



A Financial Performance Of Sakhri- Mhalunge GP (Gaganbavda Tehsil) Kolhapur District

Suman Pandurang Yeasne¹, Dr. T.B.Mudekar²

¹ Ph.D.Research Scholar, Shivaji University, Kolhapur.

² Research Guide, Principal, Kamala Collage, Kolhapur

Gaganbawada (**Bawada Mahal**) tehsil of kolhapur district located 55 km from Kolhapur and situated on the Sahyadri range or the Western ghats. The forests around Gaganbawada are extremely rich in biodiversity, more than 120 species of birds, 50 species of butterflies, 21 species of mammals and many medicinal plants and herbs. Karul Ghat & Bhuibawada ghats are one of the most scenic routes which originate from Gaganbawada and connect the Deccan Plateau to coastal region, Konkan, of Maharashtra. Total area of bavda tehsil is 278 km². Bavda tehsil has a population of 35,772 peoples. Bavda tehsil has a population density of 128.7 inhabitants per square kilometre. There are about 7,230 houses in the sub-district. When it comes to literacy, 61.60% population of bavda tehsil is literate, out of which 70.72% males and 51.88% females are literate. There are about 45 villages in bavda tehsil. Sakhari village is located 29km away from sub-district headquarter Gagan Bavda (tehsildar office) and 30km away from district headquarter Kolhapur, located 33 KM towards west from District head quarters 11 KM from Gagan Bawada (BP), 332 KM from State capital Mumbai.

The present study examines the finances of Village panchayats i.e. rural local governments. We have discussed on revenue assignments of panchayats which consists of own revenues, shared revenues, transferred receipts, Grants and borrowings. Own revenues like tax and non tax revenues property tax, water rate, mineral tax, profession tax have consequences on expenditure and planning of local governments and it signals the degree of fiscal autonomy of a local government. Fiscal autonomy is about the freedom of decision making power of PRIs in utilisation of resources according to their priorities. So my research studies own revenues and transfers from higher governments. If they are not successful in mobilizing own revenues they will continue to depend on grants and other resources from higher levels of government to provide services at the local level. Further this will erode their expenditure autonomy and adversely affect their planning. Moreover, outside funds comes with stringent rules attached. So this limits local discretion, therefore panchayats should mobilise government finance own resources to have autonomy. We have examined the functional and financial devolution to the rural decentralized governments.



Profile of Study Area:

It belongs to Desh or Paschim Maharashtra region . It belongs to Pune Division . It is located 40 KM towards west from District head quarters Kolhapur. 340 KM from State capital Mumbai Sakhari Mhalunge is surrounded by Radhanagari Taluka towards South , Vaibhavawadi Taluka towards west , Panhala Taluka towards North , Karveer Taluka towards East .Mhalunge village is located in Bavda tehsil of Kolhapur district in Maharashtra, India. It is situated 20km away from sub-district headquarter Gagan Bavda (tehsildar office) and 30km away from district headquarter Kolhapur. Sakhari Mhalunge is the GP of Mhalunge and Sakhri village. Sakhri-Mhalunge Village Panchayat, located in Maharashtra, India, has seen notable trends in its financial growth over the years, particularly in its revenue receipts and capital receipts. As a local self-government institution, the Panchayat's financial health is crucial for the development and welfare of the village, impacting infrastructure, social welfare, education, and administrative services. **Objectives of Study:**

1. To analyse different sources of GPs and trend of Revenue receipts of study area.
2. To analyse growth and composition of expenditure in sakhri- Mhalunge GP. t

Research Gap: Gram Panchayat Finances in offers valuable insights into the financial dynamics of Gram Panchayats in Sakhri- Mhalunge GP understanding of local governance and fiscal management in India. the paper discusses the financial performance of GPs, a deeper analysis of the impact of financial sources on service delivery and development outcomes could strengthen the research.

Period of the Study: 2016-2017 to 2020-2021

Methodology of the Study:

Present study is purely based on secondary data. Required data is collected by different govt. records, govt. portals, Books, Journals, Unpublished Reports of GPs etc.

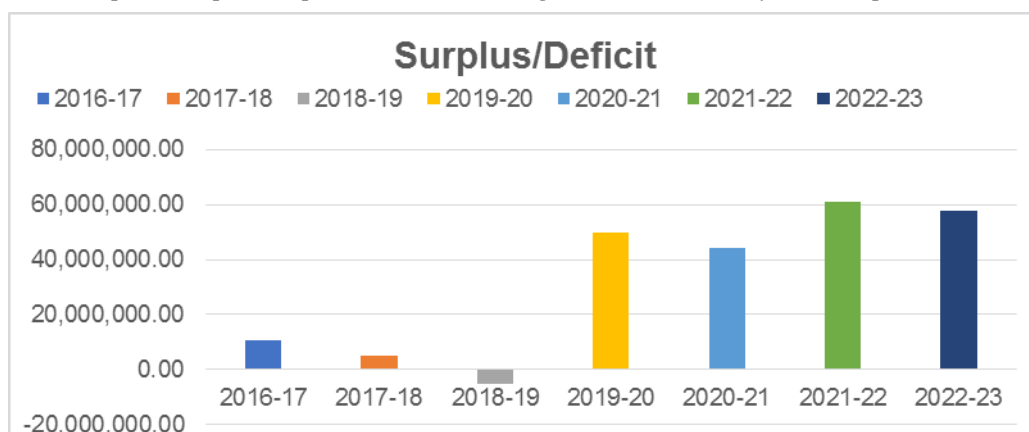
Lets Study Financial Position of Gaganbavda Block Panchayat

Table 1: Receipt and Expenditure of Selected Gangabavada Tehsil Panchayat of Kolhapur District (Rs. in Lakhs)

Block Panchayat	Year	Total Revenue	Total Expenditure	Surplus / Deficit
Ganga-bavada	2016-17	404.93	298.46	106.47
	2017-18	379.12	329.20	49.92
	2018-19	317.99	367.80	-49.81
	2019-20	842.11	342.88	499.23
	2020-21	972.68	528.85	443.83
	2021-22	872.11	260.69	611.42
	2022-23	954.75	378.51	576.24
	CAGR	12.5 %	3.4 %	29.5%

The above data shows the total revenue value and total expenditure value of is continually increases from year 2016-17 to 2022-23. The Surplus grew at an impressive rate of 29.5%, indicating that the Panchayat's financial surplus has increased substantially over the period.

Graph 1: Receipt and Expenditure of Selected Gangabavada Tehsil Panchayat of Kolhapur District



Profile of Study Area:

It belongs to Desh or Paschim Maharashtra region . It belongs to Pune Division . It is located 40 KM towards west from District head quarters Kolhapur. 340 KM from State capital Mumbai Sakhari Mhalunge is surrounded by Radhanagari Taluka towards South , Vaibhavawadi Taluka towards west , Panhala Taluka towards North , Karveer Taluka towards East .Mhalunge village is located in Bavda tehsil of Kolhapur district in Maharashtra, India. It is situated 20km away from sub-district headquarter Gagan Bavda (tehsildar office) and 30km away from district headquarter Kolhapur.

Sakhari Mhalunge is the GP of Mhalunge and Sakhri village. Sakhri-Mhalunge Village Panchayat, located in Maharashtra, India, has seen notable trends in its financial growth over the years, particularly in its revenue receipts and capital receipts. As a local self-government institution, the Panchayat's financial health is crucial for the development and welfare of the village, impacting infrastructure, social welfare, education, and administrative services. Over a period of five years (2016-2021), the Panchayat has relied on various revenue sources, including tax revenues, non-tax revenues, revenue grants, and transferred receipts. Similarly, capital receipts like capital grants, and deposits have contributed to its financial capacity. This study examines the Compound Annual Growth Rate (CAGR) of both revenue and capital receipts from 2016-2021, providing a comparative analysis of the growth dynamics and their implications for the Panchayat's financial management. The analysis reveals that the **CAGR of Total Revenue Receipts is 18.8%**, indicating a strong and consistent increase in regular revenue sources, primarily driven by revenue grants and tax revenues. In contrast, the **CAGR of Total Capital Receipts is 13.9%**, reflecting a slower but still positive growth in one-time and non-recurrent income, such as deposits and capital grants. The comparative analysis highlights that while revenue receipts have grown at a higher rate, capital receipts remain an essential but less consistent contributor to the Panchayat's finances.

Table 2: Demographic profile of Sakhri- Mhalunge GP:

Sr. No.	Name of GP	Area hectares	Population			Literacy Rate		Households
			M	F	Total	M	F	
1	Mhalunge	175	123	109	232	85.37%	69.72%	51
2	Sakhri	345	559	571	1130	66.91%	51%	225
Sakhri- Mhalunge GP		520	682	680	1362	78.02%	59%	276

Sakhri- Mhalunge GP from Gaganbavda Tahsil from Kolhapur district is of two small villages whose brief statistics given above in table no.2.

Financial study of Sakhri Mhalunge GP:

Table 3 : Growth and Composition of Total Revenue Receipts of Sakhri – Mhalunge Village Panchayat

Sr. No.	Year	2016-2017		2017-2018		2018-2019		2019-2020		2020-2021		CAGR
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
1	Tax Revenue Receipts	2.37	36.51	2.66	29.07	1.66	24.74	3.03	21.92	3.59	23.39	11.4
2	Non Tax revenue Receipts	0.12	1.84	0.01	0.12	0.32	4.81	0.07	0.49	0.11	0.72	-2.2
3	Revenue Grants	3.85	59.32	6.41	69.95	4.64	69.31	10.39	75.10	11.61	75.64	30.3
4	Transferred Receipts	0.15	2.31	0.08	0.88	0.07	1.10	0.35	2.50	0.03	0.20	-20.6
Total Revenue Receipts		6.49	100	9.16	100	6.69	100	13.83	100	15.35	100	22
1	Loans	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	N.A
2	Capital Grants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.07	29.55	N.A.
3	Advances	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Deposits	0.12	100	0.03	100	0.00	0.00	0.03	100	0.15	68.18	25
5	Donations	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Capital Revenue Receipts		0.12	100	0.03	100	0.02	100	0.03	100	0.22	100	83.33

Source: Annual Budget of Sakhri – Mhalunge village Panchayat Years 2016-2021. (Amount Rs. In Lakh)

Table shows that the table depicts the growth and composition of capital receipts for Sakhri – Mhalunge Village Panchayat across five fiscal years. Here's an analysis: No amounts were recorded for loans across all years indicating that the village panchayat did not take any loans during this period. Similarly capital grants were not recorded in most years except for 2020-2021 where the village panchayat received an amount of 0.07 contributing 29.55% to the total capital receipts for that year. Advances were received only in 2018-2019 with an amount of 0.02 contributing 100% to the total capital receipts for that year. Deposits were received in all years except for 2017-2018 with the highest amount of 0.15 recorded in 2020-2021 contributing 68.18% to the total capital receipts for that year. No amounts were recorded for donations across all years indicating that the village panchayat did not receive any donations during this period. The total capital receipts varied from 0.12 in 2016-2017 to 0.22 in 2020-2021 with the composition of capital receipts varying across the years due to fluctuations in the amounts received from deposits and capital grants. Overall the village panchayat mainly relied on deposits for its capital receipts with occasional advances and capital grants contributing to its funds. No loans were taken during the period and no donations were received.

Table 4 : Growth & Composition of Revenue Expenditure of Sakhari- Mhalunge Village Panchayat

Sr. No.	Title Head	2016-2017		2017-2018		2018-2019		2019-2020		2020-2021		CAGR
		Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	
A	Devt. Revenue Expenditure	2.63	53.25	1.79	40.76	0.0	0.00	1.63	32.08	2.18	30.42	-4.7
B	Social Welfare Revenue Expenditure	0.27	5.37	0.39	8.92	0.01	100	0.44	8.70	0.30	4.25	2.6
C	Education	0.67	13.66	1.00	22.86	0.0	0.00	1.50	29.63	0.19	2.63	-20.5
D	Administration	1.32	26.72	1.11	25.24	0.0	0.00	1.49	29.36	4.47	62.49	33.4
E	Miscellaneous	0.05	0.93	0.09	2.14	0.0	0.00	0.02	0.30	0.01	0.14	-20.5
Total Revenue Expenditure		4.94	100	4.39	100	0.01	100	5.07	100	7.15	100	9.5
II	Capital Expenditure	4.39	100	4.21	100	0.0	0.00	7.89	100	7.34	100	14.1
1	Interest Loan	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00
2	Deposits: Advances	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00
3	14th FC	4.39	100	4.21	100	0.0	0.00	7.89	100	7.34	100	
4	Miscellaneous	0.00	0.00	0.00	0.00	0.0	0.00	0.00	0.0	0.00	0.00	0.00
Total Expenditure		9.32	100	8.60	100	0.01	100	12.96	100	14.49	100	83.33

Source: Audit Report Report of Sakhari- Mhalunge village Panchayat Years 2016-2021.

(Rs. in Lakhs)

Table shows the growth and composition of expenditure of Sakhari- Mhalunge GP. The total revenue expenditure fluctuated over the years but showed a general increase from ₹4.94 crore in 2016-2017 to ₹7.15 crore in 2020-2021, signifying an overall rise in spending. Categories like Development Revenue Expenditure and Administration experienced significant increases, Administration surged from ₹1.32 crore (26.72% of total revenue expenditure) in 2016-2017 to ₹4.47 crore (62.49%) in 2020-2021, highlighting a shift towards administrative spending. Social Welfare and Education had some fluctuations, but their overall share of total revenue expenditure was relatively small. Education saw a substantial jump in 2019-2020 (₹1.50 crore, 29.63%) but dropped significantly in the following year to ₹0.19 crore (2.63%).

Capital expenditure remained relatively stable until 2019-2020, when there was a sharp increase from ₹4.39 crore in 2016-2017 to ₹7.34 crore in 2020-2021. A notable observation is that the capital expenditure for 2019-2020 and 2020-2021 was significantly higher than in the earlier years. The capital expenditure is almost entirely driven by the **14th Finance Commission** allocations, which saw a consistent allocation across the years, from ₹4.39 crore in 2016-2017 to ₹7.34 crore in 2020-2021. Total expenditure followed a similar trend, rising from ₹9.32 crore in 2016-2017 to ₹14.49 crore in 2020-2021, reflecting the combined growth in both revenue and capital expenditure. The increase in total expenditure aligns with the higher allocation for administrative and capital outlays (mainly the 14th FC).

1. *Increasing Total Expenditure:* Total government expenditure increased from ₹9.32 crore in 2016-2017 to ₹14.49 crore in 2020-2021, primarily driven by increases in administration and capital expenditure.
2. *Shift in Priorities:* There was a *shift towards administrative spending*, which increased substantially by 2020-2021, accounting for more than 62% of the total revenue expenditure.
3. *Fluctuations in Social Welfare and Education:* Spending on *social welfare and education* fluctuated significantly, with notable declines in some years (especially in 2018-2019). This could indicate a *changing policy focus or reallocation of resources*.
4. *Stable Capital Expenditure:* Capital expenditure remained stable but saw a significant increase in the later years, due to *14th Finance Commission*.
5. *Volatility in Development Expenditure:* Development expenditure showed significant fluctuations.

Conclusion :

Sakhri-Mhalunge Village Panchayat has witnessed a healthy growth in its total revenue receipts compared to its capital receipts, with particular success in revenue grants and tax revenue. Revenue Receipts are crucial for the Panchayat's.

1. The PRIs share of own revenue in their total revenue is very negligible and that they are largely dependent upon higher level government grants. Political, administrative and economic factors affecting on low performance of PRIs in mobilizing own revenues.
2. PRIs more dependency on grants to meet their current expenditure would curtail the autonomy of PRIs in the utilization of resources based on their priorities. Because grants are tied to schemes and GPs cannot divert these grants according to their priorities performance of PRIs in mobilizing resources functioning and growth, as they are growing faster than capital receipts.

3. The Panchayat Development Officer finds that the assessment so made is inequitable, excessive or undervalued, shall advise the GP to revise the assessment list and the GP shall prepare a revised list accordingly but GP Panchs are not ready for it due to fear of loosing there popularity.
4. Share of grants in total revenue receipts of GPs is nearly 95 %, to reduce dependence on grants, PRIs should explore avenues to enhance own tax and non-tax revenues. This will be possible by imposing local taxes, fees, and charges, for increasing their financial autonomy and capacity to deliver services.
5. The GPs having grades /marks in the Yashawant Panchayat Raj Abhiyan preferably for administrative ability of the concern Village Panchayats. The State Government should make provisions for the additional marks for the GPs having the active participation of the Gramsabha and the Development Plan and it's implementation.

REFERENCES:

1. Barnabas A. P. and. Bohra O. P (1995), FINANCES OF PANCHAYATI RAJ INSTITUTIONS - CASE STUDIES, Study Report of NATIONAL INSTITUTE OF PUBLIC FINANCE AND POLICY ,NEW DELHI.
2. CAG. (2016, 2023). Audit Report on State Finances ,Government of Maharashtra
3. Centre for Policy Research (CPR) (2014), Analysis of Finances of Rural Local Bodies, A Study for the Fourteenth Finance Commission, New Delhi.
4. Chaddha Sanjeevkumar ,Governor and Good Governance
5. Dahal Girdhari(2024), The Performance of Local Governments in Kaligandaki Rural Municipality of Syangja District, Nepal: An Assessment, Journal of Political Science, Volume 24, pp- 20-38. Retrieved from <http://ejournals.pncampus.edu.np/ejournals/jps/>
6. Devpura Pratapmal, Panchayat Raj ke nayae Aayam Devpura Pratapmal, Dr. Das Namita Kumari (2021) PSYCHOLOGICAL EMPOWERMENT OF POLITICALLY EMPOWERED WOMEN LEADERS IN RURAL AREAS, International Journal of Social Science and Economic Research, Volume:06, Issue:06
7. Dr. G. Narendra Kumar, IAS ,Director General,NIRDPR, Hyderabad (2023) Village with Good Governance, VOL I/II/III
8. Dr. Reddy Narendra, Women in Panchayat Raj Institution
9. Dr. Sinha Rajesh Kumar(2018),Own Source Revenue Mobilization by Panchayats: An Analysis, Journal of Rural Development Review Vol.-VI, No.-6, October-December.
10. Drishti Foundation. Annual Report Financial Year 2005-06. Office of the Drishti Foundation.
11. ENVIRO LEGAL DEFENCE FIRM (2011), PESA IMPLEMENTATION – SOME ESSENTIAL PREREQUISITES AND SUGGESTIONS FOR THE STATE OF MAHARASHTRA, Study Report.
12. Fiscal Decentralization to Rural Local Governments in India: Selected Issues and Reform options, Forward”, Economic and Political Weekly, pp.27-36, May.
13. Fourteenth Finance Commission”, Economic and Political Weekly, pp.19-22, December.
14. functional environment at sub-national level, empirical assessment, 2015–2016.
15. Goswami B., Parliament and Administration
16. Gour Datta : Indian Economy
17. Gupta Manish and Chakraborty Pinaki (2019), State Finance Commissions: How successful have they been in Empowering Local Governments? Working Paper No. 263,National Institute of Public Finance and Policy ,New Delhi
18. Jain S.P., Swatch Bharat: From Sanitation to Cleaning up Financial System
19. Jena, P.R. and Gupta, Manish, 2008. “Revenue Efforts of Panchayats: Evidence from Four States”, Economic and Political Weekly, 125-130, July.
20. Jha, Shikha (2002): —Strengthening Local Governments: Rural Fiscal Decentralization in India, Economic and Political Weekly, Vol. 37, No. 26.
21. Jhingan M.L. , Economics of Growth and Development
22. Joshi R.D., Panchayat Raj in India Emerging trends across the States
23. Joshi Sanhita (2016), Understanding Local Governance in the context of Globalisation, Local Government Quarterly January – March, Vol : LXXXVI, No. 1, pp-6-15.
24. Kjarer Ane , Governance
25. Lekhi R.k. : Public Finance
26. M Devendra Babu (2009), Fiscal Empowerment of Panchayats in India: Real or Rhetoric?, working paper 225, submitted to The Institute for Social and Economic Change, Bangalore Institute for Social and Economic Change (ISEC) , ISBN 81-7791-185-6. Retrieved from <https://www.isec.ac.in/wp-content/uploads/2023/07/WP-229-Devendra-Babu-M.pdf>
27. Mahipal (1997): 'Panchayati Raj in India: Issues and Challenges', Kurukshetra, August, pp. 72-
28. Mathew Abraham , Role of Panchayats welfare Administration
29. Meenakshi Sundram S.S., Decentralization in developing Countries
30. Ministry of Panchayati Raj , Roadmap for the Panchayati Raj (2011-17):An All India Perspective Government of India. www.panchayat.gov.in
31. Ministry of Panchayati Raj(2011) ,Conference of State Panchayati Raj Ministers & Ministry of Panchayati Raj State Finance Commissions on Panchayat Finances
32. Ministry of Panchayati Raj. (2015–2016). Devolution to panchayats in India: Ranking

33. Mishra S.N.: Decentralized Planning and PRIs
34. Mishra, Puri : Indian Economy
35. Mohapatra Bishnu Prasad and Reddy M. Gopinath (2022) Finances of Panchayats and Status of Own Revenues in Telangana State: A Critique Indian Journal of Public Administration 68(1) 100–115 Reverted from in.sagepub.com/journals-permissions-india DOI: journals.sagepub.com
36. Murar Krishana : Governance Issues and Challenges
37. Narwal Surender , Phougat Sunil ,Deepak Kumar (2021), A Review of Rural Development Schemes in India , Asian Journal of Sociological Research4(1):PP- 336-344.
38. National Institute of Public Finance and Policy, New Delhi.
39. Nissen, S. (2021). Local governance: From city government to good urban governance. In *Peace, Justice and Strong Institutions* (pp. 518-527). Cham: Springer International Publishing.
40. Ohta, R. at al (2021). Effectiveness and challenges in local self-governance: Multifunctional
41. Panchayat Acts of various State Government Report of the SFCs of various States of India
42. Prasad, D Ravindra and Chary, V Srinivas (2015), “Trust-based Approach for Local Bodies:
43. Prof. Tripathi G.C.
44. Prof. Tripathi G.C. (2020) Village Survey Study in Uttar Pradesh (Khatangiya Village), Study Sponsored by Ministry of Agriculture and Farmers Welfare, Government of India, New Delhi study conducted by Agro-Economic Research Centre University of Allahabad Prayagraj, Study No. 153 Publication No. 202.Retrieved from <https://desagri.gov.in/wp-content/uploads/2024/04/2020-21-Village-Survey-Study-in-Uttar-Pradesh.pdf>
45. Rao P. (2019) ,Rural development schemes in India – A study. International Journal of Research and Analytical Reviews. Vol.6(1),PP-1072-1076.