

## CHAPTER 9

### Assessment of the Gap in Financial Resources for PRIs

**9.1** The Commission has developed various formats to collect information related to the needs of PRIs. Three different types of *Prashnawalis* were distributed to all ZPs, JPs and GPs of the state. During Commission's meeting at divisional Headquarters guidance were given to PRIs' officials regarding proper filling of data's in Prashnawalies, but unfortunately the information & data related to requirement of PRIs were either incomplete or wrong which does not show the clear scenario. There were a lot of discrepancies in the given information, which shows need of improvement in record keeping and capacity building at PRIs level.

**9.2** As far as we know even in national level no exercise has been conducted for gap assessment for Panchayats. Therefore Commission has to find out appropriate method for the same. To determine the requirements of PRIs especially in term of infrastructure and civic amenities, Commission has referred the report of High Power Expert Committee on Indian urban infrastructure and services, 2011 which was basically for urban local bodies. (Table 9.1)

**Table 9.1 per capita investment norms for infrastructure and O&M**

Class wise		(In Rupees)				
		1B	1C	II	III	IV
Water Supply	Capital	4395	5924	4957	5901	<b>5901</b>
	O&M	613	491	491	368	<b>245</b>
Sewerage	Capital	3841	3411	5316	5649	<b>6648</b>
	O&M	373	290	290	207	<b>145</b>
Storm Water Drainage	Capital	4140	5175	2100	2800	<b>2800</b>
	O&M	62	78	32	42	<b>42</b>
Roads	Capital	23460	29325	16800	22400	<b>22400</b>
	O&M	421	527	276	368	<b>368</b>
Street lights	Capital	1606	1258	207	107	<b>107</b>
	O&M	55	54	4	3	<b>3</b>
Solid Waste Management	Capital	393	410	236	204	<b>204</b>
	O&M	189	135	113	113	<b>113</b>

Source: HPEC, Report on Indian urban infrastructure and services, 2011

Annexure 13.3 of Second SFC Report Chhattisgarh

**9.3** We have considered the category IV (Nagar Panchayats) of the said report which is very near to the norms and requirements of Gram Panchayats. Per capita investment norms for infrastructure and O&M are being worked out for four civic amenities i.e. water supply, storm water drainage, solid waste management and street light. (Excluding Roads & Sewerage) (Table 9.2)

**Table 9.2 Projection of infrastructure and O&M taking per capital investment norms for rural population**

ITEM	RURAL POPULATION	(in Rupees)	
		CAPITAL EXPENDITURE	O&M
Water supply		5901	245
Street light		107	3
Solid Waste Management		204	113
Storm water drainage		2800	42
TOTAL for 20 years period		9012	403
for one year per capita		451	20
<b>for one year overall rural population Requirements</b>	<b>19607961</b>	<b>8835347227</b>	<b>395100414</b>
for one year overall rural population Requirements (in Crore Rupees)		883.53	39.51
Taking growth rate of 11% Requirements (in Crore Rupees)		<b>980.72</b>	<b>42.99</b>

9.4 For 12<sup>th</sup> five year plan (year 2012-13 to year 2016-17) an Annual Growth Rate of 15% for the Capital Expenditure, 8.8% for Operations and Maintenance Cost is assumed, and 8% for inflation is taken for both expenditure. But in 13<sup>th</sup> five year plan (year 2017-18 to year 2021-22) an Annual Growth Rate of 12% for the Capital Expenditure, 8.8% for Operations and Maintenance Cost is assumed, and 8% inflation is taken for both expenditure. (Table 9.3)

**Table 9.3 Projection of Infrastructure and O&M taking per capital investment norms**

Sl. No.	Year	Capital Expenditure at Constant Prices - 2010-11		O&M	
		Required Estimates		8.8 % Growth Rate	8 % Inflation
		12 % Growth Rate	8 % Inflation		
1	17-18	2386.36	2577.27	65.536	70.78
2	18-19	2672.72	2886.54	71.303	77.01
3	19-20	2993.45	3232.93	77.578	83.78
4	20-21	3352.67	3620.88	84.405	91.16
5	21-22	3754.99	4055.39	91.832	99.18
	<b>Total</b>	<b>15160.19</b>	<b>16373.01</b>	<b>390.65</b>	<b>421.91</b>

9.5 The table 9.4 shows total fund flow to PRIs from year 2014-15 to 2017-18 using available data from various sources.

**Table 9.4: Total fund flow to PRIs**

Sl. No.	Description	(Rs. in crore)			
		14-15	15-16	16-17	17-18
1	Own Revenue collections GPs	39.23	59.64	74.16	81.57
2	Own Revenue collections JPs (Avg. of 5 years)	0.39	0.39	0.39	0.39
	<b>Sub-Total</b>	<b>39.62</b>	<b>60.03</b>	<b>74.55</b>	<b>81.96</b>
3	SFC transfer	798.00	1120.00	1122.00	901.00
4	Assigned Revenue	257.00	428.70	353.94	420.32
	<b>Total</b>	<b>1094.62</b>	<b>1608.73</b>	<b>1550.49</b>	<b>1403.28</b>

## Projection of PRIs Own Sources

9.6 The following table 9.5 provides the working of revenue from own sources.

**Table 9.5: Projection of revenue from own sources**

(Rs. in crore)

S. NO.	YEAR	REVENUE FROM OWN SOURCES	75% FOR CAPITAL EXPENDITURE AND O&M
1	2017-18	81.96	61.47
2	2018-19 8% growth	88.52	66.39
3	2019-20 8% growth	95.60	71.70
4	2020-21 8% growth	103.25	77.43
5	2021-22 8% growth	111.51	83.63
	<b>TOTAL</b>	<b>480.84</b>	<b>360.62</b>

Source: Calculations based on data collected

## Proposed SFC Grants

9.7 The Commission proposed 6.91% of net SOTR to rural local bodies for award period. (Table 9.7)

**Table 9.7 Proposed SFC Grants for the year 2017-18 to 2021-22**

(Rs. in crore)

Item	2017-18	2018-19	2019-20	2020-21	2021-22	Total
SFC grant proposed @ 6.91% of net SOTR	1424.17	1582.84	1769.61	1978.42	2211.88	<b>8966.92</b>

## Projection of Assigned revenue

9.8 Below table describes projection for next five years of assigned revenue. It is assumed that 75% of the projected revenues are available for requirements and remaining 25% for establishment expenditure.(Table 9.6)

**Table 9.6: Projection of Assigned revenue**

(Rs. in crore)

S. NO.	YEAR	REVENUE FROM OWN SOURCES	75% FOR CAPITAL EXPENDITURE AND O&M
1	2017-18 BE	420.32	315.24
2	2018-19 BE	389.75	292.31
3	2019-20(8% growth)	420.93	315.70
4	2020-21(8% growth)	454.60	340.95
5	2021-22(8% growth)	490.97	368.23
	<b>TOTAL</b>	<b>2176.58</b>	<b>1632.43</b>

Source: Calculations based on data collected

9.9 The fund requirements of PRIs are fairly large. A sum of Rs. 16795 crore is proposed for performing core functions by the Panchayats during the award period. In making our assessment

we find that some demands are necessary. A sum of Rs. 550 crore for betterment of sewerage system and other services per GP @Rs. 5.00 lakh for all 10971 GPs is proposed.

9.10 From Table 9.8 it can be seen that the minimum need of funds for rural area during five years (2017-2022) comes to almost Rs. 17345 crore out of which Rs. 1993 crore can be made available by assigned revenue and own revenue of GPs and JPs as well. Rs. 8967 crore by Third SFC devolution will also be available, leaving a gap of almost Rs. 6385 crore.

**Table 9.8 Investment Requirements and Resource Mobilisation  
(Award Period 2017-18 to 2021-22)**

INVESTMENT REQUIREMENTS	AMOUNT	RESOURCE MOBILISATION	AMOUNT
CAPITAL REQUIREMENTS	16373	PRI's OWN SOURCES (75 %)	361
O & M REQUIREMENTS	422	ASSIGNED REVENUE (75 %)	1632
<b>REQUIREMENTS FOR CORE FUNCTIONS</b>	<b>16795</b>	<b>FUNDS AVAILABLE WITH PRIs</b>	<b>1993</b>
FUND FOR SEWARAGE and OTHER SERVICES (FOR 10971 GPs @5.00 LAKH)	550	SFC ALLOCATION (proposed 6.91% of SOTR)	8967
		GAP TO BE FILLED	6385
<b>GRAND TOTAL</b>	<b>17345</b>	<b>GRAND TOTAL</b>	<b>17345</b>

(Rs. In crore)

Note: Rounded the figures in crore rupees

The Commission is not giving any specific recommendation for gap filling. Through State Government grants and PRIs reforms in their revenue augmentation and cost controls above gap can be bridged.

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