

## CHAPTER 10

### DATA BASE FOR LOCAL BODIES

**4.10.01.** The Constitution, 73rd and 74th Amendment Acts, 1992, lays down the foundation for a much more strengthened local-self Governments at various levels in rural and urban areas, opening up a new vista for decentralised decision making, participatory development and efficient organisation of essential services at local level. For efficient working of the local bodies as well as for continuing assessment of financial needs and potentialities of these bodies by the State Governments and State Finance Commissions, existence of a reliable, systematic and regular database with a minimum level of essential information is necessary. At present there exists no standard format for data maintenance at the level of Panchayats and Municipalities even within the State.

**4.10.02** It is a common knowledge that research on fiscal aspects of the local Government institutions is seriously hampered by the non-availability of a national or even a state-wide database. In many cases, data are available only at the aggregate level-with serious obstacles to combining data sets in a way that would make them representative for the country as a whole. In others, local

finance data exist, but are not available due to policies prohibiting access because of data protection concerns and confidentiality. Furthermore, much of the local finance data available are gathered for administrative and budgetary purposes and in their original form, can only be put to scientific use with great difficulty. The result is that there is no way of finding out what is spent on the services provided by the local bodies and how is each service financed. The need for standardised and comparable local finance data has also been stressed during the three meetings of the State Finance Commissions held at Delhi, Hyderabad and Maunabo in 1995, organised by the National Institute of Urban Affairs with the support from Ministry of Urban Affairs and Employment, Government of India. Creation of an automated data base, in a Municipal Organisation giving details of property and profession tax assessments, Water Charges, fees and other demands, would enable the revenue collection work in the Urban Local Bodies much easier, more efficient and less monotonous and at the same time ensure foolproof collection mechanism. Such a database would also make tasks of project implementation, project monitoring, necessary schedules on loans more simpler and more easier.

**4.10.03** Thus, there is a need (a) for creating a standardised, systematic and regular database within the local bodies, and (b) a regular flow of a minimum essential data from these bodies to State Level and National Level data banks accessible to authorities, academic institutions and the public.

**4.10.04.** (i) The rationale for creating a National network for local finance database lies in the fact that such a database would provide strong support for understanding the problems of local Governments in the country. It would also permit the understanding of fiscal phenomenon which are permanent and/or periodic, temporary or episodic, random or isolated; or assist in the ability to ascertain whether the units under observation react in a similar or dissimilar way to changes in their environment or in the set of conditions in which they function. Such information is vital for understanding capabilities and viabilities of local Governments in the State/Country. The creation of National and State-Level local finance database would serve, among others, the following purposes:

- a) It would strengthen support for policy making at the local level;
- b) It would provide a data bank to enhance the technical and analytical capabilities of subsequent State Finance Commissions;
- c) It would permit comparative study of local finances and assist in identifying strengths and weakness of local governments;
- d) It would provide rich information to State Governments to assist them in designing policies for local governments; and
- e) It would enhance the future research capabilities of individuals and institutions so as to enable them to provide technical and analytical support to subsequent State Finance Commissions and State Governments to assist the Local Bodies.

ii) It is viewed that in creating local finance database, it is a high priority to achieve comparability between data which are generally not produced and with standardization in mind. To achieve this objective deliberations were held on the following four important aspects of local finance database.

- a) What should be the minimum level of data that should be maintained by the local bodies?
- b) In what format should local finance data be maintained?
- c) What mechanism should be adopted for centralization and computerization of local finance database? and
- d) What procedures can be adopted for public access to local finance database?

iii) It is agreed that a minimum level of data should be maintained by the Panchayats and the Municipalities. This should include data on income, expenditure and the levels of services provided in the local area. It is also suggested that the database should include information on indicators of capacity, revenue effort and indicators that could be used by the State Governments to bring about equalization in the finances of local Governments. It is also suggested that some data on the general characteristics of Municipalities and Panchayats should also be maintained in the databank. Such general information could include, among others, the total population, SC/ST population, area, level of literacy, number of health centres, and number of schools. In the case of Panchayats it is suggested to include information on total cultivated area and total irrigated area in the data bank.

iv) The Commission agreed on the following minimum level of data to be maintained by the local bodies which will then serve as the basis for the National local finance database in the country:

- a) Receipts and expenditures under major heads as indicated in the National Institute of Public Finance and Policy (NIPFP) formats and deficit/surplus balance. In our state, State Finance Commission had adopted it in the Questionnaire itself.
- b) Details of demand, collection and balance in respect of various tax and non-tax revenues of local bodies.
- c) Basis of taxation, rates, duties and tolls.
- d) Assets created during each year.
- e) Details of services provided yearwise and expenditure thereon.
- f) Liabilities of the local bodies on loans, on payment due but not paid, on staff payments including P.F. and pension, on deposits and advances, and
- g) Grants/arrear revenues paid by Government and balance due from Government on assigned taxes and other revenues of State.

v) The minimum level of data as listed above should be maintained by the local bodies in few detailed registers. At present the information as outlined above is contained in hundreds of registers maintained by the local bodies. The Commission is of the view that the local bodies should maintain the essential registers needed for furnishing data for storage and for use.

vi) The Commission felt that local bodies should maintain data on the basis of functional classification. This would require that Municipalities and Panchayats maintain data by type of functions they perform. The Commission also suggests that data formats for Zilla Parishads and the Panchayat Samities should also be based on the functional classification.

**4.10.05** The Directorate of Town and country planning, Government of Tamil Nadu, during the early 1980's undertook a pilot study on formulating an urban information system (URBIS) for Chengalpattu Municipality under financial assistance from Government of India. It is seen that, systematic follow up action was not taken on the efforts of the Directorate of Town and Country Planning, to create similar Data Base for other Municipal Towns in our State. This should be followed up for Municipalities. For Corporations and District Panchayats Data Base shall be at the respective levels. Similar Data Base must be created. For Town Panchayats Data Base may be at District level/Region Level. In the case of Village Panchayats & Panchayat Unions, this shall be at the Panchayat Union Level.

**4.10.06 The Commission therefore recommends that**

i) creation of an Urban Information System (URBIS) for the Data Base for every urban local body viz. Town Panchayat, Municipality and Corporation should be an integral part of improving its managerial efficiency. Efforts put forth for creation of a Database for Chengalpattu Municipal Town, may be followed up for the creation of Data Base for other Municipal Towns as well. In the case of Town Panchayats, data base can be created at the District Level/Regional Level with reference to the jurisdictions of the Assistant Directors of Town Panchayats. In the case of Corporations, data base can be created at Corporation Level.

ii) a steering group may be constituted in the Directorate of Municipal Administration/ Directorate of Town Panchayats with experts in the field and users to give necessary technical advise and guidance and to monitor the progress.

iii) setting up of Rural Information System (RURIS) for rural Local Bodies, similar to urban information system (URBIS) is necessary. Management Information System by introducing computers at Panchayat Union level and district level for aggregation of data available at the level of Village Panchayats and at the Panchayat Union Level is necessary.

iv) data already available at the District level through NICNET may be utilised for developmental planning.

v) a steering group may be constituted in the Directorate of Rural Development with experts in the field, users etc., to give necessary technical guidance periodically and to monitor the progress.

vi) the Government must assist initially for the capital expenditure towards computerisation at Panchayat Union Level, District Panchayat Level, Municipal Level and District/ Regional Level in respect of Town Panchayats as a one time grant which will be maintained by the respective Local Bodies. In the case of Town Panchayats, the maintenance cost should be shared by the Town Panchayats in the District/Region.