Sample districts					All
	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Ward members	48.4	63.8	61.4	63.1	56.6	58.6
Mukhiyas	60.0	40.0	60.0	50.0	70.0	56.0

Source: Bihar PRI Survey data.
Note: Sample size is 50 Mukhiyas and 757 ward members.

Table 2.02 Distribution of Ward members (Mukhiyas), by caste and religion (per cent)

Caste	Sample districts					Average
	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Upper caste	23.6 (40.0)	13.5 (20.0)	23.3 (30.0)	32.5 (60.0)	9.8 (10.0)	20.6 (32.0)
Upper backward castes	31.2 (20.0)	24.8 (50.0)	17.6 (40.0)	21.3 (10.0)	28.3 (10.0)	24.5 (26.0)
Lower backward castes	16.6 (10.0)	23.4 (0.0)	37.5 (10.0)	25.0 (10.0)	25.4 (30.0)	25.9 (12.0)
Scheduled caste/tribes	24.2 (30.0)	36.2 (30.0)	17.0 (10.0)	16.9 (0.0)	17.3 (20.0)	21.8 (18.0)
Muslims	4.5 (0.0)	2.1 (0.0)	4.5 (10.0)	4.4 (20.0)	19.1 (30.0)	7.2 (12.0)

Source: Bihar PRI survey data.
Notes:
1. The upper figure in each cell refers to the per cent of GP members, and the lower figure in parentheses refers to the per cent of Mukhiyas.
2. Sample size is 50 Mukhiyas and 757 ward members.

Table 2.03 Distribution of Ward members and Mukhiyas, by gender (per cent)

PRI Functionaries	Gender	Sample Districts					Average
		Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Ward members	Male	45.2	51.1	54.0	48.8	50.3	49.9
	Female	54.8	48.9	46.0	51.3	49.7	50.1
Mukhiya	Male	60.0	70.0	40.0	40.0	60.0	54.0
	Female	40.0	30.0	60.0	60.0	40.0	46.0

Source: Bihar PRI Survey data.
Note: Sample size is 50 Mukhiyas and 757 ward members.

Table 2.04 Average age of Ward members and Mukhiyas, by district (per cent)

PRI Functionaries	Sample Districts					All
	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Ward members	38.1	39.1	38.9	40.5	42.2	39.8
Mukhiya	44.4	47.7	42.9	50.6	44.5	46

Source: Bihar PRI Survey data.
Note: Sample size is 50 Mukhiyas and 757 ward members.

Table 2.05 Distribution of Ward members (Mukhiyas), by education (per cent)

Level of education	Sample districts					All
	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Illiterate	10.8	6.4	2.8	8.8	15.6	8.9
	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Just literate	34.4	44.0	45.5	49.4	61.8	47.3
	(30.0)	(0.0)	(100)	(20.0)	(30.0)	(18.0)
Passed primary	6.4	2.8	1.1	1.3	0.0	2.2
	(0.0)	(10.0)	(0.0)	(10.0)	(0.0)	(4.0)
Passed primary, but not secondary	14.0	13.5	14.2	10.6	7.5	11.9
	(10.0)	(10.0)	(30.0)	(20.0)	(20.0)	(18.0)
Passed secondary, but not higher secondary	22.3	14.2	19.3	14.4	8.1	15.6
	(40.0)	(40.0)	(10.0)	(40.0)	(30.0)	(32.0)
Passed higher secondary, not graduate	7.6	11.3	10.8	6.3	1.7	7.4
	(20.0)	(20.0)	(20.0)	(10.0)	(0.0)	(14.0)
Graduate and above	4.5	7.8	6.3	9.4	5.2	6.6
	(0.0)	(20.0)	(30.0)	(0.0)	(20.0)	(14.0)

Source: Bihar PRI survey data.
Notes:
1. The upper figure in each cell refers to the per cent of Ward members, and the lower figure in parentheses refers to the per cent of Mukhiyas.
2. Sample size is 50 Mukhiyas and 757 ward members.

Table 2.06 Distribution of Ward members (Mukhiyas), by occupation (per cent)

Occupation	Sample districts					All
	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Cultivator	33.8	20.6	17.0	35.0	20.2	25.2
	(50)	(30)	(30)	(30)	(30)	(34)
Rural labour	24.8	26.2	25.0	24.4	31.8	26.5
	(10)	(0.0)	(0.0)	(0.0)	(10)	(4)
Artisan	0.0	0.0	2.8	0.0	0.0	0.6
	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Trader	9.6	5.7	7.4	5.0	6.9	6.9
	(20)	(20)	(10)	(30)	(10)	(18)
Salary earner	1.9	2.8	1.1	0.6	1.2	1.5
	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Other occupation	1.9	6.4	7.4	2.5	1.7	4.0
	(0.0)	(30)	(20)	(0.0)	(10)	(12)
No occupation	28.0	38.3	39.2	32.5	38.2	35.3
	(20)	(20)	(40)	(40)	(40)	(32)

Source: Bihar PRI survey data.
Notes:
1. The upper figure in each cell refers to the per cent of GP members, and the lower figure in parenthesesrefers to the per cent of Mukhiyas.
2. Sample size is 50 Mukhiyas and 757 ward members.

Table 2.07 Distribution of Ward members and Mukhiyas, by number of terms (per cent)

District	Ward members		Mukhiyas	
	One term	Two terms	One term	Two terms
Bhojpur	97.5	2.5	100.0	0.0
Nalanda	97.2	2.8	70.0	30.0
Begusarai	97.2	2.8	60.0	40.0
Saharsa	96.9	3.1	100.0	0.0
Sitamarhi	94.8	5.2	80.0	20.0
Upper caste	97.0	3.0	93.8	6.3
Upper backward caste	96.0	4.0	53.8	46.2
Lower backward caste	98.6	1.4	100.0	0.0
Scheduled caste	97.2	2.8	100.0	0.0
Muslims	89.7	10.3	66.7	33.3
Male	93.8	6.2	70.4	29.6
Female	99.5	0.5	95.7	4.3

Source: Bihar PRI survey data.
Note: Sample size is 50 Mukhiyas and 757 ward members.

Table 3.01 Distribution of functions in federal countries, an international perspective

Function	Canada (1867)	United States (1789)	Switzerland (1848/1999)	Australia (1901)	Germany (1949)	Austria (1929)	India (1950)	Malaysia (1963)	Belgium (1993)	Spain (1978)	Pakistan (1962)
Transportation and communication					FC†			F^A			
Roads and bridges	S	FS	FS	FS	C†	FS	FS	FS	Sr	SF	
Railways	FS	FS	F	FS	FC†	F	F	F^A	F	S	S
Air	F	F	F	FS	F	F	F	F	Sr	SF	F
Telecommunications	FS	FS	F	C	F	F	F	F	F	F	F
Postal services	F	F	F	C	F	F	F	F	F	F	F
Broadcasting	F	F	F	C	SC†		F	F	Sc	F	F
Agriculture and resources											
Agriculture	C	S	F	SC	C†	F†	SC	SC^A		S	
Fisheries	FS	S	F	FS	C†		FS	FS^A	Sr	S*F	FS
Mineral resources	FS	S		S	C†	F	FS	FS	Sr	F	
Nuclear energy	F	FS	F	C	C	F	F		F	F	F
Social affairs											
Education and research										FS*	
Primary and secondary education	S	S	C†S	S	S	FS	CS	F^A	Sc		
Postsecondary education	S	FS	FC†S	FS	C†**	F	FCS	F^A	Sc	F	
Research and development		FS	F	FS	SC†	FS	FCS	F^A	FSc		FS
Health services											
Hospitals	SF	SF	S	FS	C†	C†	S	F^A	Sc	FS*	
Public health and sanitation	S	S	C†	S	C†	FS	S	FC	Sc	S	
Labour and social services			FS		C			F			
Unemployment insurance	F	FS	C†	C	C	F	S	F^A	F	F	
Income security	FS		FC	C	C	F	CS	F^A	F	F	
Social services	SF	SF	C†	C	C†	S	CS	C	Sc	FS	C
Pensions	C^s	C	C†	C	C†S	F	C	F^{A}S		F	FS

Legend: F= federal power S = state (provincial/canton/Länd) C = concurrent (federal paramountcy)

 C^s = concurrent (provincial paramountcy)   c = community power   r = regional power

 A = asymmetrical power

 † = federal legislation in this field administered by states.

 * = 6 of 17 sub-national orders of government has jurisdiction over education and health.

 ** = enumerated as a framework legislation whereby federal government may enact general principles only.

Source: Ronald L. Watts (1999, pages 128-9)

Table 3.02 Responsibilities of Panchayats

1. Agriculture, including agricultural extension
2. Land improvement, implementation of land reforms, land consolidation, and soil conservation.
3. Minor irrigation, water management, and watershed development.
4. Animal husbandry, dairying and poultry.
5. Fisheries.
6. Social forestry and farm forestry.
7. Minor forest products.
8. Small scale industries, including food processing industries.
9. Khadi, village and cottage industries.
10. Rural housing.
11. Drinking water.
12. Fuel and fodder.
13. Roads, culverts, bridges, ferries, waterways and other means of communication.
14. Rural electrification, including distribution of electricity.
15. Non-conventional energy sources.
16. Poverty alleviation programme.
17. Education, including primary and secondary schools.
18. Technical training and vocational education.
19. Adult and non-formal education.
20. Libraries.
21. Cultural activities.
22. Markets and fairs.
23. Health and sanitation, including hospitals, primary health centres and dispensaries.
24. Family welfare.
25. Women and child development.
26. Social welfare, including welfare of the handicapped and mentally retarded.
27. Welfare of the weaker sections, and in particular, of the Scheduled Castes and the Scheduled Tribes.
28. Public distribution system.
29. Maintenance of community assets.

Source: Eleventh Schedule (Article 243G of the Constitution). The amendments to India's Constitution are available at http://india.gov.in/govt/constitutions_of_india_amendment.php.

Table 3.03 Frequency of meetings of Gram Sabha and Gram Panchayat

Characteristics	Gram Sabha meetings		Gram Panchayat meetings			
	Average number	Villages where at least one meeting was held. (percent)	Average number			Average number of Ward members present (2008-09)
			2006-07	2007-08	2008-09	
District						
Bhojpur	6.6	58.2	3.0	2.6	3.0	6.3
Nalanda	14.1	4.5	3.5	4.0	3.6	8.9
Begusarai	7.3	2.8	3.0	3.9	3.0	7.2
Saharsa	1.0	3.5	2.3	2.6	1.6	4.8
Sitamarhi	9.7	2.3	3.4	2.8	2.4	6.7
Distance to block headquarters						
0 – 4 kms	11.4	2.2	3.3	3.6	2.9	7.0
5 – 8 kms	10.0	4.5	2.8	3.1	3.6	7.8
9 – 12 kms	3.8	3.0	2.9	3.0	2.4	6.4
> 12 kms	11.3	5.0	3.6	2.3	1.4	3.9
Mukhiya's religion and caste						
Upper caste	17.3	3.4	3.3	3.3	3.3	6.3
Upper backward caste	8.0	3.7	3.1	3.7	3.2	7.8
Lower backward caste	8.3	3.0	2.4	2.0	1.8	7.0
Scheduled caste	9.8	5.0	3.3	2.7	2.4	6.0
Muslim	7.4	2.3	3.3	3.0	1.8	5.6
Mukhiya's gender						
Male	11.1	4.4	3.3	2.7	2.3	5.3
Female	8.4	2.4	3.0	3.6	3.2	8.0
All GPs	7.7	14.3	3.0	3.2	2.7	6.8

Source: Bihar PRI survey data.

Table 3.04 Number of agenda items of Gram Panchayat meetings, reported by Mukhiyas (Panchayat Sachivs) in 2008-09

Issues	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
1. Programme planning	27 (50.9)	44 (68.8)	32 (56.1)	13 (46.3)	31 (54.4)	147 (56.8)
(a) FC12 funds	12 (22.6)	17 (26.6)	18 (31.6)	2 (7.1)	12 (21.1)	61 (23.6)
(b) NREGA funds	12 (22.6)	26 (40.6)	6 (10.5)	5 (17.8)	11 (19.3)	60 (23.2)
(c) BRGF funds	3 (5.7)	1 (1.6)	8 (14.0)	6 (21.4)	8 (14.0)	26 (10.0)
2. Monitoring of various schemes	16 (30.2)	1 (1.6)	1 (1.8)	5 (17.8)	3 (5.3)	27 (10.4)
3. Poverty alleviation programmes	4 (7.6)	4 (6.3)	12 (21.1)	6 (21.4)	13 (19.9)	39 (15.1)
(a) Indira Awas Yojana	3 (5.7)	-	1 (1.8)	3 (10.7)	1 (1.8)	8 (3.1)
(b) Old Age/Laxmibai Pension Yojana	-	3 (4.7)	3 (5.3)	3 (10.7)	3 (5.3)	12 (4.6)
(c) Kanya Vivah Yojana	-	-	-	-	-	-
(d) Scholarship programme	1 (1.9)	1 (1.6)	-	-	1 (1.8)	3 (1.2)
(e) Public distribution system	-	-	4 (7.0)	-	4 (7.0)	8 (3.1)
(f) Identification of BPL households	-	-	4 (7.0)	-	4 (4.0)	8 (3.1)
4. Educational	2 (3.8)	3 (4.7)	-	-	-	5 (2.0)
(a) Functioning of schools	1 (1.9)	-	-	-	-	1 (0.4)
(b) Enrolment/attendance	-	1 (1.6)	-	-	-	1 (0.4)
(c) Mid-day meal scheme	-	2 (3.1)	-	-	-	2 (0.8)
(d) Appointment of teachers	1 (1.9)		-	-	-	1 (0.4)
5. Health related programmes	-	3 (4.7)	1 (1.8)	1 (3.6)	-	5 (2.0)
(a) Organisation of health camp	-	-	1 (1.8)	-	-	1 (0.4)
(b) Polio eradication programme	-	1 (1.6)	-	-	-	1 (0.4)
(c) Functioning of ASHA	-	-	-	1 (3.6)	-	1 (0.4)
(d) Functioning of ICDS	-	2 (3.1)	-	-	-	2 (0.8)
6. Others development issues	2 (3.8)	3 (4.8)	9 (15.9)	3 (10.8)	5 (8.8)	22 (8.5)
(a) Social forestry	-	-	1 (1.8)	-	-	1 (0.4)
(b) Diesel subsidy scheme	-	-	-	1 (3.6)	-	1 (0.4)
(c) Promotion of women SHG	1 (1.9)	1 (1.6)	-	-	-	2 (0.8)
(d) Milk collection scheme	-	1 (1.6)	-	-	-	1 (0.4)
(e) Flood felief	-	-	2 (3.5)	1 (3.6)	2 (3.5)	5 (1.9)
(f) Birth-death registration	1 (1.9)	-	5 (8.8)	1 (3.6)	1 (1.8)	8 (3.1)
(g) Other development issues	-	1 (1.6)	1 (1.8)	-	2 (3.5)	4 (1.5)
7. Administrative issues	2 (3.8)	6 (9.4)	2 (3.5)	-	5 (8.8)	15 (5.8)
Total	53 (100.0)	64 (100.0)	57 (100.0)	28 (100.0)	57 (100.0)	259 (100.0)

Source: Bihar PRI survey data.

Table 3.05 Average number of projects per village type, by district

Type of village	Sample districts					All
	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Mukhiya's village	18.5	19.6	12.4	13.8	28	18.5
Villages with > 2 projects	7	9.8	7.6	11.1	16.6	10
Villages with 1-2 projects	1.9	1.6	3.5	0	2.5	2.1
Villages with no projects	0	0	0	0	0	0
Total	4.9	9.2	8.7	12.2	19.4	10.4

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 3.06 Average expenditures per village type (Rs. 1,000's)

Type of village	Sample districts					All
	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Mukhiya's village	1,197.2	1,473.2	964.2	1,129.3	1,210.9	1,195.0
Villages with > 2 programmes	400.8	562.1	456.1	1,018.0	640.6	603.1
Villages with 1-2 programmes	131.5	188.0	429.9	0	2,072.6	322.1
Villages with no programmes	0	0	0	0	0	0
Total	438.5	626.0	633.8	1,060.8	957.7	685.2

Source: Bihar PRI Survey data.
Note: Sample size is 50 GPs.

Table 3.07 Per cent of GPs performing various assigned production functions

Characteristics	Percentage of GPs performing functions related to				
	Agriculture	Animal husbandry	Fisheries	Social and farm forestry	Khadi and village industries
District					
Bhojpur	50.0	30.0	20.0	20.0	10.0
Nalanda	70.0	40.0	40.0	10.0	20.0
Begusarai	70.0	40.0	10.0	70.0	20.0
Saharsa	40.0	10.0	10.0	20.0	-
Sitamarhi	50.0	20.0	20.0	10.0	20.0
Distance to block headquarters					
0 – 4 kms	66.7	40.0	20.0	33.3	20.0
5 – 8 kms	53.3	13.3	13.3	26.7	13.3
9 – 12 kms	45.5	18.2	27.3	18.2	9.1
> 12 kms	55.6	44.4	22.2	22.2	11.1
Mukhiya's religion and caste					
Upper caste	62.5	31.3	18.8	31.3	6.3
Upper backward caste	46.2	23.1	15.4	38.5	15.4
Lower backward caste (H+M)	66.7	33.3	33.3	33.3	16.7
Scheduled caste	55.6	33.3	22.2	11.1	22.2
Muslim	50.0	16.7	16.7	-	16.7
Mukhiya's gender					
Male	55.6	29.6	18.5	22.2	11.1
Female	56.5	26.1	21.7	30.4	17.4
All GPs	56.0	28.0	20.0	26.0	17.5

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

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Table 3.08 Per cent of GPs performing various assigned infrastructure functions

Characteristics	Per cent of GPs performing functions related to								
	Roads/ buildings	Rural electrification	Non-conventional energy	Rural sanitation	Dharamshala (rest house)	Cattle sheds, ponds, etc.	Slaughter houses	Parks/ playgrounds	Huts/ sheds
District									
Bhojpur	100.0	10.0	80.0	60.0	20.0	-	-	20.0	-
Nalanda	90.0	80.0	100.0	80.0	-	-	-	40.0	10.0
Begusarai	100.0	30.0	90.0	70.0	10.0	-	-	-	-
Saharsa	90.0	30.0	90.0	50.0	-	-	-	-	-
Sitamarhi	100.0	10.0	100.0	50.0	30.0	-	10.0	10.0	10.0
Distance to block headquarters									
0 – 4 kms	100.0	26.7	100.0	66.7	13.3	-	6.7	6.7	6.7
5 – 8 kms	100.0	20.0	80.0	53.3	20.0	-	-	13.3	6.7
9 – 12 kms	81.8	36.4	90.9	81.8	-	-	-	-	-
> 12 kms	100.0	55.6	100.0	44.4	11.1	-	-	44.4	-
Mukhiya's religion and caste									
Upper caste	93.8	37.5	75.0	62.5	12.5	-	0.0	6.3	6.3
Upper backward caste	92.3	38.5	100.0	53.8	-	-	0.0	7.7	-
Lower backward caste (H + M)	100.0	16.7	100.0	83.3	33.3	-	0.0	16.7	16.7
Scheduled caste	100.0	33.3	100.0	66.7	11.1	-	0.0	33.3	-
Muslim	100.0	16.7	100.0	50.0	16.7	-	16.7	16.7	-
Gender of Mukhiya									
Male	96.3	48.1	92.6	59.3	11.1	-	3.7	22.2	7.4
Female	95.7	13.0	91.3	65.2	13.0	-	-	4.3	-
All GPs	96.0	32.0	92.0	62.0	12.0	-	2.0	14.0	4.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 3.09 Per cent of GPs performing various assigned development functions

Characteristics of GP	Per cent of GPs performing functions related to						
	Rural housing	Drinking water	Education	Health and family welfare	Woman and child development	Social welfare	Old-age and widow pension
District							
Bhojpur	40.0	90.0	90.0	40.0	60.0	60.0	90.0
Nalanda	60.0	100.0	90.0	80.0	100.0	70.0	100.0
Begusarai	50.0	100.0	90.0	90.0	100.0	70.0	80.0
Saharsa	80.0	90.0	90.0	50.0	60.0	50.0	80.0
Sitamarhi	50.0	90.0	100.0	80.0	100.0	50.0	70.0
Distance to block headquarters							
0 – 4 kms	46.7	86.7	100.0	93.3	86.7	53.3	80.0
5 – 8 kms	66.7	100.0	80.0	93.3	66.7	53.3	80.0
9 – 12 kms	63.6	100.0	81.8	90.9	63.6	81.8	90.9
> 12 kms	44.4	88.9	66.7	88.9	44.4	55.6	88.9
Mukhiya's religion and caste							
Upper caste	75.0	93.8	87.5	75.0	81.3	56.3	81.3
Upper backward caste	61.5	100.0	92.3	69.2	84.6	76.9	92.3
Lower backward caste (H + M)	33.3	100.0	100.0	83.3	100.0	33.3	83.3
Scheduled caste	55.6	100.0	100.0	66.7	77.8	66.7	88.9
Muslim	16.7	66.7	83.3	33.3	83.3	50.0	66.7
Mukhiya's gender							
Male	55.6	92.6	92.6	59.3	81.5	63.0	81.5
Female	56.5	95.7	91.3	78.3	87.0	56.5	87.0
All GPs	56.0	94.0	92.0	68.0	84.0	60.0	84.0

Source: Bihar PRI survey data.
Note: Performance implies either time or money spent on activities.

Table 3.10 Per cent of GPs performing assigned maintenance functions

Characteristics	Per cent of GPs performing the following maintenance functions												
	Grazing land	Adult education	General sanitation	Public roads and drains	Tanks and wells	Burning s and burial grounds	Dharamshala (rest house)	Community assets	Cattle sheds	Slaughter-houses	Parks and playgrounds	Garbage bins	Huts & sheds
District													
Bhojpur	-	20.0	50.0	90.0	100.0	40.0	-	60.0	10.0	-	30.0	10.0	20.0
Nalanda	10.0	10.0	60.0	100.0	100.0	60.0	-	60.0	10.0	10.0	50.0	-	-
Begusarai	-	-	30.0	50.0	50.0	-	10.0	20.0	-	-	20.0	-	-
Saharsa	10.0	10.0	30.0	30.0	60.0	-	-	70.0	-	-	-	-	-
Sitamarhi	10.0	-	50.0	80.0	60.0	30.0	10.0	40.0	10.0	-	-	-	-
Distance to block office													
0 – 4 kms	6.7	-	53.3	66.7	66.7	20.0	6.7	46.7	6.7	6.7	20.0	6.7	-
5 – 8 kms	6.7	6.7	46.7	73.3	80.0	26.7	6.7	66.7	13.3	-	20.0	-	6.7
9 – 12 kms	-	-	27.3	72.7	72.7	18.2	-	45.5	-	-	9.1	-	-
> 12 kms	11.1	33.3	44.4	66.7	77.8	44.4	-	33.3	-	-	33.3	-	11.1
Mukhiya's religion and caste													
Upper caste	12.5	18.8	31.3	81.3	93.8	12.5	-	56.3	12.5	-	18.8	-	6.3
Upper backward caste	-	-	46.2	61.5	69.2	30.8	7.7	30.8	-	-	23.1	-	7.7
Lower backward caste	16.7	-	33.3	50.0	66.7	33.3	16.7	50.0	16.7	-	16.7	-	-
Scheduled caste	-	11.1	66.7	88.9	66.7	44.4	-	55.6	-	11.1	33.3	11.1	-
Muslim	-	-	50	50.0	50.0	16.7	-	66.7	-	-	-	-	-
Mukhiya's gender													
Male	7.4	11.1	44.4	81.5	81.5	33.3	3.7	55.6	7.4	3.7	18.5	-	7.4
Female	4.3	4.3	43.5	56.5	65.2	17.4	4.3	43.5	4.3	-	21.7	4.3	-
All GPs	6.0	8.0	44.0	70.0	74.0	26.0	4.0	50.0	6.0	2.0	20.0	2.0	4.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.01 Average distance in kilometres of GP headquarters from important centres

Centre	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
Pucca road	0.6	1.7	0.2	1.8	0.6	1.0
Bus stop	2.1	4.3	1.4	3.3	1.8	2.6
Railway station	17.4	8.0	11.0	16.3	10.7	12.7
Block office	9.6	10.4	4.0	9.5	6.3	8.0
Urban centre	20.9	9.0	5.5	19.2	10.9	13.1
Post office	0.3	2.2	0.4	1.4	0.9	1.0
Commercial bank	3.6	6.5	2.0	3.3	3.9	3.9
High school	2.3	3.2	2.4	3.1	4.9	3.2
Public health centre	2.3	1.7	0.4	1.6	3.3	1.9

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.02 Per cent of GPs by distance of GP headquarters to block office and commercial bank

Distance to	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
Block Office						
0 – 4 kms	20.0	20.0	60.0	10.0	40.0	30.0
5 – 8 kms	40.0	20.0	30.0	20.0	40.0	30.0
9 – 12 kms	10.0	40.0	10.0	40.0	10.0	22.0
> 12 km s	30.0	20.0	-	30.0	10.0	18.0
Commercial Bank						
0 – 4 kms	70.0	40.0	90.0	80.0	60.0	68.0
5 – 8 kms	20.0	20.0	10.0	20.0	30.0	20.0
9 – 12 kms	10.0	30.0	-	-	-	8.0
> 12 kms	-	10.0	-	-	10.0	4.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.03 Per cent of GPs with a Panchayat Bhavan and its use

Characteristics of GP	GPs with Panchayat Bhavan	Use of Panchayat Bhavan				
		Panchayat office	Storage space	Other purpose	Unusable	Total
District						
Bhojpur	60.0	33.3	-	33.3	33.3	100.0
Nalanda	60.0	66.7	-	-	33.3	100.0
Begusarai	80.0	75.0	12.5	-	12.5	100.0
Saharsa	50.0	80.0	20.0	-	-	100.0
Sitamarhi	60.0	100.0	-	-	-	100.0
Distance to block headquarters						
0 – 4 kms	73.3	81.8	-	-	18.2	100.0
5 – 8 kms	86.7	69.2	7.7	7.7	15.4	100.0
9 – 12 kms	36.4	50.0	25.0	-	25.0	100.0
> 12 kms	33.3	66.7	-	33.3	-	100.0
Mukhiya's religion and caste						
Upper caste	62.5	60.0	10.0	10.0	20.0	100.0
Upper backward caste	76.9	70.0	-	10.0	20.0	100.0
Lower backward caste (H+M)	50.0	100.0	-	-	-	100.0
Scheduled caste	44.4	75.0	-	-	25.0	100.0
Muslim	66.7	75.0	25.0	-	-	100.0
Mukhiya's gender						
Male	51.9	78.6	-	14.3	7.1	100.0
Female	73.9	64.7	11.8	0.0	23.5	100.0
All GPs	62.0	71.0	6.5	6.5	16.1	100.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.04 Per cent of GPs with a Panchayat Bhavan and the source of construction funds

Characteristics	Per cent of GPs with Panchayat Bhavan.	Source of construction funds			
		Gov't funds dedicated to Panchayat Bhavans.	Gov't funds from other schemes.	Unknown	Total
District					
Bhojpur	60.0	66.7	-	33.3	100.0
Nalanda	60.0	71.4	14.3	14.3	100.0
Begusarai	80.0	100.0	-	-	100.0
Saharsa	50.0	75.0	25.0	-	100.0
Sitamarhi	60.0	100.0	-	-	100.0
Distance to block headquarters					
0 – 4 kms	73.3	100.0	-	-	100.0
5 – 8 kms	86.7	83.3	8.3	8.3	100.0
9 – 12 kms	36.4	75.0	25.0	-	100.0
> 12 kms	33.3	50.0	-	50.0	100.0
Mukhiya's religion and caste					
Upper caste	62.5	90.0	-	10.0	100.0
Upper backward caste	76.9	80.0	-	20.0	100.0
Lower backward caste (H+M)	50.0	100.0	-	-	100.0
Scheduled caste	44.4	75.0	25.0	-	100.0
Muslim	66.7	75.0	25.0	-	100.0
Mukhiya's gender					
Male	51.9	86.7	-	13.3	100.0
Female	73.9	81.3	12.5	6.3	100.0
All GPs	62.0	83.9	6.5	9.7	100.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.05 Information on the conditions of Panchayat Bhavans functioning as an office

Characteristics	Average number of rooms	Per cent of GPs with functioning office having		
		Roof in good condition	Toilet	Meeting hall
District				
Bhojpur	1.3	80.0	20.0	30.0
Nalanda	2.0	100.0	50.0	50.0
Begusarai	1.8	80.0	70.0	70.0
Saharsa	1.3	60.0	30.0	30.0
Sitamarhi	2.0	70.0	60.0	60.0
Distance of GP from block headquarters				
0 – 4 kms	1.6	73.3	40.0	73.3
5 – 8 kms	1.7	80.0	53.3	40.0
9 – 12 kms	1.6	72.7	36.4	27.3
> 12 kms	1.8	88.9	55.6	44.4
Mukhiya's religion and caste				
Upper caste	1.7	75.0	50.0	50.0
Upper backward caste	1.8	84.6	61.5	46.2
Lower backward caste (H+M)	2.0	100.0	66.7	66.7
Scheduled caste	1.6	77.8	11.1	44.4
Muslim	1.2	50.0	33.3	33.3
Mukhiya's gender				
Male	1.8	81.5	55.6	44.4
Female	1.5	73.9	34.8	52.2
All GPs	1.7	78.0	46.0	48.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.06 Information on availability of furniture and fixtures in GP offices

Characteristics	Average number per GP office			Per cent of GPs reporting current availability as adequate regarding		
	Tables	Chairs	Almirah	Tables	Chairs	Almirah
District						
Bhojpur	0.8	8.2	1.2	-	10.0	0.0
Nalanda	1.2	11.1	0.7	10.0	30.0	10.0
Begusarai	1.1	9.3	1.0	50.0	50.0	50.0
Saharsa	0.9	6.3	0.6	-	-	-
Sitamarhi	1.2	12.2	1.0	20.0	40.0	20.0
Distance from block headquarters						
0 – 4 kms	1.1	10.9	0.9	33.3	40.0	33.3
5 – 8 kms	1.0	10.6	0.8	20.0	26.7	13.3
9 – 12 kms	1.2	6.8	1.0	-	9.1	0.0
> 12 kms	0.9	8.1	1.0	-	22.2	11.1
Mukhiya's religion and caste						
Upper caste	0.7	9.1	0.9	6.3	18.8	12.5
Upper backward caste	1.2	11.1	1.0	30.8	53.8	30.8
Lower backward caste (H+M)	1.3	11.0	0.8	16.7	-	-
Scheduled caste	1.1	7.4	0.7	11.1	11.1	-
Muslim	1.2	8.2	1.0	16.7	33.3	33.3
Mukhiya's gender						
Male	0.9	8.9	1.0	18.5	25.9	18.5
Female	1.2	10.0	0.8	13.0	26.1	13.0
All GPs	1.0	9.4	0.9	16.0	26.0	16.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.07 Summary of employees, responsibilities, and terms of employment

Level of government	Employee
Gram Panchayat	Panchayat Sachiv: 1. Appointed by GoB. 2. Enjoys a timescale of pay Panchayat Rozgar Sevak: 1. Appointed by the Department of Rural Development. 2. Works only for NREGA. 3. Has a consolidated monthly pay of Rs. 3,000 which is low pay by any standard. Nyay Mitra: 1. Appointed by GoB. 2. Attempts to settle legal disputes at the local level. 3. Has a consolidated monthly pay of Rs. 2,000, which is low pay by any standard.
Panchayat Samiti	1. All the work is done by the BDO office. There are no separate appointments for PS work. 2. For NREGA related work, there are three appointments, all working under the BDO and appointed by GoB. Programme officer: consolidated pay Rs. 20,000 per month. Accountant: consolidated pay Rs 8,000 per month. Panchayat technical assistant: consolidated pay Rs. 3,000 per month.
Zilla Parishad	1. They have their own human resources, with about 80-100 sanctioned posts. 2. Many posts are vacant, and the actual number of employees in our sample varies from 22 in Saharsa to 56 in Sitamarhi.

Table 4.08 Average number of Gram Panchayat employees and per cent female

Characteristics	Average number of employees	Per cent female			
		Panchayat Sachiv	Rozgar Sevak	Technical Assistants	Nyay Mitra
District					
Bhojpur	3.1	-	-	-	-
Nalanda	3.6	-	50.0	-	16.7
Begusarai	4.4	-	-	-	50.0
Saharsa	3.7	-	-	-	57.1
Sitamarhi	4.5	-	-	20.0	-
Distance from block headquarters					
0 – 4 kms	4.1	-	13.3	0.0	12.5
5 – 8 kms	3.9	-	13.3	6.7	12.5
9 – 12 kms	3.9	-	9.1	0.0	28.6
> 12 kms	3.3	-	0.0	11.1	60.0
Mukhiya's religion and caste					
Upper caste	3.9	-	12.5	6.3	45.5
Upper backward caste	3.8	-	7.7	0.0	25.0
Lower backward caste (H+M)	4.0	-	0.0	0.0	0.0
Scheduled caste	3.9	-	22.2	11.1	0.0
Muslim	3.8	-	0.0	0.0	33.3
Mukhiya's gender					
Male	3.9	-	14.8	3.7	20.0
Female	3.9	-	4.3	4.3	30.8
All GPs	3.9	-	10.0	4.0	24.8

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.09 Profile of Gram Panchayat employees

Characteristics	Average Age	Average length of service	Average number of GPs served
Panchayat Sachiv			
Bhojpur	49.8	14.5	1.9
Nalanda	45.8	7.0	1.6
Begusarai	44.9	3.8	1.9
Saharsa	45.8	12.5	1.6
Sitamarhi	44.7	12.0	1.2
Rozgar Sevak			
Bhojpur	30.1	2.0	1.3
Nalanda	28.4	1.5	1.2
Begusarai	29.9	1.5	1.9
Saharsa	29.0	2.0	1.2
Sitamarhi	27.0	1.9	1.5
Technical Assistants			
Bhojpur	32.0	2.0	11.9
Nalanda	42.1	1.0	1.3
Begusarai	33.2	1.4	7.8
Saharsa	32.0	2.0	7.4
Sitamarhi	32.0	1.6	9.1
Nyay Mitra			
Bhojpur	31.3	2.0	1.0
Nalanda	36.0	1.2	1.2
Begusarai	35.8	1.0	1.0
Saharsa	36.6	1.6	1.0
Sitamarhi	40.6	1.5	1.0

Source: Bihar PRI survey data
Note: Sample size is 50 GPs.

Table 4.10 **Distribution of Panchayat Sachivs and Rozgar Sevaks, by education (per cent)**

Educational level	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
Panchayat Sachivs						
Passed secondary	50.0	10.0	44.4	40.0	20.0	32.7
Passed higher secondary	30.0	60.0	33.3	20.0	30.0	34.7
Graduate and above	20.0	30.0	22.2	40.0	50.0	32.7
Rozgar Sevak						
Passed secondary	-	-	-	10.0	10.0	4.0
Passed higher secondary	10.0	40.0	-	-	10.0	12.0
Graduate and above	90.0	60.0	100.0	90.0	80.0	84.0
Technical Assistant						
Passed higher secondary	-	16.7	0.0	10.0	20.0	8.7
Graduate and above	100.0	83.3	100.0	90.0	80.0	91.3
Nyay Mitra						
Passed higher secondary	-	-	-	14.3	12.5	7.4
Graduate and above	100.0	100.0	100.0	85.7	87.5	92.6

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.11 Distribution of non-NREGA project related responsibilities, by district

Responsible functionary	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
	Project planning and budgeting					
Mukhiya	-	30.0	20.0	10.0	20.0	16.0
Rozgar Sevak	-	-	10.0	-	10.0	4.0
Mukhiya + Rozgar Sevak	-	50.0	20.0	40.0	70.0	36.0
TA/AE[1]	100.0	20.0	50.0	50.0	-	44.0
Programme Officer	-	-	-	-	-	-
	Supervision of work					
Mukhiya	-	50.0	-	-	-	10.0
Rozgar Sevak	-	-	-	-	-	-
Mukhiya + Rozgar Sevak	-	20.0	-	-	50.0	14.0
TA/AE[1]	10.0	30.0	90.0	-	50.0	36.0
Programme Officer	90.0	-	10.0	100.0	-	40.0
	Maintenance of records and accounts					
Mukhiya	-	20.0	10.0	-	10.0	8.0
Rozgar Sevak	60.0	20.0	50.0	100.0	60.0	58.0
Mukhiya + Rozgar Sevak	40.0	60.0	30.0	-	30.0	32.0
TA/AE[1]	-	-	10.0	-	-	2.0
Programme Officer	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.
  [1]TA/AE = technical assistant/assistant engineer.

Table 4.12 Distribution of non-NREGA related responsibilities, by district

Responsible functionary	Distance to block office (kms) (all figures in per cent)				
	0 – 4	5 – 8	9 – 12	> 12	All
Project planning and budgeting					
Mukhiya	20.0	20.0	0.0	22.2	16.0
Rozgar Sevak	-	6.7	9.1	0.0	4.0
Mukhiya + Rozgar Sevak	46.7	26.7	45.5	22.2	36.0
TA/AE[1]	33.3	46.7	45.5	55.6	44.0
Programme Officer	-	-	-	-	-
Supervision of work					
Mukhiya	6.7	6.7	18.2	11.1	10.0
Rozgar Sevak	-	-	-	-	-
Mukhiya + Rozgar Sevak	13.3	20.0	9.1	11.1	14.0
TA/AE[1]	53.3	33.3	36.4	11.1	36.0
Programme Officer	26.7	40.0	36.4	66.7	40.0
Maintenance of records and accounts					
Mukhiya	20.0	-	9.1	0.0	8.0
Rozgar Sevak	40.0	60.0	63.6	77.8	58.0
Mukhiya + Rozgar Sevak	33.3	40.0	27.3	22.2	32.0
TA/AE[1]	6.7	-	-	-	2.0
Programme Officer	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.
[1] TA/AE = technical assistant/assistant engineer.

Table 4.13 Distribution of NREGA-related responsibilities of GPs, by district (per cent)

Responsible functionary	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
Project planning and budgeting						
Mukhiya	20.0	60.0	-	20.0	-	20.0
Rozgar Sevak	-	-	40.0	-	30.0	14.0
Mukhiya + Rozgar Sevak	-	-	-	-	-	-
TA/AE[1]	80.0	30.0	60.0	80.0	70.0	64.0
Programme Officer	-	10.0	-	-	-	2.0
Others	-	-	-	-	-	-
Supervision of work						
Mukhiya	-	-	-	-	-	-
Rozgar Sevak	-	-	10.0	-	-	2.0
Mukhiya + Rozgar Sevak	-	-	-	-	-	-
TA/AE[1]	30.0	50.0	80.0	10.0	30.0	40.0
Programme Officer	50.0	50.0	10.0	70.0	70.0	50.0
Others	20.0	-	-	20.0	-	8.0
Maintenance of records and accounts						
Mukhiya	-	10.0	10.0	-	-	4.0
Rozgar Sevak	100.0	90.0	60.0	80.0	50.0	76.0
Mukhiya + Rozgar Sevak	-	-	30.0	20.0	-	10.0
TA/AE	-	-	-	-	50.0	10.0
Programme Officer	-	-	-	-	-	-
Others	-	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.
[1]TA/AE = technical assistant/assistant engineer.

Table 4.14 Distribution of NREGA-related responsibilities of GPs, by district (per cent)

Responsible functionary	Distance to block office (kms)				
	0 – 4	5 – 8	9 – 12	> 12	All
	Project planning and budgeting				
Mukhiya	13.3	13.3	36.4	22.2	20.0
Rozgar Sevak	26.7	6.7	9.1	11.1	14.0
Mukhiya + Rozgar Sevak	-	-	-	-	-
TA/AE[1]	60.0	80.0	45.5	66.7	64.0
Programme Officer	-	-	9.1	-	2.0
Others	-	-	-	-	-
	Supervision of work				
Mukhiya	-	-	-	-	-
Rozgar Sevak	6.7	-	-	-	2.0
Mukhiya + Rozgar Sevak	-	-	-	-	-
TA/AE[1]	53.3	40.0	36.4	22.2	40.0
Programme Officer	33.3	46.7	63.6	66.7	50.0
Others	6.7	13.3	-	11.1	8.0
	Maintenance of records and accounts				
Mukhiya	6.7	-	9.1	-	4.0
Rozgar Sevak	66.7	66.7	90.9	88.9	76.0
Mukhiya + Rozgar Sevak	13.3	13.3	-	11.1	10.0
TA/AE[1]	13.3	20.0	-	-	10.0
Programme Officer	-	-	-	-	-
Others	-	-	-	-	-
Total	100.0	100.0	100.0	100.0	100.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.
          [1]TA/AE = technical assistant/assistant engineer.

Table 4.15 Distribution of administrative and quasi-judicial responsibilities, by district (per cent)

Responsible functionary	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
	Responsibility for general administration					
Mukhiya	60.0	80.0	-	30.0	60.0	46.0
Panchayat Sachiv	-	-	-	-	-	-
Mukhiya + Panchayat Sachiv	40.0	20.0	100.0	70.0	40.0	54.0
	Responsibility for agenda and minutes					
Mukhiya	-	10.0	-	-	-	2.0
Panchayat Sachiv	100.0	50.0	50.0	100.0	90.0	78.0
Mukhiya + Panchayat Sachiv	-	40.0	50.0	-	10.0	20.0
	Responsibility for preparation of annual plan					
Mukhiya	100.0	50.0	20.0	20.0	10.0	40.0
Panchayat Sachiv	-	-	-	-	30.0	6.0
Mukhiya + Panchayat Sachiv	-	50.0	80.0	80.0	60.0	54.0
	Responsibility for quasi-judicial functions					
Mukhiya	-	-	10.0	10.0	-	4.0
Sarpanch	-	50.0	10.0	20.0	20.0	20.0
Mukhiya + Sarpanch	100.0	50.0	80.0	70.0	80.0	76.0
Total	100.0	100.0	100.0	100.0	100.0	100.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.16 Mukhiya's training

Characteristics	Average number of programmes attended	Average number of training days	Per cent of Mukhiyas trained in		
			General administration	Financial administration	Project implementation
District					
Bhojpur	2.3	4.3	80.0	80.0	80.0
Nalanda	4.0	7.1	90.0	90.0	100.0
Begusarai	2.8	3.7	100.0	100.0	100.0
Saharsa	3.2	6.8	100.0	100.0	90.0
Sitamarhi	3.5	5.0	100.0	100.0	100.0
Distance to block headquarters					
0 – 4 kms	2.9	4.6	100.0	100.0	100.0
5 – 8 kms	2.8	3.8	86.7	86.7	93.3
9 – 12 kms	5.2	10.7	90.9	90.9	81.8
> 12 kms	2.0	3.2	100.0	100.0	100.0
Mukhiya's religion and caste					
Upper caste	2.9	6.0	100.0	100.0	93.8
Upper backward caste	4.0	6.3	92.3	92.3	92.3
Lower backward caste (H+M)	1.5	2.2	100.0	100.0	100.0
Scheduled caste	3.3	4.6	77.8	77.8	88.9
Muslim	3.8	6.3	100.0	100.0	100.0
Mukhiya's gender					
Male	3.2	6.8	96.3	96.3	96.3
Female	3.1	3.8	91.3	91.3	91.3
All GPs	3.2	5.4	94.0	94.0	94.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.17 Training of Ward Members, Sarpanchs, and Panchs

Characteristics	Ward Members				Sarpanchs		Panchs	
	Average number of training programmes arranged	Average number of training days	Average. number attending at least 1 training	Average number attending all trainings	Average number of training programmes attended	Average number of training days	Average number of training programmes attended	Average number of training days
District								
Bhojpur	1.5	2.2	8.3	8.3	1.3	3.2	1.0	1.0
Nalanda	2.1	3.0	6.8	5.9	2.8	4.5	1.7	4.3
Begusarai	1.9	2.8	8.7	7.9	1.0	1.0	1.0	2.0
Saharsa	1.7	1.7	6.1	6.1	1.0	1.0	1.0	1.0
Sitamarhi	3.1	4.6	12.4	11.0	1.0	3.0	1.0	3.0
Distance to block headquarters								
0 – 4 kms	2.5	4.2	13.3	12.9	2.3	3.7	0.0	5.0
5 – 8 kms	1.4	1.7	7.5	6.9	1.3	3.0	1.2	2.6
9 – 12 kms	3.2	3.6	7.2	6.3	3.0	5.5	1.8	4.8
> 12 kms	1.5	2.3	4.9	4.5	1.4	2.2	1.0	2.0
Mukhiya's religion and caste								
Upper caste	1.7	1.9	7.6	7.0	1.9	3.5	1.3	3.3
Upper backward caste	2.0	2.8	6.0	4.9	2.4	4.4	1.8	4.6
Lower backward caste (H+M)	1.5	2.5	11.5	12.0	1.0	2.0	1.0	3.0
Scheduled caste	2.8	3.2	8.8	7.7	1.0	2.0	1.0	1.0
Muslim	3.2	6.2	11.8	10.5	0.0	-	-	-
Mukhiya's gender								
Male	2.5	3.7	7.9	6.7	2.2	3.5	1.4	3.6
Female	1.6	1.9	9.4	9.2	1.3	3.3	1.3	3.0
All GPs	2.1	2.8	8.5	7.8	1.4	2.5	1.1	2.3

Source: Bihar PRI survey data. Note: Sample size is 50 GPs.

Table 4.18 Training of Panchayat Sachivs

Characteristics	Average number of programmes attended	Average number of training days	Per cent trained in		
			General administration	Financial administration	Project implementation
District					
Bhojpur	1.5	60.9	100.0	100.0	100.0
Nalanda	2.5	31.9	100.0	100.0	100.0
Begusarai	2.7	32.3	100.0	100.0	100.0
Saharsa	1.3	80.0	90.0	90.0	90.0
Sitamarhi	1.4	37.8	71.4	71.4	71.4
Distance to block headquarters					
0 – 4 kms	2.0	45.4	100.0	100.0	100.0
5 – 8 kms	2.6	52.1	83.3	83.3	83.3
9 – 12 kms	1.1	57.3	100.0	100.0	100.0
> 12 kms	1.1	63.9	85.7	85.7	85.7
Mukhiya 's religion and caste					
Upper caste	1.5	63.0	100.0	100.0	100.0
Upper backward caste	1.3	45.5	100.0	100.0	100.0
Lower backward caste (H+M)	1.3	60.7	60.0	60.0	60.0
Scheduled caste	3.1	41.3	100.0	100.0	100.0
Muslim	1.4	59.2	80.0	80.0	80.0
Mukhiya's gender					
Male	1.4	39.3	85.0	85.0	85.0
Female	2.1	69.0	100.0	100.0	100.0
All GPs	1.9	48.6	92.3	92.3	92.3

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.19 Training of Rozgar Sevaks

Characteristics	Average number of programmes attended	Average number of training days	Per cent trained in		
			General administration	Financial administration	Project implementation
District					
Bhojpur	1.9	34.7	40.0	100.0	100.0
Nalanda	2.1	32.4	70.0	70.0	90.0
Begusarai	2.3	32.8	90.0	100.0	100.0
Saharsa	1.1	30.8	70.0	80.0	70.0
Sitamarhi	2.4	32.9	80.0	100.0	100.0
Distance to block headquarters					
0 – 4 kms	2.1	32.6	86.7	93.3	86.7
5 – 8 kms	1.9	31.9	60.0	86.7	100.0
9 – 12 kms	1.9	32.3	81.8	90.9	90.9
> 12 kms	1.9	34.9	44.4	88.9	88.9
Mukhiya's religion and caste					
Upper caste	1.7	31.9	81.3	93.8	100.0
Upper backward caste	2.0	32.2	76.9	100.0	100.0
Lower backward caste (H+M)	2.2	32.3	66.7	100.0	83.3
Scheduled caste	2.4	35.8	44.4	77.8	88.9
Muslim	1.7	31.8	66.7	66.7	66.7
Mukhiya's gender					
Male	2.1	33.2	66.7	88.9	92.6
Female	1.8	32.2	73.9	91.3	91.3
All GPs	2.0	32.7	70.0	90.0	92.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.20 Training of technical assistants

Characteristics	Average number of programmes attended	Average number of training days	Per cent trained in		
			General administration	Financial administration	Project implementation
District					
Bhojpur	2.6	34.4	40.0	50.0	40.0
Nalanda	2.8	74.3	30.0	30.0	30.0
Begusarai	4.1	35.9	80.0	80.0	80.0
Saharsa	1.0	30.0	50.0	60.0	60.0
Sitamarhi	2.7	23.3	20.0	30.0	30.0
Distance to block headquarters					
0 – 4 kms	3.1	32.0	60.0	66.7	66.7
5 – 8 kms	3.0	34.4	40.0	46.7	40.0
9 – 12 kms	1.8	52.0	36.4	36.4	36.4
> 12 kms	1.8	42.6	33.3	44.4	44.4
Mukhiya's religion and caste					
Upper caste	2.3	32.7	62.5	68.8	68.8
Upper backward caste	3.5	54.4	53.8	61.5	53.8
Lower backward caste (H+M)	1.0	30.0	16.7	16.7	16.7
Scheduled caste	2.5	34.8	33.3	33.3	33.3
Muslim	2.3	23.3	16.7	33.3	33.3
Mukhiya's gender					
Male	2.7	42.1	40.7	40.7	40.7
Female	2.5	34.6	47.8	60.9	56.5
All GPs	2.6	39.6	44.0	50.0	48.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

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Table 4.21 Training of Nyay Mitras

Characteristics of GP	Average number of programmes attended	Average number of training days	Percentage of Nyay Mitras trained in		
			General. Administration	Financial. administration	Project Implementation
District					
Bhojpur	1.0	3.0	12.5	12.5	12.5
Nalanda	3.0	8.0	100.0	66.7	66.7
Begusarai	-	0.0	-	-	-
Saharsa	1.0	1.0	12.5	12.5	12.5
Sitamarhi	-	-	-	-	-
Distance to block headquarters					
0 – 4 kms	-	-	-	-	-
5 – 8 kms	1.0	3.0	25.0	25.0	25.0
9 – 12 kms	3.0	3.0	33.3	33.3	33.3
> 12 kms	1.0	11.0	16.7	12.5	12.5
Mukhiya's religion and caste					
Upper caste	1.0	2.0	20.0	18.2	18.2
Upper backward caste	5.0	5.0	50.0	33.3	33.3
Lower backward caste (H+M)	-	-	25.0	25.0	25.0
Scheduled caste	1.0	11.0	-	-	-
Muslim	-	-	-	-	-
Mukhiya's gender					
Male	2.3	5.7	30.0	25.0	25.0
Female	1.0	3.0	12.5	12.5	12.5
All GPs	1.0	2.4	25.0	18.3	18.3

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.22 Average number of activities undertaken by GPs, by Mukhiya's education

District	Education of Mukhiya	Number of GPs	Production related	Infrastructure related	Development related
			Average number of activities undertaken		
Bhojpur	Passed primary or below	4	1.3	2.8	4.5
	Passed secondary	4	1.5	3.3	4.8
	Passed higher secondary or above	2	1.0	2.5	5.0
	Total	10	1.3	2.9	4.7
Nalanda	Passed primary or below	2	1.5	3.5	5.5
	Passed secondary	4	2.0	4.0	5.8
	Passed higher secondary or above	4	1.8	4.3	6.5
	Total	10	1.8	4.0	6.0
Begusarai	Passed primary or below	4	1.5	3.0	6.0
	Passed secondary	1	1.0	2.0	6.0
	Passed higher secondary or above	5	2.8	3.2	5.6
	Total	10	2.1	3.0	5.8
Saharsa	Passed primary or below	5	0.6	2.4	5.6
	Passed secondary	4	0.3	2.5	3.8
	Passed higher secondary or above	1	4.0	4.0	7.0
	Total	10	0.8	2.6	5.0
Sitamarhi	Passed primary or below	5	1.4	2.6	5.6
	Passed secondary	3	1.0	3.7	6.0
	Passed higher secondary or above	2	1.0	4.0	4.0
	Total	10	1.2	3.2	5.4
All	Passed primary or below	20	1.2	2.8	5.5
	Passed secondary	16	1.2	3.3	5.1
	Passed higher secondary or above	14	2.1	3.6	5.6
	Total	50	1.4	3.1	5.4

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.23 Average number of activities undertaken by GPs, by Mukhiya's number of terms

| District | Mukhiya's number of terms | Number of GPs | Average number of activities undertaken | | |
			Production related	Infrastructure related	Development related
Bhojpur	One term	10	1.3	2.9	4.7
	More than 1 term	-	-	-	-
	Total	10	1.3	2.9	4.7
Nalanda	One term	7	1.9	4.0	6.1
	More than 1 term	3	1.7	4.0	5.7
	Total	10	1.8	4.0	6.0
Begusarai	One term	6	2.5	3.2	5.8
	More than 1 term	4	1.5	2.8	5.8
	Total	10	2.1	3.0	5.8
Saharsa	One term	10	0.8	2.7	4.8
	More than 1 term	-	-	-	-
	Total	10	0.8	2.7	4.8
Sitamarhi	One term	8	1.3	3.0	5.8
	More than 1 term	2	1.0	4.0	4.0
	Total	10	1.2	3.2	5.4
All	One term	41	1.5	3.1	5.4
	More than 1 term	9	1.4	3.3	5.5
	Total	50	1.4	3.1	5.4

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.24 Average number of activities undertaken by GPs, by distance to block office

District	Distance to the block office	Number of GPs	Average number of activities undertaken		
			Productivity related	Infrastructure related	Development related
Bhojpur	0 – 8 kms	6	1.50	2.33	5.33
	More than 8 kms	4	1.00	3.75	3.75
	Total	10	1.30	2.90	4.70
Nalanda	0 – 8 kms	4	1.50	4.00	5.75
	More than 8 kms	6	2.00	3.83	6.17
	Total	10	1.80	3.90	6.00
Begusarai	0 – 8 kms	9	1.78	3.00	5.78
	More than 8 kms	1	5.00	3.00	6.00
	Total	10	2.10	3.00	5.80
Saharsa	0 – 8 kms	3	0.67	2.33	4.67
	More than 8 kms	7	0.86	2.71	5.14
	Total	10	0.80	2.60	5.00
Sitamarhi	0 – 8 kms	8	1.50	3.38	5.25
	More than 8 kms	2	0.00	2.00	6.00
	Total	10	1.20	3.10	5.40
All Districts	0 – 8 kms	30	1.50	3.03	5.43
	More than 8 kms	20	1.35	3.20	5.30
	Total	50	1.44	3.10	5.38

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 4.25 Average number of activities undertaken by GPs, by availability of Bhavan

| District | Is Panchayat Bhavan used as Panchayat Office? | Number of GPs | Average number of activities undertaken | | |
			Production related	Infrastructure related	Development related
Bhojpur	Yes	2	3.0	1.5	5.0
	No	8	0.9	3.3	4.6
	Total	10	1.3	2.9	4.7
Nalanda	Yes	4	1.3	4.0	5.3
	No	6	2.2	4.0	6.5
	Total	10	1.8	4.0	6.0
Begusarai	Yes	6	2.0	2.8	6.2
	No	4	2.3	3.3	5.3
	Total	10	2.1	3.0	5.8
Saharsa	Yes	4	0.3	2.3	3.5
	No	6	1.2	2.8	6.0
	Total	10	0.8	2.6	5.0
Sitamarhi	Yes	6	1.5	3.8	5.0
	No	4	0.8	2.3	6.0
	Total	10	1.2	3.2	5.4
All Districts	Yes	22	1.5	3.1	5.1
	No	28	1.4	3.2	5.6
	Total	50	1.4	3.1	5.4

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 5.01 Average number of programmes and expenditures per GP and per capita

Item	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
2006-07						
Average number of programmes per GP	12.6	19.7	5.3	7.6	10.7	11.2
Average expenditure per GP (Rs. 000)	693.1	1274.3	348.2	366.1	975.4	731.4
Average expenditure per programme (Rs. 000)	51.0	69.8	103.8	72.6	66.7	72.6
Average expenditure per capita (Rs)	59.6	134.3	26.8	38.4	77.2	67.3
2007-08						
Average number of programmes per GP	7.9	11.0	6.6	10.9	9.2	9.1
Average expenditure per GP (Rs. 000)	407.1	843.4	502.1	857.6	801.1	682.3
Average expenditure per programme (Rs. 000)	48.7	92.7	74.1	82.6	102.1	80.4
Average expenditure per capita (Rs)	33.3	87.0	44.7	81.1	72.6	63.7
2008-09						
Average number of programmes per GP	16.8	9.9	13.7	14.1	28.4	16.6
Average expenditure per GP (Rs. 000)	1379.2	676.2	1071.4	1580.5	868.2	1115.1
Average expenditure per programme (Rs. 000)	82.7	89.9	109.2	137.4	38.7	91.6
Average expenditure per capita (Rs)	106.7	71.4	79.4	147.6	76.7	96.4

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 5.02 Average and per capita outlays for 6 important schemes, by district

District	Average outlay per GP (Rs. 000)			Average outlay per capita (Rs.)		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Bhojpur						
Indira Awas Yojana	28.2	76.2	71.6	2.2	6.2	5.4
Kanya Vivah Yojana	0.0	0.0	9.0	0.0	0.0	0.8
Total sanitation campaign	0.0	18.7	11.4	0.0	1.6	0.9
Old-age pension scheme	100.9	102.8	801.3	10.0	10.1	71.3
Laxmibai Pension Yojana	0.0	0.0	0.0	0.0	0.0	0.0
Pension of handicapped scheme	0.3	0.3	2.6	0.0	0.0	0.2
Total	129.4	198.0	895.9	12.2	17.9	78.6
Nalanda						
Indira Awas Yojana	20.5	133.3	93.3	2.3	15.0	9.7
Kanya Vivah Yojana	0.0	0.0	18.0	0.0	0.0	1.5
Total sanitation campaign	0.0	143.4	48.0	0.0	11.5	4.0
Old-age pension scheme	203.2	303.2	704.0	20.1	24.7	69.0
Laxmibai Pension Yojana	0.0	0.0	6.0	0.0	0.0	0.8
Pension of handicapped scheme	0.0	26.4	6.9	0.0	3.3	0.6
Total	223.7	606.3	876.2	22.5	54.5	85.6
Begusarai						
Indira Awas Yojana	69.0	95.9	59.4	5.2	6.9	4.5
Kanya Vivah Yojana	0.0	0.0	5.0	0.0	0.0	0.4
Total sanitation campaign	51.8	17.9	124.0	2.8	1.0	7.6
Old-age pension scheme	201.5	400.2	701.1	22.6	34.9	53.8
Laxmibai Pension Yojana	0.0	0.0	0.0	0.0	0.0	0.0
Pension of handicapped scheme	0.2	0.0	2.0	0.0	0.0	0.2
Total	322.5	514.0	891.5	30.6	42.8	66.5
Saharsa						
Indira Awas Yojana	77.0	165.1	184.3	7.8	16.3	19.0
Kanya Vivah Yojana	0.0	1.5	19.0	0.0	0.1	2.2
Total sanitation campaign	0.0	0.0	1.6	0.0	0.0	0.1
Old-age pension scheme	2.7	26.7	217.1	0.3	2.3	23.7
Laxmibai Pension Yojana	4.8	2.6	8.6	0.4	0.2	0.8
Pension of handicapped scheme	0.1	0.1	0.4	0.0	0.0	0.0
Total	84.6	196.0	431.0	8.5	19.0	46.0
Sitamarhi						
Indira Awas Yojana	41.9	112.3	88.2	4.1	9.8	6.7
Kanya Vivah Yojana	0.0	0.0	0.0	0.0	0.0	0.0
Total sanitation campaign	0.0	0.0	0.0	0.0	0.0	0.0
Old-age pension scheme	302.8	399.8	799.2	23.5	36.0	71.7
Laxmibai Pension Yojana	0.0	0.0	0.0	0.0	0.0	0.0
Pension of handicapped scheme	0.0	0.0	0.0	0.0	0.0	0.0
Total	344.7	512.1	887.4	27.6	45.7	78.4
Total						
Indira Awas Yojana	47.3	116.6	99.4	4.3	10.8	9.1
Kanya Vivah Yojana	0.0	0.3	10.2	0.0	0.0	1.0
Total sanitation campaign	10.4	36.0	37.0	0.6	2.8	2.5
Old-age pension scheme	162.2	246.5	644.5	15.3	21.6	57.9
Laxmibai Pension Yojana	1.0	0.5	2.9	0.1	0.0	0.3
Pension of handicapped scheme	0.1	5.4	2.4	0.0	0.7	0.2
Total	221.0	405.3	796.4	20.3	36.0	71.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 5.03 Average number of people recommended and benefitted per GP, by scheme

Scheme/Year		District					All
		Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	
Indira Awas Yojana							
2006-07	R	9.4	37.1	34.1	50.7	50.4	36.3
	B	13.0	14.7	32.4	46.9	22.8	26.0
2007-08	R	22.0	50.9	104.3	75.4	83.3	67.2
	B	27.9	15.3	51.9	72.1	38.2	41.1
2008-09	R	20.0	73.2	48.1	110.0	104.8	71.2
	B	20.4	26.9	34.4	92.8	118.9	58.7
Kanya Vivah Yojana							
2006-07	R	0.0	0.0	0.0	0.0	0.0	0.0
	B	0.0	0.0	0.0	0.0	0.0	0.0
2007-08	R	1.1	2.5	0.0	1.3	1.2	1.2
	B	0.0	1.4	0.0	0.3	0.0	0.3
2008-09	R	12.8	6.8	16.6	23.2	1.0	12.1
	B	2.1	0.0	1.2	5.4	0.0	1.7
Total Sanitation Campaign							
2006-07	R	0.0	0.0	35.0	0.0	0.0	7.0
	B	0.0	0.0	35.0	0.0	0.0	7.0
2007-08	R	7.5	3.8	21.5	0.0	0.0	6.6
	B	10.0	7.7	90.8	0.0	0.0	21.7
2008-09	R	0.0	27.2	207.8	0.0	0.0	47.0
	B	22.5	0.5	119.8	0.1	0.0	28.6

Source: Bihar PRI survey data.
Note: R = Recommended/B = Benefitted
Note: Sample size is 50 GPs.

Table 5.04 Average number of people recommended and benefitted per GP, by scheme

Scheme/Year		Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
				District			
Old-Age Pension Scheme							
2006-07	R	18.2	158.0	46.4	37.6	93.6	70.8
	B	109.7	232.4	215.8	25.9	331.7	183.1
2007-08	R	67.1	167.0	51.6	107.8	82.8	95.3
	B	128.9	334.3	405.8	85.0	423.6	275.5
2008-09	R	182.4	247.2	54.8	163.7	149.6	159.5
	B	809.7	722.8	513.2	290.3	799.2	627.0
Laxmibai Pension Yojana							
2006-07	R	2.4	0.0	0.0	2.4	1.1	1.2
	B	0.0	0.0	0.0	2.4	0.0	0.5
2007-08	R	2.4	2.2	1.5	4.6	1.4	2.4
	B	0.0	0.0	0.0	2.6	0.0	0.5
2008-09	R	15.2	68.7	25.7	50.6	78.9	47.8
	B	0.0	7.0	3.0	6.8	0.0	3.4
Pension for Handicapped Scheme							
2006-07	R	1.8	8.6	7.0	4.2	2.3	4.8
	B	1.6	0.3	0.8	0.8	0.0	0.7
2007-08	R	3.0	19.0	3.5	6.8	3.4	7.1
	B	0.7	1.1	0.0	0.8	0.0	0.5
2008-09	R	15.2	33.1	23.3	15.4	12.5	19.9
	B	3.1	2.9	11.5	2.3	0.0	4.0

Source: Bihar PRI survey data.
Notes: 1. Sample size is 50 GPs.
2. R = Recommended/B = Benefitted.
3. GPs do not have any allocation for administrative purpose.
4. All salary payments are made by the BDO's office.
5. Main projects include: FC12, BRGF, and NREGA.
6. Teachers' salary for primary school are routed through the GPs.

Table 5.05 Average expenditure levels of GPs, by district

District	Expenditure head	Average expenditure per GP (Rs. 000)			Average expenditure per capita (Rs.)		
		2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
Bhojpur	Main projects	578.9	337.1	1295.7	48.7	27.7	100.7
	Other projects	27.4	46.7	15.8	2.3	3.7	1.4
	Teacher salary	316.4	643.2	470.5	23.7	51.7	37.1
	Total	922.7	1027.1	1782.0	74.8	83.1	139.2
Nalanda	Main projects	1126.7	844.3	655.8	120.6	86.1	68.7
	Other projects	68.6	120.1	177.9	6.0	12.2	21.8
	Teacher salary	104.4	207.4	156.7	10.2	19.7	15.0
	Total	1299.8	1171.7	990.4	136.8	118.0	105.5
Begusarai	Main projects	417.8	288.3	1021.8	30.5	20.6	76.1
	Other projects	42.2	136.6	52.6	2.3	11.1	4.1
	Teacher salary	274.3	557.0	356.0	23.8	38.1	29.2
	Total	734.3	981.9	1430.4	56.6	69.8	109.4
Saharsa	Main projects	359.6	838.5	1531.9	37.7	79.7	142.9
	Other projects	79.9	95.4	82.5	7.3	9.0	7.6
	Teacher salary	128.6	1190.1	949.1	12.5	107.8	90.6
	Total	568.0	2124.1	2563.5	57.5	196.4	241.1
Sitamarhi	Main projects	422.4	798.1	908.4	38.3	74.0	78.9
	Other projects	11.6	129.5	38.2	1.1	10.3	3.5
	Teacher salary	238.7	1407.0	597.5	21.0	114.9	46.2
	Total	672.7	2334.6	1544.1	60.4	199.2	128.6
Total	Main projects	581.1	621.3	1082.7	55.2	57.6	93.4
	Other projects	46.0	105.7	73.4	3.8	9.3	7.7
	Teacher salary	212.5	800.9	505.9	18.3	66.4	43.6
	Total	839.5	1527.9	1662.1	77.2	133.2	144.8

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 5.06 Average FC 12 programme expenditure per GP, by district (Rs. 1,000's)

District	Programme	2006-07	2007-08	2008-09
Bhojpur	Solar/vapour lights (new/repair)	0.0/(0.0)	33.4/(10.1)	158.9/(47.9)
	Drinking water (new/repair)	124.0/(33.6)	77.7/(23.5)	39.8/(12.0)
	Road (construction/repair)	39.1/(10.6)	46.0/(13.9)	27.9/(8.4)
	Building (construction/repair)	88.6/(24.0)	2.3/(0.7)	4.6/(1.4)
	Irrigation (new/repair)	19.2/(5.2)	30.4/(9.2)	20.6/(6.2)
	Sanitation work (new/repair)	98.2/(26.6)	140.8/(42.6)	79.9/(24.1)
	Others (new/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Total	369.0/(100.0)	330.6/(100.0)	331.7/(100.0)
Nalanda	Solar/vapour lights	172.9/(55.4)	164.8/(50.1)	65.8/(26.4)
	Drinking water (new/repair)	25.0/(8.0)	32.9/(10.0)	34.9/(14.0)
	Road (construction/repair)	29.0/(9.3)	0.0/(0.0)	66.8/(26.8)
	Building (construction/repair)	38.4/(12.3)	12.8/(3.9)	37.4/(15.0)
	Irrigation (new/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Sanitation work	46.8/(15.0)	96.4/(29.3)	44.4/(17.8)
	Others	0.0/(0.0)	20.4/(6.2)	0.0/(0.0)
	Total	312.1/(100.0)	329.0/(100.0)	249.3/(100.0)
Begusarai	Solar/vapour lights	143.9/(50.1)	244.0/(90.7)	320.2/(83.7)
	Drinking water (new/repair)	0.0/(0.0)	21.8/(8.1)	27.5/(7.2)
	Road (construction/repair)	70.1/(24.4)	3.2/(1.1)	20.3/(5.3)
	Building (construction/repair)	9.8/(3.4)	0.0/(0.0)	14.5/(3.8)
	Irrigation (new/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Sanitation work	7.8/(2.7)	0.0/(0.0)	0.0/(0.0)
	Others	55.7/(19.4)	0.0/(0.0)	0.0/(0.0)
	Total	287.3/(100.0)	269.0/(100.0)	382.5/(100.0)
Saharsa	Solar/vapour lights	317.7/(88.0)	378.0/(100.0)	349.8/(98.3)
	Drinking water (new/repair)	14.1/(3.9)	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	4.7/(1.3)	0.0/(0.0)	6.0/(1.7)
	Building (construction/repair)	24.5/(6.8)	0.0/(0.0)	0.0/(0.0)
	Irrigation (new/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Sanitation work	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Others	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Total	361.0/(100.0)	378.0/(100.0)	355.8/(100.0)
Sitamarhi	Solar/vapour lights	164.7/(47.2)	176.0/(50.9)	179.5/(59.5)
	Drinking water (new/repair)	105.4/(30.2)	92.7/(26.8)	69.4/(23.1)
	Road (construction/repair)	44.6/(12.8)	77.1/(22.3)	30.8/(10.2)
	Building (construction/repair)	9.4/(2.7)	0.0/(0.0)	0.0/(0.0)
	Irrigation (new/repair)	11.2/(3.2)	0.0/(0.0)	0.0/(0.0)
	Sanitation work	13.61/(3.9)	0.0/(0.0)	22.0/(7.3)
	Others	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Total	348.9/(100.0)	345.8/(100.0)	301.7/(100.0)
Total	Solar/vapour lights	166.3/(48.5)	212.6/(64.3)	220.8/(68.1)
	Drinking water (new/repair)	56.2/(16.4)	38.4/(11.6)	32.4/(10.0)
	Road (construction/repair)	40.5/(11.8)	19.2/(5.8)	28.8/(8.9)
	Building (construction/repair)	30.9/(9.0)	3.0/(0.9)	10.7/(3.3)
	Irrigation (new/repair)	6.2/(1.8)	10.2/(3.1)	3.9/(1.2)
	Sanitation work	29.8/(8.7)	47.3/(14.3)	27.6/(8.5)
	Others	13.0/(3.8)	0.0/(0.0)	0.0/(0.0)
	Total	342.9/(100.0)	330.7/(100.0)	324.2/(100.0)

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 5.07 Average NREGA programme expenditure per GP, by district (Rs. 1,000's)

District	Programmes	2006-07	2007-08	2008-09
Bhojpur	Solar/vapour lights	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Drinking water (new/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	98.7/(28.2)	35.5/(32.6)	281.1/(28.0)
	Building (construction/repair)	4.6/(1.3)	0.0/(0.0)	0.0/(0.0)
	Irrigation (new/repair)	148.8/(42.5)	52.1/(47.8)	452.8/(45.1)
	Sanitation work	98.0/(28.0)	21.3/(19.6)	269.1/(26.8)
	Others	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Total	350.0/(100.0)	108.3/(100.0)	1004.0/(100.0)
Nalanda	Solar/vapour lights	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Drinking water (new/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	137.3/(21.2)	140.0/(19.4)	85.7/(14.9)
	Building (construction/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Irrigation (new/repair)	496.7/(76.7)	581.4/(80.6)	489.6/(85.1)
	Sanitation work	6.5/(1.0)	0.0/(0.0)	0.0/(0.0)
	Others	6.5/(1.0)	0.0/(0.0)	0.0/(0.0)
	Total	647.6/(100.0)	721.4/(100.0)	575.3/(100.0)
Begusarai	Solar/vapour lights	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Drinking water (new/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	131.6/(58.0)	285.4/(90.9)	354.9/(50.2)
	Building (construction/repair)	0.0/(0.0)	0.3/(0.1)	0.0/(0.0)
	Irrigation (new/repair)	95.3/(42.0)	28.6/(9.1)	123.7/(17.5)
	Sanitation work	0.0/(0.0)	0.0/(0.0)	223.4/(31.6)
	Others	0.0/(0.0)	0.0/(0.0)	4.9/(0.7)
	Total	226.9/(100.0)	314.0/(100.0)	707.0/(100.0)
Saharsa	Solar/vapour lights	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Drinking water (new/repair)	6.6/(13.2)	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	22.3/(44.7)	314.3/(67.9)	773.4/(53.8)
	Building (construction/repair)	18.1/(36.3)	0.0/(0.0)	30.2/(2.1)
	Irrigation (new/repair)	0.0/(0.0)	75.9/(16.4)	628.2/(43.7)
	Sanitation work	2.9/(5.8)	61.6/(13.3)	0.0/(0.0)
	Others	0.0/(0.0)	11.1/(2.4)	5.8/(0.4)
	Total	49.8/(100.0)	462.9/(100.0)	1437.5/(100.0)
Sitamarhi	Solar/vapour lights	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Drinking water (new/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	216.8/(100.0)	261.6/(49.2)	325.1/(84.3)
	Building (construction/repair)	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Irrigation (new/repair)	0.0/(0.0)	159.0/(29.9)	18.9/(4.9)
	Sanitation work	0.0/(0.0)	111.1/(20.9)	41.6/(10.8)
	Others	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Total	216.8/(100.0)	531.7/(100.0)	385.6/(100.0)
All Districts	Solar/vapour lights	0.0/(0.0)	0.0/(0.0)	0.0/(0.0)
	Drinking water (new/repair)	2.3/(0.8)	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	81.0/(28.1)	185.9/(45.6)	373.1/(45.4)
	Building (construction/repair)	7.2/(2.5)	0.0/(0.0)	5.7/(0.7)
	Irrigation (new/repair)	177.0/(61.4)	169.6/(41.6)	323.8/(39.4)
	Sanitation work	18.7/(6.5)	49.7/(12.2)	117.5/(14.3)
	Others	2.0/(0.7)	2.4/(0.6)	1.6/(0.2)
	Total	288.3/(100.0)	407.7/(100.0)	821.9/(100.0)

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 5.08 Average BRGF programme expenditure under BRGF, by districts (Rs. 1,000's)

District	Programmes	2006-07	2007-08	2008-09
Bhojpur	Solar/vapour lights	—	57.9/(44.3)	177.0/(36.7)
	Drinking water (new/repair)	—	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	—	72.7/(55.7)	305.4/(63.3)
	Building (construction/repair)	—	0.0/(0.0)	0.0/(0.0)
	Irrigation (new/repair)	—	0.0/(0.0)	0.0/(0.0)
	Sanitation work	—	0.0/(0.0)	0.0/(0.0)
	Others	—	0.0/(0.0)	0.0/(0.0)
	Total	—	130.6/(100.0)	482.4/(100.0)
Nalanda	Solar/vapour lights	—	0.0/(0.0)	0.0/(0.0)
	Drinking water (new/repair)	—	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	—	0.0/(0.0)	0.0/(0.0)
	Building (construction/repair)	—	175.6/(70.0)	189.0/(85.0)
	Irrigation (new/repair)	—	0.0/(0.0)	0.0/(0.0)
	Sanitation work	—	75.2/(30.0)	33.3.0/(15.0)
	Others	—	0.0/(0.0)	0.0/(0.0)
	Total	—	250.8/(100.0)	222.3(100.0)
Begusarai	Solar/vapour lights	—	13.8/(39.3)	186.6/(46.0)
	Drinking water (new/repair)	—	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	—	0.9/(2.5)	0.0/(0.0)
	Building (construction/repair)	—	20.4/(58.2)	219.0/(54.0)
	Irrigation (new/repair)	—	0.0/(0.0)	0.0/(0.0)
	Sanitation work	—	0.0/(0.0)	0.0/(0.0)
	Others	—	0.0/(0.0)	0.0/(0.0)
	Total	—	35.0/(100.0)	405.6/(100.0)
Saharsa	Solar/vapour lights	—	44.8/(41.5)	34.7/5.6)
	Drinking water (new/repair)	—	0.0/(0.0)	0.0/(0.0)
	Road (construction/repair)	—	11.1/(10.3)	0.0/(0.0)
	Building (construction/repair)	—	52.1/(48.2)	585.2/(94.4)
	Irrigation (new/repair)	—	0.0/(0.0)	0.0/(0.0)
	Sanitation work	—	0.0/(0.0)	0.0/(0.0)
	Others	—	0.0/(0.0)	0.0/(0.0)
	Total	—	108.0/(100.0)	619.9/(100.0)
Sitamarhi	Solar/vapour lights	—	63.1/(42.8)	169.8/(50.5)
	Drinking water (new/repair)	—	14.9/(10.1)	66.3/(19.7)
	Road (construction/repair)	—	13.1/(8.9)	55.5/(16.5)
	Building (construction/repair)	—	0.0/(0.0)	0.0/(0.0)
	Irrigation (new/repair)	—	47.2/(32.0)	39.8/(11.8)
	Sanitation work	—	9.1/(6.2)	5.0/(1.5)
	Others	—	0.0/(0.0)	0.0/(0.0)
	Total	—	147.5/(100.0)	336.3/(100.0)
All Districts	Solar/vapour lights	—	35.9/(26.7)	113.5/(27.0)
	Drinking water (new/repair)	—	3.0/(2.2)	13.3/(3.2)
	Road (construction/repair)	—	19.6/(14.6)	72.2/(17.5)
	Building (construction/repair)	—	49.6/(36.9)	198.6/(48.6)
	Irrigation (new/repair)	—	9.4/(7.0)	8.0/(1.9)
	Sanitation work	—	16.9/(12.6)	7.32/(1.8)
	Others	—	0.0/(0.0)	0.0/(0.0)
	Total	—	134.4/(100.0)	413.3/(100)

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 5.09 Difficulties faced in implementation of projects

Reason volunteered by Panchayat Sachiv/(Mukhiya)	Number of Panchayat Sachivs/(Mukhiyas) giving this reason.[1]
Administrative reasons	
(i.) Official restrictions on the choice of programmes.	2/(2.6)
(ii.) Delay in sanctioning programmes.	1/(1.3)
(iii.) Delayed release of programme funds.	6/(7.7)
(iv.) System of payments through bank accounts for NREGA is cumbersome.	12/(15.4)
(v.) Lack of cooperation by government functionaries of the related departments.	6/(7.7)
Economic reasons	
(vi.) Current prices of goods required for programme implementation is higher than mentioned in government manuals.	12/(15.4)
(vii.) Land related problem, either non-availability or available land being under encroachment by some members of the rural elite.	13/(16.7)
(viii.) Poor roads in rural areas hampering mobility of Panchayat officials.	1/(1.3)
Social reasons	
(ix.) Pressure by the members of the rural elite while making choice of programme or during implementation.	7/(9.0)
(x.) Lack of social cohesion in the rural community.	10/(12.8)
Corruption-related reasons	
(xi.) Demand by the government officials for payment of bribes.	8/(10.3)
Total	78/(100.0)

Source: Bihar PRI survey data.
Notes: Sample size is 78 Mukhiyas and Panchayat Sachivs from the 50 sampled GPs.
[1]Number of Mukhiyas giving this reason is in parentheses.

Table 5.10 Administrative expenditures, by ZPs (Rs. 1,000's)

District	Expenditures			Number of employees
	2006-07	2007-08	2008-09	
Bhojpur	-	-	-	29
Nalanda	420	480	502	47
Begusarai	66	78	91	30
Saharsa	193	181	94	22
Sitamarhi	142	93	312	56
Average per district	160	208	250	33

Source: Bihar PRI survey data.
Note: Sample size is 5 ZPs.

Table 6.01 Total (per cent) allocation received by source, by Gram Panchayat

District	Allocations received (Rs. 1,000's)			
	FC12	NREGA	BRGF	Total
2006-07				
Bhojpur	375.0 (51.2)	358.0 (48.8)	-	733.0 (100.0)
Nalanda	323.0 (34.7)	607.0 (65.3)	-	930.0 (100.0)
Begusarai	309.0 (52.8)	276.0 (47.2)	-	585.0 (100.0)
Saharsa	361.0 (87.4)	52.0 (12.6)	-	413.0 (100.0)
Sitamarhi	341.0 (60.6)	222.0 (39.4)	-	563.0 (100.0)
All Districts	341.8 (54.9)	303.0 (48.7)	-	622.8 (100.0)
2007-08				
Bhojpur	342.0 (57.4)	112.0 (18.8)	142.0 (23.8)	596.0 (100.0)
Nalanda	341.0 (25.5)	712.0 (53.3)	282.0 (21.1)	1335.0 (100.0)
Begusarai	269.0 (41.1)	334.0 (51.1)	51.0 (7.8)	654.0 (100.0)
Saharsa	378.0 (40.8)	420.0 (45.4)	128.0 (13.8)	926.0 (100.0)
Sitamarhi	360.0 (36.0)	479.0 (47.9)	160.0 (16.0)	999.0 (100.0)
All Districts	338.0 (37.5)	411.4 (45.6)	152.6 (16.9)	902.0 (100.0)
2008-09				
Bhojpur	306.0 (16.8)	1,073.0 (59.0)	440.0 (24.2)	1,819.0 (100.0)
Nalanda	288.0 (26.2)	570.0 (51.9)	240.0 (21.9)	1,098.0 (100.0)
Begusarai	395.0 (26.1)	710.0 (46.9)	408.0 (27.0)	1,513.0 (100.0)
Saharsa	377.0 (14.9)	1,554.0 (61.3)	603.0 (23.8)	2,534.0 (100.0)
Sitamarhi	287.0 (29.3)	392.0 (40.0)	300.0 (30.6)	979.0 (100.0)
All Districts	330.6 (20.8)	859.8 (54.1)	398.2 (25.1)	1,588.6 (100.0)

Table 6.02 Twelfth Finance Commission funds received by GPs

Characteristics	Average amount received per GP (Rs. 000)			Average amount per capita received (Rs.)		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
District						
Bhojpur	375.0	342.0	306.0	32.2	29.0	25.6
Nalanda	323.0	341.0	288.0	32.1	33.1	28.4
Begusarai	309.0	269.0	395.0	24.3	21.2	31.7
Saharsa	361.0	378.0	377.0	35.7	36.4	37.8
Sitamarhi	341.0	360.0	287.0	30.6	32.9	26.0
Distance to block headquarters						
0 – 4 kms	317.3	298.7	322.7	35.4	24.0	25.5
5 – 8 kms	342.7	336.0	324.0	29.0	27.2	27.1
9 – 12 kms	376.4	343.6	375.5	37.1	33.6	38.7
> 12 kms	338.9	400.0	300.0	36.2	43.1	31.3
Mukhiya's religion and caste						
Upper caste	325.6	326.3	336.9	31.5	31.0	32.9
Upper backward caste	376.2	345.4	359.2	34.1	32.3	31.5
Lower backward caste	300.0	330.0	300.0	27.7	30.9	30.2
Scheduled caste	336.7	318.9	300.0	29.1	26.1	24.8
Muslims	360.0	390.0	328.3	28.8	31.4	26.1
Mukhiya's gender						
Male	335.2	353.0	325.9	33.1	34.3	31.8
Female	349.6	320.4	336.1	28.5	26.0	27.7
All GPs	341.8	338.0	330.6	31.0	30.5	29.9

Table 6.03 Allocation of Twelfth Finance Commission funds, by district

Information	FC-12 allocations		
	2006-07	2007-08	2008-09
Bhojpur			
Average allocation per GP (Rs. 000)	375.0	342.0	306.0
Average allocation per Capita (Rs.)	32.2	29.0	25.6
Standard deviation of per capita allocations	15.2	8.0	8.4
Coefficient of variation of per capita allocations	47.2	27.6	32.7
Nalanda			
Average allocation per GP (Rs. 000)	323.0	341.0	288.0
Average allocation per Capita (Rs.)	32.1	33.1	28.4
Standard deviation of per capita allocations	13.8	16.0	16.8
Coefficient of variation of per capita allocations	43.0	48.2	59.1
Begusarai			
Average allocation per GP (Rs. 000)	309.0	269.0	395.0
Average allocation per Capita (Rs.)	24.3	21.2	31.7
Standard deviation of per capita allocations	13.4	14.0	23.1
Coefficient of variation of per capita allocations	55.2	66.0	72.7
Saharsa			
Average allocation per GP (Rs. 000)	361.0	378.0	377.0
Average allocation per Capita (Rs.)	35.7	36.4	37.8
Standard deviation of per capita allocations	9.6	11.4	18.7
Coefficient of variation of per capita allocations	26.8	31.3	49.4
Sitamarhi			
Average allocation per GP (Rs. 000)	341.0	360.0	287.0
Average allocation per Capita (Rs.)	30.6	32.9	26.0
Standard deviation of per capita allocations	7.7	15.4	9.6
Coefficient of variation of per capita allocations	25.2	47.0	36.8
Total			
Average allocation per GP (Rs. 000)	341.8	338.0	330.6
Average allocation per Capita (Rs.)	31.0	30.5	29.9
Standard deviation of per capita allocations	12.3	13.8	16.3
Coefficient of variation of per capita allocations	39.8	45.2	54.3

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 6.04 National Rural Employment Guarantee Act funds received by GPs, by district

Characteristics	Average amount received per GP (Rs. 1000's)			Average amount received per capita (Rs.)		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
District						
Bhojpur	358	112	1,073	30.5	10.5	88.1
Nalanda	607	712	570	66.6	70.5	61.5
Begusarai	276	334	710	23.7	22.3	53.2
Saharsa	52	420	1,554	5.2	39.5	151.0
Sitamarhi	222	479	392	20.5	44.2	39.0
Distance to block headquarters						
0 – 4 kms	244.0	424.0	639.3	19.0	34.3	50.3
5 – 8 kms	310.7	342.7	995.3	28.1	30.2	82.8
9 – 12 kms	359.1	572.7	743.6	38.0	54.3	73.1
> 12 kms	320.0	307.8	1,143.3	37.8	34.0	125.3
Mukhiya's religion and caste						
Upper caste	257.5	264.4	1,141.3	24.3	28.9	108.2
Upper backward caste	413.8	571.5	880.0	42.8	52.0	83.7
Lower backward caste	241.7	353.3	545.0	25.8	31.6	50.8
Scheduled caste	356.7	450.0	664.4	31.7	36.6	53.8
Muslims	165.0	456.7	673.3	13.4	35.6	53.4
Mukhiya's gender						
Male	348.5	455.6	861.9	35.6	44.4	87.3
Female	249.6	359.6	857.4	21.8	29.3	68.3
All GPs	303.0	411.4	859.8	29.3	37.4	78.6

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 6.05 Allocations of the National Rural Employment Guarantee Act, by district

Information	NREGA allocations		
	2006-07	2007-08	2008-09
Bhojpur			
Average allocation per GP (Rs. 000)	358.0	112.0	1073.0
Average allocation per capita (Rs.)	30.5	10.5	88.1
Standard deviation of per capita allocation	20.5	29.6	34.0
Coefficient of variation of per capita allocations	67.4	281.2	38.6
Nalanda			
Average allocation per GP (Rs. 000)	607.0	712.0	570.0
Average allocation per capita (Rs.)	66.6	70.5	61.5
Standard deviation of per capita allocation	57.4	31.9	51.7
Coefficient of variation of per capita allocations	86.3	45.3	84.1
Begusarai			
Average allocation per GP (Rs. 000)	276.0	334.0	710.0
Average allocation per capita (Rs.)	23.7	22.3	53.2
Standard deviation of per capita allocation	32.1	21.4	29.4
Coefficient of variation of per capita allocations	135.5	95.8	55.3
Saharsa			
Average allocation per GP (Rs. 000)	52.0	420.0	1554.0
Average allocation per capita (Rs.)	5.2	39.5	151.0
Standard deviation of per capita allocation	11.9	15.1	60.4
Coefficient of variation of per capita allocations	229.3	38.2	40.0
Sitamarhi			
Average allocation per GP (Rs. 000)	222.0	479.0	392.0
Average allocation per capita (Rs.)	20.5	44.2	39.0
Standard deviation of per capita allocation	16.6	26.0	53.7
Coefficient of variation of per capita allocations	80.7	58.8	137.7
Total			
Average allocation per GP (Rs. 000)	303.0	411.4	859.8
Average allocation per capita (Rs.)	29.3	37.4	78.6
Standard deviation of per capita allocation	37.1	32.0	60.5
Coefficient of variation of per capita allocations	126.6	85.6	77.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 6.06 Backward Region Grant Funds received by GPs

Characteristics	Average amount received per GP (Rs. 000)			Average amount received per capita (Rs.)		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
District						
Bhojpur	-	142.0	440.0	-	13.9	37.1
Nalanda	-	282.0	240.0	-	26.8	27.0
Begusarai	-	51.0	408.0	-	3.0	32.4
Saharsa	-	128.0	603.0	-	13.0	59.2
Sitamarhi	-	160.0	300.0	-	17.2	25.1
Distance to block headquarters						
0 – 4 kms	-	60.0	377.3	-	5.9	29.5
5 – 8 kms	-	168.7	350.7	-	13.8	29.6
9 – 12 kms	-	87.3	520.9	-	8.2	52.7
> 12 kms	-	360.0	362.2	-	39.4	37.8
Mukhiya's religion and caste						
Upper caste	-	168.1	428.8	-	17.0	41.0
Upper backward caste	-	183.1	356.9	-	19.7	31.8
Lower backward caste	-	0.0	530.0	-	0.0	49.7
Scheduled caste	-	222.2	304.4	-	17.9	27.2
Muslims	-	93.3	415.0	-	8.3	32.8
Mukhiya's gender						
Male	-	180.4	407.0	-	18.2	40.5
Female	-	120.0	387.8	-	10.8	31.0
All GPs	-	152.6	398.2	-	14.8	36.2

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 6.07 Allocations under Backward Region Grant Fund, by district

Information	BRGF allocations		
	2006-07	2007-08	2008-09
Bhojpur			
Average allocation per GP (Rs. "000)	-	142.0	440.0
Average allocations per capita (Rs.)	-	13.9	37.1
Standard deviation of per capita allocations	-	22.5	21.1
Coefficient of Variation of per capita allocations	-	161.4	57.0
Nalanda			
Average allocation per GP (Rs. "000)	-	282.0	240.0
Average allocations per capita (Rs.)	-	26.8	27.0
Standard deviation of per capita allocations	-	25.6	30.2
Coefficient of variation of per capita allocations	-	95.5	111.7
Begusarai			
Average allocation per GP (Rs. "000)	-	51.0	408.0
Average allocations per capita (Rs.)	-	3.0	32.4
Standard deviation of per capita allocations	-	9.5	20.4
Coefficient of variation of per capita allocations	-	316.2	63.0
Saharsa			
Average allocation per GP (Rs. "000)	-	128.0	603.0
Average allocations per capita (Rs.)	-	13.0	59.2
Standard deviation of per capita allocations	-	28.2	31.9
Coefficient of variation of per capita allocations	-	218.0	53.8
Sitamarhi			
Average allocation per GP (Rs. "000)	-	160.0	300.0
Average allocations per capita (Rs.)	-	17.3	25.1
Standard deviation of per capita allocations	-	28.0	22.0
Coefficient of variation of per capita allocations	-	161.8	87.8
Total			
Average allocation per GP (Rs. "000)	-	152.6	398.2
Average allocations per capita (Rs.)	-	14.8	36.2
Standard deviation of per capita allocations	-	24.1	27.5
Coefficient of variation of per capita allocations	-	162.8	76.0

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 6.08 Mukhiya's opinion of the adequacy of transfers by source

Fund	Opinion	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
	Adequate	0	0	0	0	10	2
FC-12	Inadequate	70	90	70	80	60	74
	Very inadequate	30	10	30	20	30	24
	Adequate	10	10	30	20	10	16
NREGA	Inadequate	90	80	60	70	80	76
	Very inadequate	0	10	10	10	10	8
	Adequate	10	0	0	10	10	6
BRGF	Inadequate	80	70	100	70	70	78
	Very inadequate	10	30	0	20	20	16
Total		100	100	100	100	100	100

Table 6.09 Favoured heads of taxation, number favouring (per cent favouring in parentheses)

Tax heads	Bhojpur	Nalanda	Begusarai	Saharsa	Sitamarhi	All
Land revenue/additional	1/(5.0)	2/(10.0)	3/(15.0)	2/(10.0)	2/(10.0)	10/(10.0)
Agriculture/horticulture	4/(20.0)	3/(15.0)	1/(5.0)	0/(0.0)	0/(0.0)	10/(10.0)
Fishery	1/(5.0)	3/(15.0)	5/(25.0)	4/(20.0)	3/(15.0)	16/(16.0)
Poultry	0/(0.0)	1/(5.0)	1/(5.0)	0/(0.0)	0/(0.0)	2/(2.0)
Small/cottage Industries	1/(5.0)	0/(0.0)	0/(0.0)	0/(0.0)	0/(0.0)	1/(1.0)
Bricks kiln	3/(15.0)	0/(0.0)	2/(10.0)	0/(0.0)	3/(15.0)	8/(8.0)
Sand picking	0/(0.0)	2/(10.0)	0/(0.0)	0/(0.0)	0/(0.0)	2/(2.0
Brewery/toddy tapping	2 /(10.0)	1/(5.0)	0/(0.0)	1/(5.0)	1/(5.0)	5/(5.0)
Trade (general)	0/(0.0)	0/(0.0)	0/0.0)	5/(25.0)	0/(0.0)	5/(5.0)
Trade (food grains)	2/(10.)	1/(0.0)	0/(0.0)	0/(0.0)	0/(0.0)	3/(3.0)
Huts/mela	1/(5.0)	4/(20.0)	3/(15.0)	3/(15.0)	3/(15.0)	14/(14.0)
River Ghat	0/(0.0)	0/(0.0)	0/(0.0)	0/(0.0)	5/(25.0)	5/(5.0)
Vehicles	0/(0.0)	0/(0.0)	3/(15.0)	0/(0.0)	1/(5.0)	4/(4.0)
Money lending	1/(5.0)	0/(0.0)	0/(0.0)	0/(0.0)	0/(0.0)	1/(1.0)
Caste-based services	0/(0.0)	1/(5.0)	0/(0.0)	0/(0.0)	0/(0.0)	1/(1.0)
Income tax	0/(0.0)	0/(0.0)	0/(0.0)	1/(5.0)	0/(0.0)	1/(1.0)
Others	4/(20.0)	2/(10.0)	2/(10.0)	2/(10.0)	2/(10.0)	12/(12.0)
Total	20/(100.0)	20/(100.0)	20/(100.0)	20/(100.0)	20/(100.0)	100/(100.0)

Source: Bihar PRI survey data.
Note: Sample size is 50 GPs.

Table 6.10 Timeliness of the 12⁻FC distributions to GPs, by district and year

District/ year	Average amount received (Rs. 1,000's)	Per cent of funds received by quarter				
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	375	28.5	24.0	19.2	28.3	100
2007-08	342	42.1	5.3	5.3	47.4	100
2008-09	306	47.1	5.9	17.6	29.4	100
Nalanda						
2006-07	323	49.8	11.1	27.9	11.1	100
2007-08	341	47.5	10.6	0.0	41.9	100
2008-09	288	37.5	25.0	25.0	12.5	100
Begusarai						
2006-07	309	14.9	23.3	40.5	21.4	100
2007-08	269	26.8	26.8	20.1	26.4	100
2008-09	395	27.3	18.0	31.9	22.8	100
Saharsa						
2006-07	361	50.1	-	39.9	10.0	100
2007-08	378	33.3	9.5	23.8	33.3	100
2008-09	377	42.7	9.5	9.5	38.2	100
Sitamarhi						
2006-07	341	47.2	47.5	5.3	-	100
2007-08	360	40.0	5.0	20.0	35.0	100
2008-09	287	50.2	5.9	12.5	31.4	100
All districts						
2006-07	1,709	38.4	21.1	26.3	14.3	100
2007-08	1,690	38.3	10.7	13.8	37.2	100
2008-09	1,653	40.2	12.9	19.6	27.2	100

Source: PRI survey data.
Note: The sample size is 50 GPs.

Table 6.11 Timeliness of NREGA distributions to GPs, by district and year

District/ year	Average amount received (Rs. 1,000's)	Per cent of funds received by quarter				
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	358.0	26.3	66.8	2.5	4.5	100.0
2007-08	112.0	-	55.4	-	44.6	100.0
2008-09	1073.0	28.1	-	16.3	55.6	100.0
Nalanda						
2006-07	607.0	32.1	21.7	12.0	34.1	100.0
2007-08	712.0	22.2	19.1	4.2	54.5	100.0
2008-09	570.0	21.1	14.4	-	64.6	100.0
Begusarai						
2006-07	276.0	-	14.9	18.8	66.3	100.0
2007-08	334.0	13.2	27.2	1.8	57.8	100.0
2008-09	710.0	38.0	4.2	31.7	26.1	100.0
Saharsa						
2006-07	52.0	28.8	-	7.7	63.5	100.0
2007-08	420.0	14.5	0.5	23.3	61.7	100.0
2008-09	1554.0	27.9	16.6	16.4	39.1	100.0
Sitamarhi						
2006-07	222.0	10.4	21.2	22.5	45.9	100.0
2007-08	479.0	3.1	1.7	14.6	80.6	100.0
2008-09	392.0	60.7	1.0	-	38.3	100.0
All Districts						
2006-07	1515.0	21.6	30.3	12.4	35.7	100.0
2007-08	2057.0	13.5	14.5	9.9	62.0	100.0
2008-09	4299.0	31.7	8.7	15.2	44.4	100.0

Source: PRI survey data.
Note: The sample size is 50 GPs.

Table 6.12 Timeliness of BRGF distributions to GPs, by district and year

District/ year	Average amount received (Rs. 1,000's)	Per cent of funds received by quarter				
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	-	-	-	-	-	-
2007-08	142	38.0	-	-	62.0	100
2008-09	440	-	-	50.0	50.0	100
Nalanda						
2006-07	-	-	-	-	-	-
2007-08	282	34.0	34.0	-	31.9	100
2008-09	240	80.0	-	20.0	-	100
Begusarai						
2006-07	-	-	-	-	-	-
2007-08	51	-	100.0	-	-	100
2008-09	408	25.0	62.5	12.5	-	100
Saharsa						
2006-07	-	-	-	-	-	-
2007-08	128	-	-	-	100.0	100
2008-09	603	52.1	35.8	-	12.1	100
Sitamarhi						
2006-07	-	-	-	-	-	-
2007-08	160	31.3	68.8	-	-	100
2008-09	300	100.0	-	-	-	100
All Districts						
2006-07	-	-	-	-	-	-
2007-08	763	26.2	33.7	-	40.1	100
2008-09	1,991	45.6	23.7	16.0	14.7	100

Source: PRI survey data.
Note: The sample size is 50 GPs.

Table 6.13 Number of and expenditures on development programmes, by Panchayat Samitis

District	2006-07	2007-08	2008-09
Average number of development programmes			
Bhojpur	46.5	30.0	81.5
Nalanda	17.5	39.5	38.5
Begusarai	2.0	24.5	23.5
Saharsa	-	69.0	61.0
Sitamarhi	13.0	35.5	90.5
All Districts	23.8	39.7	59.0
Average expenditure on all development programmes (Rs. 1,000's)			
Bhojpur	4,000	13,900	11,100
Nalanda	650	5,500	1,550
Begusarai	500	1,200	1,850
Saharsa	-	11,050	10,700
Sitamarhi	1,000	10,450	13,450
All Districts	1,800	8,420	7,730
Average expenditure per development programmes (Rs. 1,000's)			
Bhojpur	86.0	463.3	136.2
Nalanda	37.1	139.2	40.3
Begusarai	250.0	49.0	78.7
Saharsa	-	160.1	175.4
Sitamarhi	76.9	294.4	148.6
All Districts	75.5	212.1	131.0

Source: Bihar PRI survey data.
Note: Sample size is 10 PSs.

Table 6.14 Timeliness of the 12⁻FC distributions to PSs, by district and year

District/ year	Average amount received (Rs. 1,000's)	Per cent of funds received by quarter				
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	415	20.5	59.0	-	20.5	100
2007-08	245	67.3	-	-	32.7	100
2008-09	330	50.0	-	24.2	25.8	100
Nalanda						
2006-07	350	51.4	30.0	18.6	-	100
2007-08	275	38.2	23.6	-	38.2	100
2008-09	340	50.0	-	50.0	-	100
Begusarai						
2006-07	415	50.6	-	49.4	-	100
2007-08	410	50.0	-	-	50	100
2008-09	410	-	50	-	50	100
Saharsa						
2006-07	370	18.9	31.1	50.0	-	100
2007-08	370	18.9	31.1	50.0	-	100
2008-09	555	33.3	-	-	66.7	100
Sitamarhi						
2006-07	470	50.0	50.0	-	-	100
2007-08	330	50.0	-	50.0	-	100
2008-09	400	58.8	-	41.3	-	100
All Districts						
2006-07	404	38.6	34.7	22.5	4.2	100
2007-08	326	43.6	11.0	21.5	23.9	100
2008-09	407	37.1	10.1	20.4	32.4	100

Source: Bihar PRI survey data.
Note: Sample size is 10 PSs.

Table 6.15 Timeliness of the NREGA distributions to PSs, by quarter and year

| District/ year | Average amount received (Rs. 1,000's) | Per cent of funds received by quarter | | | | |
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	1,900	89.5	10.5	-	-	100
2007-08	3,250	63.1	-	3.1	33.8	100
2008-09	25,450	55.2	0.2	17.7	26.9	100
Nalanda						
2006-07	16,300	52.5	-	-	47.5	100
2007-08	7,650	90.8	-	-	9.2	100
2008-09	3,600	0.0	-	-	100.0	100
Begusarai						
2006-07	-	-	-	-	-	-
2007-08	12,400	0.8	-	10.1	89.1	100
2008-09	6,200	100.0	-	-	-	100
Saharsa						
2006-07	-	-	-	-	-	-
2007-08	11,700	0.0	9.8	3.8	86.3	100
2008-09	9,950	1.0	25.6	-	73.4	100
Sitamarhi						
2006-07	2,400	6.3	93.8	-	-	100
2007-08	5,750	4.3	-	6.1	89.6	100
2008-09	10,050	57.2	32.8	-	10.0	100
All Districts						
2006-07	4,120	50.5	11.9	-	37.6	100
2007-08	8,150	22.9	2.8	5.3	69.0	100
2008-09	11,050	47.2	10.7	8.1	33.9	100

Source: Bihar PRI survey data.
Note: Sample size is 10 PSs.

Table 6.16 Timeliness of the BRGF distributions to PSs, by quarter and year

District/ year	Average amount received (Rs. 1,000's)	Per cent of funds received by quarter				
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	-	-	-	-	-	-
2007-08	430	-	-	100	-	100
2008-09	-	-	-	-	-	-
Nalanda						
2006-07	-	-	-	-	-	-
2007-08	315	100	-	-	-	100
2008-09	515	100	-	-	-	100
Begusarai						
2006-07	-	-	-	-	-	-
2007-08	-	-	-	-	-	-
2008-09	600	100	-	-	-	100
Saharsa						
2006-07	-	-	-	-	-	-
2007-08	-	-	-	-	-	-
2008-09	575	100	-	-	-	100
Sitamarhi						
2006-07	-	-	-	-	-	-
2007-08	-	-	-	-	-	-
2008-09	660	100	-	-	-	100
All Districts						
2006-07	-	-	-	-	-	-
2007-08	149	42.3	-	57.7	-	100
2008-09	470	100	-	-	-	100

Source: Bihar PRI survey data.
Note: Sample size is 10 PSs.

Table 6.17 Number and expenditure on programmes by Zilla Parishad, district and year

District	2006-07	2007-08	2008-09
Average number of development programmes			
Bhojpur	3	5.0	422
Nalanda	169	108	144
Begusarai	10	42	74
Saharsa	1.0	47	38
Sitamarhi	42	244	72
All Districts	45	89.2	150
Average expenditure for all development programmes (Rs. 1,000's)			
Bhojpur	1,100	1,100	146,700
Nalanda	35,600	46,500	47,300
Begusarai	1,100	197,500	436,300
Saharsa	300	28,600	32,200
Sitamarhi	2,200	31,300	198,900
All Districts	8,060	61,000	172,280
Average expenditure per development programmes (Rs. 1,000's)			
Bhojpur	366.7	220.0	347.6
Nalanda	210.7	430.6	328.5
Begusarai	110.0	4,702.4	5,895.9
Saharsa	300.0	608.5	847.4
Sitamarhi	52.4	128.3	2,762.5
All Districts	179.1	683.9	1,148.5

Source: Bihar PRI survey data.
Note: Sample size is 5 ZPs.

Table 6.18 Timeliness of 12-FC distributions to ZPs, by quarter and year

District/ year	Average amount received (Rs. 1,000's)	Per cent of funds received by quarter				
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	1,687	50	-	-	50	100
2007-08	1,687	-	100	-	-	100
2008-09	1,687	50	-	-	50	100
Nalanda						
2006-07	1,763	50	-	-	50	100
2007-08	1,763	-	-	100	-	100
2008-09	1,763	-	50	-	50	100
Begusarai						
2006-07	546	-	100	-	-	100
2007-08	4,391	-	-	-	100	100
2008-09	1,742	-	100	-	-	100
Saharsa						
2006-07	1,209	100	-	-	-	100
2007-08	1,209	100	-	-	-	100
2008-09	1,209	100	-	-	-	100
Sitamarhi						
2006-07	2,211	50	-	-	50	100
2007-08	2,211	-	-	100	-	100
2008-09	1,105	-	100	-	-	100
All Districts						
2006-07	7,416	54.5	7.4	-	38.2	100
2007-08	11,261	10.7	15.0	35.3	39.0	100
2008-09	7,506	27.3	49.7	-	23.0	100

Source: Bihar PRI survey data.
Note: Sample size is 5 ZPs.

Table 6.19 Timeliness of NREGA distributions to ZPs, by quarter and year

District/ year	Average amount received (Rs. 1,000's)	Per cent of funds received by quarter				
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	40,793	89	11.0	-	-	100
2007-08	2,300	100	-	-	-	100
2008-09	-	-	-	-	-	-
Nalanda						
2006-07	54,444	18.4	81.6	-	-	100
2007-08	44,388	27.3	-	-	72.7	100
2008-09	36,421	17.6	-	-	82.4	100
Begusarai						
2006-07	-	-	-	-	-	-
2007-08	548,181	31.0	-	69.0	-	100
2008-09	82,328	43.2	23.5	33.3	-	100
Saharsa						
2006-07	-	-	-	-	-	-
2007-08	294,000	100	-	-	-	100
2008-09	30,700	29.3	-	70.7	-	100
Sitamarhi						
2006-07	-	-	-	-	-	-
2007-08	46,224	19.3	-	80.7	-	100
2008-09	53,87	-	100	-	-	100
All Districts						
2006-07	95,237	53.7	46.3	-	-	100
2007-08	93,5093	54.0	-	28.9	17.1	100
2008-09	154,836	22.5	30.9	26.0	20.6	100

Source: Bihar PRI survey data.
Note: Sample size is 5 ZPs.

Table 6.20 Timeliness of BRGF disbursements to ZPs, by quarter and year

District/ year	Average amount received (Rs. 1,000's)	Per cent of funds received by quarter				
		Q-I	Q-II	Q-III	Q-IV	Total
Bhojpur						
2006-07	-	-	-	-	-	-
2007-08	1,000	-	-	-	100	100
2008-09	127,500	100	-	-	-	100
Nalanda						
2006-07	-	-	-	-	-	-
2007-08	2,595	-	-	-	100	100
2008-09	9,353	-	-	-	100	100
Begusarai						
2006-07	-	-	-	-	-	-
2007-08	-	-	-	-	-	-
2008-09	3,267	-	-	-	100	100
Saharsa						
2006-07	-	-	-	-	-	-
2007-08	131,700	-	-	-	100	100
2008-09	34,257	-	-	-	100	100
Sitamarhi						
2006-07	-	-	-	-	-	-
2007-08	159,700	-	-	-	100	100
2008-09	-	-	-	-	-	-
All Districts						
2006-07	-	-	-	-	-	-
2007-08	294,995	-	-	-	100	100
2008-09	174,377	25	-	-	75	100

Source: Bihar PRI survey data.
Note: Sample size is 5 ZPs.

Table 6.21 Revenue Collection by ZPs

District	Revenue collected (Rs. 1,000's)		
	2006-07	2007-08	2008-09
Bhojpur	1,146	1,000	1,000
Nalanda	-	-	-
Begusarai	-	-	-
Saharsa	-	-	-
Sitamarhi	320	95	705

Source: Bihar PRI survey data.
Note: Sample size is 5 ZPs.

Table 7.01 Per cent of GPs preparing annual budgets and annual reports (per cent)

Characteristics	GPs preparing annual budgets			GPs preparing annual reports		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
District						
Bhojpur	50.0	50.0	40.0	80.0	80.0	60.0
Nalanda	90.0	90.0	90.0	100.0	100.0	100.0
Begusarai	100.0	100.0	100.0	100.0	100.0	100.0
Saharsa	70.0	70.0	70.0	70.0	70.0	70.0
Sitamarhi	100.0	100.0	100.0	100.0	100.0	100.0
Distance to block headquarters						
0 – 4 kms	80.0	80.0	80.0	93.3	93.3	93.3
5 – 8 kms	73.3	73.3	73.3	80.0	80.0	73.3
9 – 12 kms	90.9	90.9	90.9	100.0	100.0	90.9
> 12 kms	88.9	88.9	77.8	88.9	88.9	88.9
Mukhiya's religion and caste						
Upper caste	81.3	81.3	81.3	93.8	93.8	93.8
Upper backward case	76.9	76.9	76.9	84.6	84.6	76.9
Lower backward caste	66.7	66.7	66.7	66.7	66.7	66.7
Scheduled caste	88.9	88.9	77.8	100.0	100.0	88.9
Muslim	100.0	100.0	100.0	100.0	100.0	100.0
Mukhiya's gender						
Male	88.9	88.9	85.2	96.3	96.3	88.9
Female	73.9	73.9	73.9	82.6	82.6	82.6
All GPs	82.0	82.0	80.0	90.0	90.0	86.0

Source: Bihar PRI Survey data.
Note: Sample size is 50 GPs.

Table 7.02 Per cent of GPs sending annual budgets and reports to concerned offices

Characteristics	GPs sending annual budget			GPs sending annual reports		
	BDO	PS	ZP	BDO	PS	ZP
District						
Bhojpur	70	60	60	70	20	10
Nalanda	100	100	100	100	100	100
Begusarai	100	100	100	100	100	100
Saharsa	80	50	50	90	20	20
Sitamarhi	100	100	100	100	100	90
Distance to block headquarters						
0 – 4 kms	86.7	86.7	86.7	93.3	80.0	80.0
5 – 8 kms	80.0	73.3	73.3	80.0	60.0	60.0
9 – 12 kms	100.0	72.7	72.7	100.0	63.6	54.5
> 12 kms	100.0	100.0	100.0	100.0	66.7	55.6
Mukhiya's religion and caste						
Upper caste	93.8	81.3	81.3	93.8	50.0	50.0
Upper backward caste	84.6	76.9	76.9	84.6	76.9	76.9
Lower backward caste	83.3	83.3	83.3	100.0	83.3	83.3
Scheduled caste	88.9	88.9	88.9	88.9	77.8	55.6
Muslims	100.0	83.3	83.3	100.0	66.7	66.7
Mukhiya's gender						
Male	100.0	88.9	88.9	100.0	70.4	63.0
Female	78.3	73.9	73.9	82.6	65.2	65.2
All GPs	90.0	82.0	82.0	92.0	68.0	64.0

Source: Bihar PRI Survey data.
Note: Sample size is 50 GPs.

Table 7.03 GPs preparing annual accounts and audit reports (per cent)

Characteristics	GPs preparing annual accounts			GPs preparing audit reports		
	2006-07	2007-08	2008-09	2006-07	2007-08	2008-09
District						
Bhojpur	90.0	90.0	90.0	70.0	80.0	10.0
Nalanda	100.0	100.0	100.0	90.0	80.0	70.0
Begusarai	100.0	100.0	100.0	100.0	100.0	100.0
Saharsa	70.0	70.0	70.0	60.0	90.0	10.0
Sitamarhi	100.0	100.0	100.0	100.0	100.0	100.0
Distance to block headquarters						
0 – 4 kms	86.7	86.7	86.7	93.3	93.3	80.0
5 – 8 kms	86.7	86.7	86.7	86.7	93.3	66.7
9 – 12 kms	100.0	100.0	100.0	81.8	90.9	45.5
> 12 kms	100.0	100.0	100.0	66.7	77.8	22.2
Mukhiya's religion and caste						
Upper caste	87.5	87.5	87.5	87.5	100.0	43.8
Upper backward caste	92.3	92.3	92.3	84.6	84.6	69.2
Lower backward caste	83.3	83.3	83.3	66.7	66.7	66.7
Scheduled caste	100.0	100.0	100.0	88.9	88.9	55.6
Muslims	100.0	100.0	100.0	83.3	100.0	66.7
Mukhiya's gender						
Male	100.0	100.0	100.0	92.6	92.6	55.6
Female	82.6	82.6	82.6	73.9	87.0	60.9
All GPs	92.0	92.0	92.0	84.0	90.0	58.0

Source: Bihar PRI Survey data.
Note: Sample size is 50 GPs.

Table 7.04 GPs sending annual accounts and audit reports to concerned offices (per cent)

Characteristics	GPs sending annual accounts			GPs sending audit reports		
	BDO	PS	ZP	BDO	PS	ZP
District						
Bhojpur	70.0	10.0	10.0	60.0	0.0	0.0
Nalanda	90.0	50.0	70.0	70.0	50.0	50.0
Begusarai	100.0	90.0	90.0	100.0	90.0	90.0
Saharsa	90.0	20.0	20.0	90.0	30.0	30.0
Sitamarhi	80.0	70.0	70.0	80.0	70.0	80.0
Distance to block headquarters						
0 – 4 kms	93.3	73.3	73.3	93.3	73.3	73.3
5 – 8 kms	73.3	40.0	40.0	80.0	46.7	46.7
9 – 12 kms	90.9	36.4	45.5	72.7	36.4	45.5
> 12 kms	88.9	33.3	44.4	66.7	22.2	22.2
Mukhiya's religion and caste						
Upper caste	87.5	37.5	37.5	87.5	43.8	43.8
Upper backward caste	76.9	46.2	53.8	69.2	46.2	46.2
Lower backward caste	100.0	83.3	83.3	83.3	66.7	66.7
Scheduled caste	77.8	33.3	44.4	66.7	33.3	44.4
Muslims	100.0	66.7	66.7	100.0	66.7	66.7
Mukhiya's gender						
Male	92.6	44.4	48.1	85.2	40.7	44.4
Female	78.3	52.2	56.5	73.9	56.5	56.5
All GPs	86.0	48.0	52.0	80.0	48.0	50.0

Source: Bihar PRI Survey data.
Note: Sample size is 50 GPs.

Table 8.01 Total allocations to the PRIs, from FC-12 and BRGF and year

Year	Allocations (Rs. crore)			
	Zilla Parishad	Panchayat Samiti	Gram Panchayat	Total
FC-12				
2006-07	6.50	19.49	298.82	324.80
2007-08	6.50	19.49	298.82	324.80
2008-09	6.50	19.49	298.82	324.80
BRGF				
2006-07	—	—	—	—
2007-08	10.94	32.82	503.24	547.00
2008-09	32.44	64.89	227.10	324.43
FC-12 + BRGF				
2006-07	6.50	19.49	298.82	324.80
2007-08	17.44	52.31	802.06	871.80
2008-09	38.94	84.38	525.92	649.23

Figure 1.01 **Maps of the State of Bihar and the 5 Sample Districts**
(The 5 sample districts are highlighted in blue in the map of Bihar)

NALANDA
Bihar

PATNA

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Harnaut

Chandi

Hilsa

Bhagan Bigha

Nursarai

Sarmera

Ekangar Sarai

Sohsarai

Asthanwan

Parwalpur

BIHARSHARIF

LUCKEESARAI

JAHANABAD

Islampur

Nalanda

Silao

Rajgir

Giriak

NAWADA

GAYA

	District Boundary
	Major Road
⊙	District Headquarter
•	Taluk Headquarter
○	Town
	Roads
	River
	Railway Track
	National Highway

Sample Blocks

BEGUSARAI
Bihar

SAMASTIPUR

To Ruseera

To Kalyanpur

Naokothi

Bachwara

Cheria Bariarpur

Majhaul

Bakhri

KHAGARIA

28

To Khagariya

Bhagwanpur

To Khagariya

Tegtha

Barauni

Sahibpur Kamal

To Bariyaarpur

PATNA

To Makama Ganga

BEGUSARAI

31

Balia

To Barhiya

Metihani

	District Boundary
	Major Road
⊙	District Headquarter
•	Taluk Headquarter
○	Town
	Roads
	River
	Railway Track
	National Highway

Surajgarha

LUCKEESARAI

MUNGER

Sample Blocks

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SAHARSA
Bihar

MADHUBANI

SUPAUL

Maricha

Pachgachhia

Nauhata

MADHEPURA

Bangaon

SAHARSA

Mahishi

Sour Bazar

SAMASTIPUR

Patarghat

Chapram

Kosi

Simri Bakhtiarpur

Sonbarsa Raj

Salkhua

Koparia

	District Boundary
	Major Road
⊙	District Headquarter
•	Taluk Headquarter
○	Town
	Roads
	River

KHAGARIA

| | Sample Blocks |

SITAMARHI
Bihar

Sonbarsa
Majorganj

Bella

Bairagnia

NEPAL

To Ghorasahan

Bhutahi

Pariharpur

Riga

PURBI CHAMPARAN

Bathnaha

Sursand

SITAMARHI

Bazpatti

Cheraut

SHEOHAR

Pupri

MADHUBANI

Belsand

Koili

Dumra

Nanpur

To Kamtaul

Ruisaidpur

Bokhara

DARBHANGA

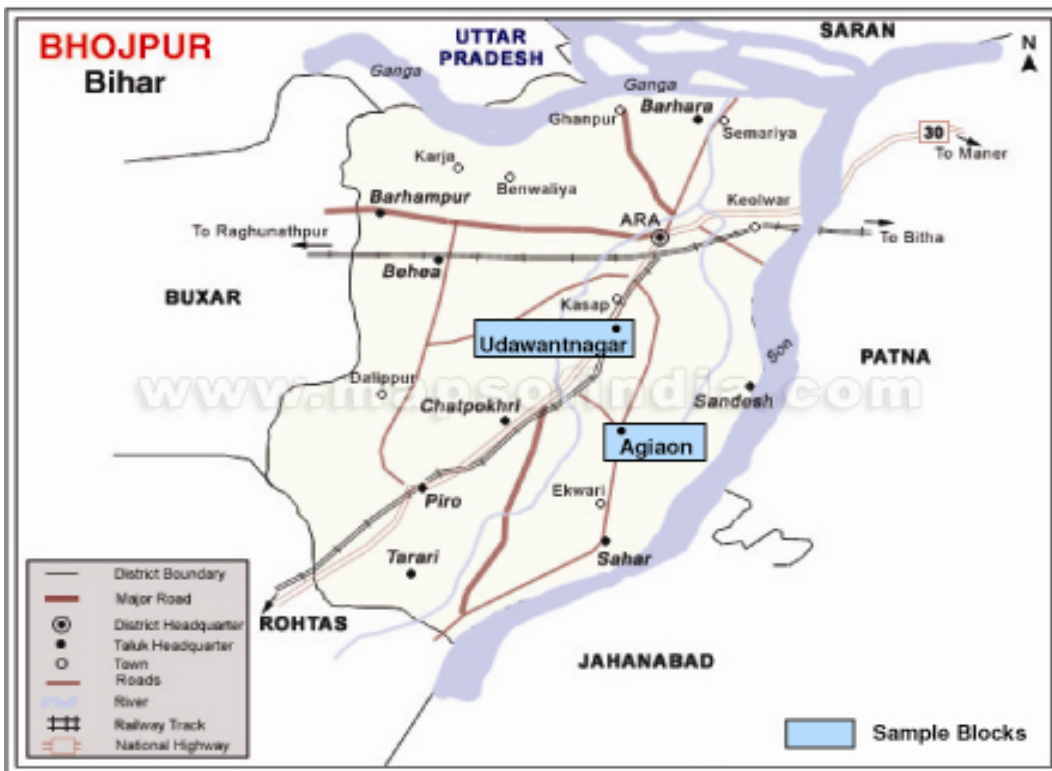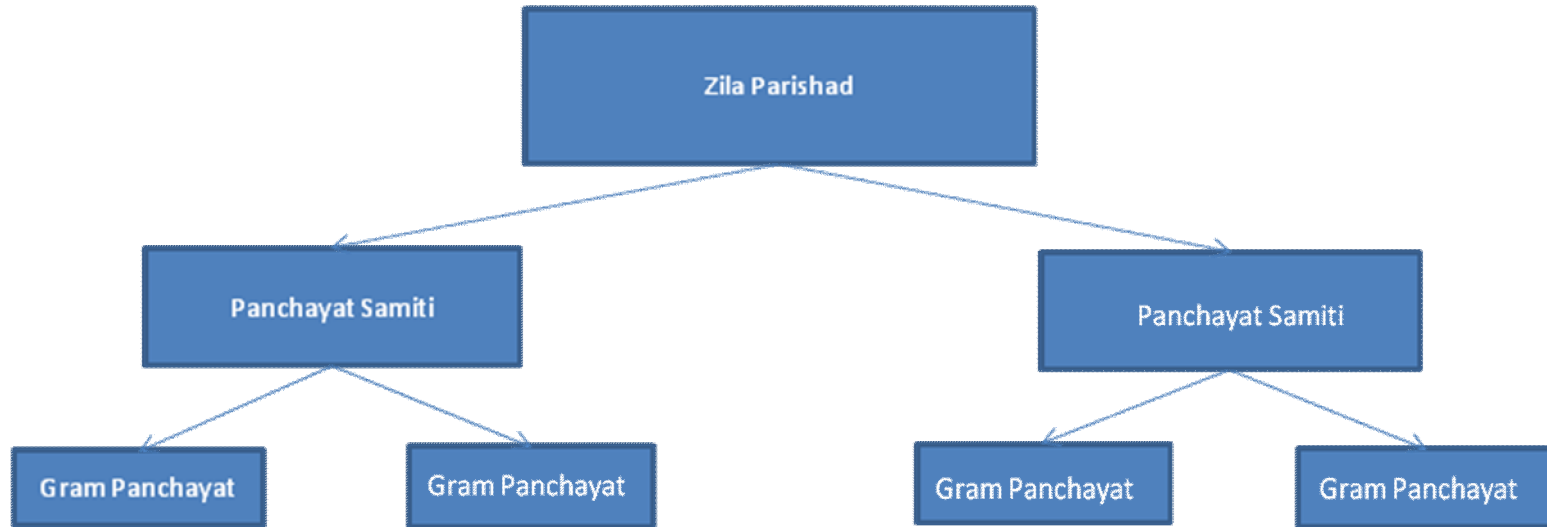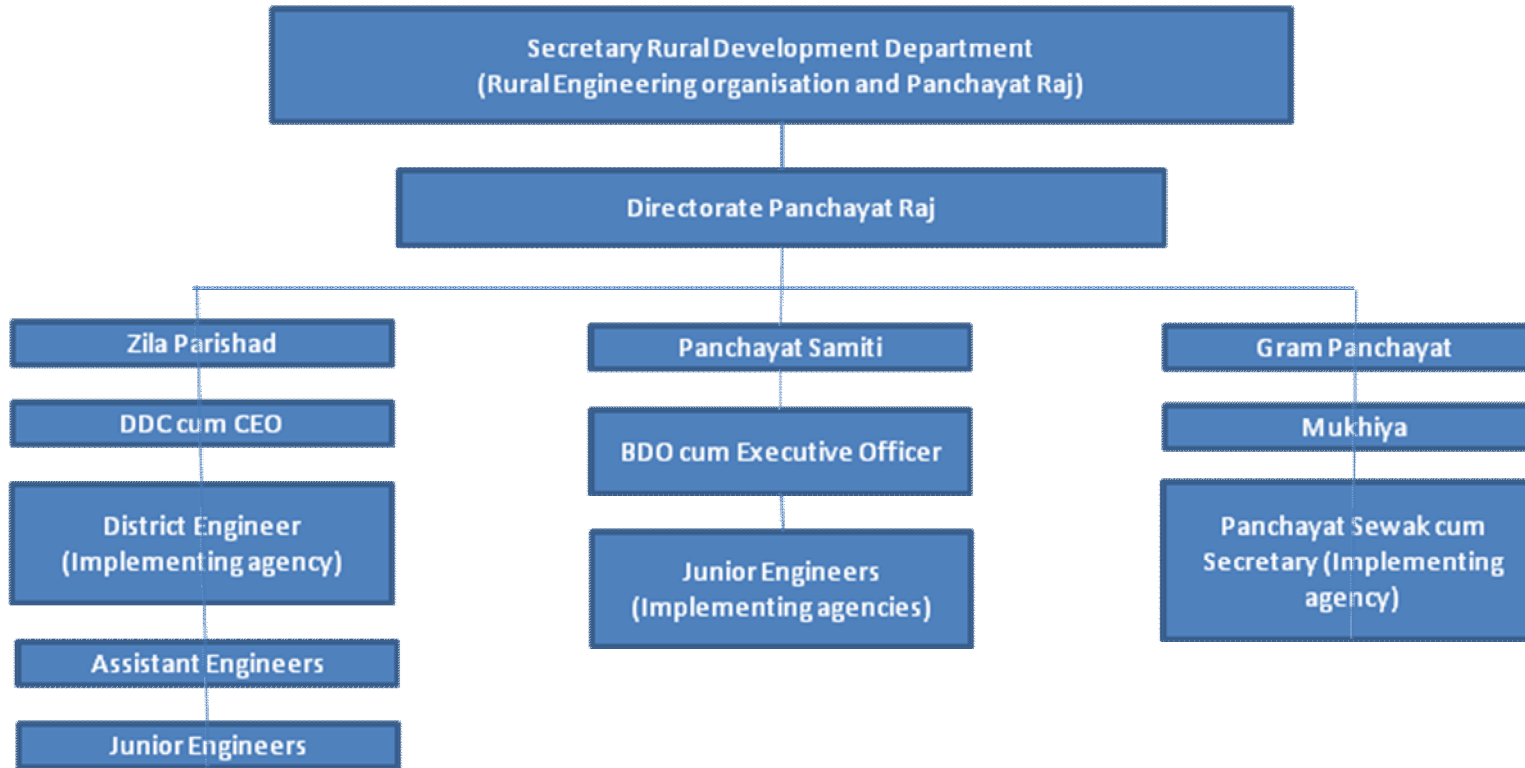| | District Boundary |
	Major Road
⊙	District Headquarter
•	Taluk Headquarter
○	Town
	Roads
	River
╫	Railway Track
	International Boundary

MUZAFFARPUR

| | Sample Blocks |

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Figure 2.01 Local Government Structure in the State of Bihar

Figure 2.02 Organisational structure of PRIs

Source: Report of The Examiner of Local Accounts, Bihar, (2006), Panchayati Raj Institutions, GoB, Patna.

Figure 6.01 Composition of total allocations received by
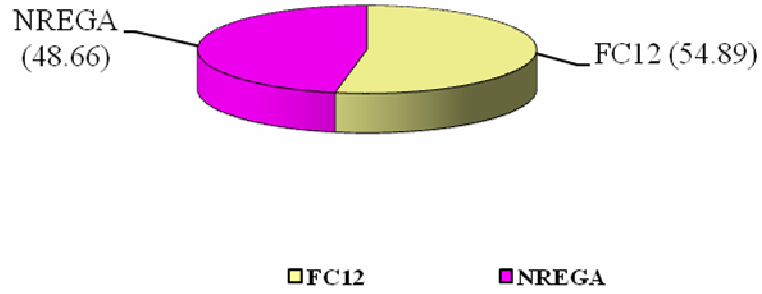Gram Panchayats
2006-07

NREGA
(48.66)

FC12 (54.89)

☐FC12   ■NREGA

Figure 6.02 Composition of total allocations received by
Gram Panchayats
2007-08

BRGF (16.92)

FC12 (37.47)

NREGA (45.61)
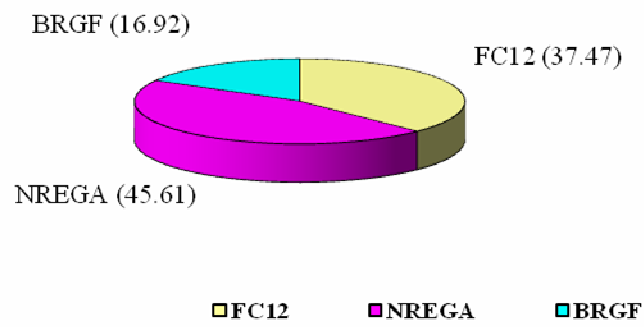
☐FC12   ■NREGA   ☐BRGF

Figure 6.03 Composition of Total Allocation Received by Gram Panchayats
2008-09

BRGF (25.07)

FC12 (20.81)

NREGA (54.12)

☐ FC12   ☐ NREGA   ☐ BRGF

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