

Public Finance Newsletter

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Editorial



Dear readers,

Our future depends on what we do today

In the last eighteen months, the world economy has witnessed massive social and economic disruption. The pandemic has had several short-term as well as long-term impacts on human health, society, the economy and the environment. These have nudged us to augment our future preparedness and capacities for such unforeseen challenges in the future.

In this context, it is noteworthy that India has witnessed the continuation/adoption of certain reforms that are targeted at strengthening rural local governments in the country. Given their importance, I would like to share some perspectives on such interventions in the sixteenth edition of the Public Finance Newsletter, besides sharing knowledge and updates on the public finance and economics domain.

The feature article in this issue analyses the importance of institutional strengthening of rural local governments and the key factors to account for during the design of such interventions. The article presents the existing challenges and then discusses the World Bank Group funded programme, Institutional Strengthening of Gram Panchayats in West Bengal (ISGPP).

The 'Potpourri' section examines the rankings and scores of gram panchayats (GPs) across states to understand the relative performance of states and union territories (UTs) in 2019. These rankings/scores have been analysed to generate a state-specific perspective on GP performance.

I would like to thank you for your overwhelming response that has propelled us to revive this newsletter after a gap of two years.

To share your experiences in the economic advisory services space with us, please write to me at ranen.banerjee@pwc.com or to our editorial team.

Happy reading!

Sincerely,

Ranen Banerjee

Partner, Economic Advisory Services
Government sector Leader

In the spotlight

Strengthening rural local governments in India

Abstract

This article highlights the importance of institutional strengthening of rural local governments in India and discusses the key factors to account for during the design of such interventions. We have first presented the current status of Panchayati Raj Institutions (PRIs) in India and the existing challenges in areas such as conduct of panchayat elections, decentralised planning, people participation, devolution of finances, accounting and audit, including key interventions and measures taken by the Central and state governments to improve autonomy, transparency, and governance at the local level. We have then discussed a highly successful programme funded by the World Bank Group, Institutional Strengthening of Gram Panchayats Program (ISGPP) in West Bengal, which has been running in West Bengal since 2010–11 and is currently in its second phase (2016–17 to 2021–22) as a case in point for institutional strengthening of PRIs in India. Finally, we have discussed the key factors to be considered while designing a programme for institutional strengthening of rural local governance in India, such as state selection, phasing of implementation and selection of gram panchayats (GPs), designing of an appropriate incentive mechanism, and ensuring sustainability of interventions. Institutional strengthening of GPs will help in driving faster achievement of SDG goals and targets through improved ownership, better oversight, and effective monitoring and evaluation of various service delivery initiatives through a broad-based participative and transparent process involving all stakeholders.



The State shall take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.

- Article 40, Directive Principles of State Policy, 1950



The success of any federal system of government depends on the strong foundation it is built upon. In a country as diverse and complex as India, local governments, as the third tier of government, play an undeniably important role in the socioeconomic growth and development of the country by fostering autonomy and accountability at the grass-roots level. In India, the network of rural local bodies (RLBs), i.e. the PRIs, stands strong at more than 260,000 in number.¹

The journey of rural development in independent India began with the launch of the Community Development Programme (CDP) in 1952, followed by the National Extension Service (NES) Scheme in 1953. These schemes aimed at the development of blocks (comprising 100 villages and 60,000–70,000 people on average) through improvement in agricultural techniques, development of village and cottage industries, minor irrigation works, provision of social services, and development of cooperatives and panchayats. However, these programmes saw limited success, on account of their bureaucratic, centralised and top-down approach. The Balwant Rai Mehta Committee was established in 1957 to review the performance of CDP and NES and recommend measures to improve their effectiveness. The Committee recommended a three-tier panchayat system with GPs at the village level, panchayat committee at the block level and zilla parishad (ZP) at the district (zilla) level.

¹ https://www.panchayat.gov.in/documents/20126/0/Statistical+handbook_MoPR+02082019.pdf/4988ca1b-4971-1f3b-54e7-980228eb47f9?t=1564729098415

The present structure of local self-government was constitutionalised under the 73rd Constitutional Amendment Act of 1992. The Act provides for the establishment of and devolution to PRIs (ZPs, panchayat samiti and GPs) in all states as institutions for self-government in rural areas. A panchayat's term is fixed at five years and all panchayat members are elected through direct election conducted by state election commissions. The Constitution provides for 33.33% of all seats to be reserved for women and Scheduled Caste (SC) and Scheduled Tribes (STs) to be reserved in accordance with their ratio in the state's population. There are 255,819 GPs, 6,835 panchayat samitis and 660 ZPs in the country.

Since being recognised statutorily as institutions of self- governance, our panchayats have been entrusted with responsibilities towards economic development and social justice. According to Article 243G, 'Powers, authority and responsibilities of Panchayats' empowers the state legislatures to devolve certain responsibilities to the local governments. However, since the local governments are a state function, the powers, authority and responsibilities of PRIs are provided in the state-specific Panchayati Raj Acts and therefore vary across states. Enumerated in the 11th Schedule of the Indian Constitution (1992), these responsibilities are classified across four categories: five core functions that pertain to the universal basic needs of drinking water, electricity, health and sanitation, etc.;¹³ welfare functions; nine agriculture and allied services and two industry-oriented functions.²

According to the Economic Survey (2017-18), the panchayats receive close to 95% of the resources needed to honour their expenditure needs from transfers, generating only 5% revenues themselves. PRIs receive transfers from the Central Finance Commission (CFC) in the form of local body grants, routed through the states, funds from the State Finance Commission (SFC) as well as funds from the Centre for implementing the Centrally Sponsored Schemes (CSS). Article 243H also provides for taxes, duties, tolls and fees to be levied and collected by PRIs as authorised by the state. Such revenues include property/house tax, land tax, entertainment tax, tolls for roads and various forms of fees. However, while the power to collect taxes was provided for in the 73rd Amendment Act, it is not mandated and is determined by state-specific legislation. Further, the recommendations of the SFC on revenue share between state and local governments are not binding on state governments. As such, local governments often lack the requisite funds to carry out their assigned responsibilities. Thus, while some states such as Kerala, Andhra Pradesh and Karnataka have panchayats collecting revenue through taxes, village panchayats in states such as Uttar Pradesh are almost entirely dependent on transfers for funds.³

Almost three decades after their establishment, PRIs are certainly a success in some states in areas such as establishment of local self-government at the grass-roots level and election and political representation of the people, including the more vulnerable sections of society. However, in terms of fiscal devolution, functional empowerment, governance, participatory planning, service delivery, etc., they are found to be wanting, which has prevented them from evolving into autonomous, accountable and empowered institutions. We discuss below the current status of PRIs across the country, key interventions and measures taken by the Central and state governments to improve autonomy, transparency and governance at the local level and the existing challenges faced by PRIs. We then proceed to discuss a highly successful programme funded by the World Bank Group, **Institutional Strengthening of Gram Panchayats Program (ISGPP) in West Bengal**, which has been running since 2010–11 and is currently in its second phase (2016–17 to 2021–22). The programme has played a pivotal role in strengthening the governance of GPs in the state and has led to significant positive changes in various aspects of their functioning, including planning, budgeting, scheme implementation, procurement, accounting, audit and people participation. Finally, we discuss the key elements to consider for designing a programme for institutional strengthening of rural local governance in India.

Status of PRIs

Conduct of panchayat elections

Until the enactment of the 73rd Constitutional Amendment in April 1993, only three Indian states – namely Maharashtra and Gujarat (since 1963) and West Bengal (since 1978) – had conducted panchayat elections, at periodic intervals. Other states were not compelled by law to conduct periodic panchayat elections. Madhya Pradesh became the first state to conduct elections for the panchayats after the 73rd amendment. Moreover, according to Article 243K, the control and oversight of the elections and preparation of electoral rolls rests with the State Election Commission (SEC). Since the constitutional amendment, all states have conducted elections for the panchayat on a regular basis.

² Refer to the 11th Schedule (Article 243G) for the complete list of 29 functions

³ <https://pib.gov.in/PressReleasePage.aspx?PRID=1518051>

Decentralised planning

Developing a comprehensive, structured and robust development plan is crucial for the smooth functioning of GPs. The elected representatives of the GP have to be trained on matters of planning and budgeting to ensure the proper implementation of village-level development projects. Despite widespread efforts on development planning and budgeting, there have been gaps in implementation. A 2007 survey undertaken at the GP level in the backward districts of **Odisha, Bihar and Chhattisgarh** on assessing capacity of the GPs revealed several issues affecting GPs, especially with regard to decentralised planning and people participation.⁴

Decentralised planning	• Excess of construction-related activities, which indirectly suppress the demands of the village's poorer sections • Lack of initiatives directed towards health, livelihood, watershed, forestry, etc. • Village committees constituted for various development activities are not operational
People's participation	• Caste-based dominance of certain groups, thus alienating the minority caste groups • Cases of violence and factional fights diminishing the smooth functioning of GPs
Training	• Inadequate training received by gram pradhans on matters related to planning and governance • Need for trainings on village development and self-governance for inexperienced elected representatives belonging to SC/ST groups

Inspired by the 14th Finance Commission's recommendation to grant INR 2 lakh crore to GPs between 2015 and 2020, the Ministry of Panchayati Raj (MoPR) initiated the Gram Panchayat Development Plan (GPDP), an annual plan that empowers villagers to drive the allocation of capital expenditure to various sectors. The MoPR prepared and disseminated model GPDP guidelines for the eligible states (as per part IX of the Constitution). All states have formulated their own GPDP guidelines since then.

Despite the state and Central government's efforts, concerns remain on the extent of participatory planning in the local governments of several states, and it is believed that capacity building of functionaries would need to be undertaken to plug some of the shortcomings.⁵ A few examples of the existing challenges in the planning processes of some of the states are given below:

- 01 Assam:** Although the Assam Panchayat Act has provided for setting up standing and development committees at the GP level and planning and development committee at the ZP level, it has been found that these standing committees do not function as expected.⁶
- 02 Rajasthan:** Shortage of manpower has hindered the normal functioning of the PRIs and hampered the implementation of the planning process culminating in the GPDP.⁷
- 03 Karnataka:** High proportion of vacant posts in PRIs (27% as of 2017) and delayed recruitment are pain points for the state. Moreover, frequent transfers of officers as well as lack of knowledge and training in the execution of development activities act as hindrances to the functioning of town panchayats.⁸
- 04 Kerala:** Mismatch between the administrative capacity and number of projects handled by them across all levels (GP, block panchayat, district panchayat). The SFC has suggested reducing the quantum of projects to improve the plan performance across the stages of plan formulation and execution.⁹

4 <https://www.panchayat.gov.in/documents/20126/0/Drishtee.pdf/666614ed-acba-bd5c-d73b-4462a834c8d2?t=1554871250657>

5 <https://economictimes.indiatimes.com/news/politics-and-nation/how-gram-panchayat-development-plan-is-changing-the-villages-of-india/articleshow/53458749.cms?from=mdr>

6 <http://sfcassam.nic.in/5thSFC/Reportof5thASFC-F.pdf>

7 https://sfc.rajasthan.gov.in/includes/IR_english.pdf

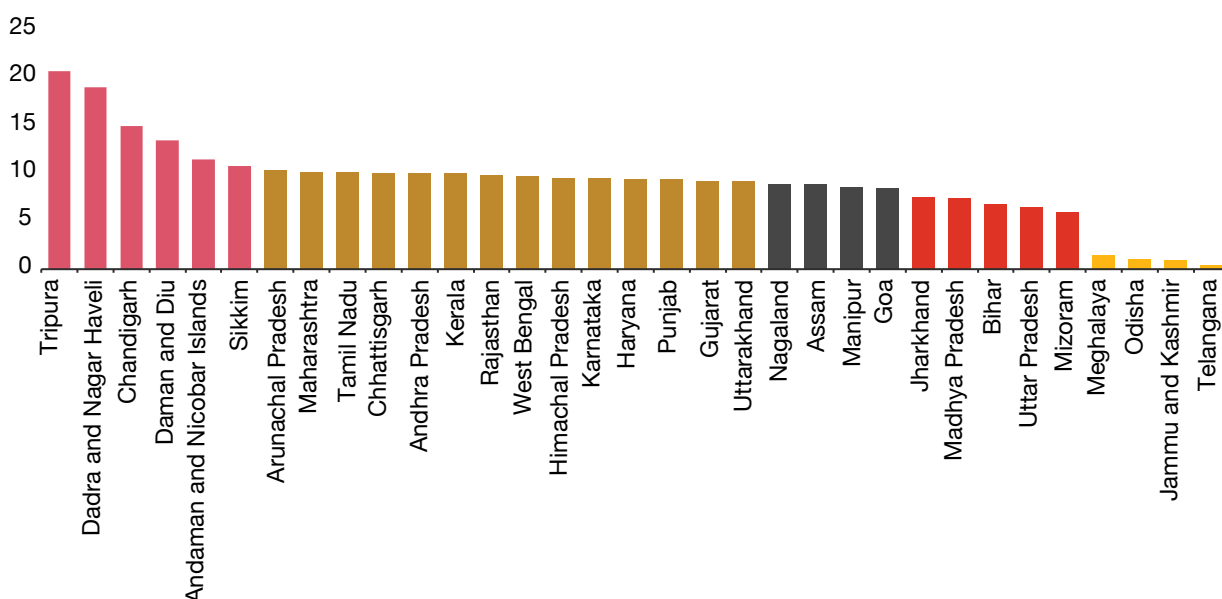
8 <https://indiancst.in/skins/default//docs1/reports/4th%20Finance%20Comission%20Report.pdf>

9 www.sfc.kerala.gov.in

The People's Plan Campaign (PPC) was launched as Sabki Yojana Sabka Vikas, an integrated planning exercise from 2 October 2018 to 31 December 2018 for preparing the GPDP for 2019–2020. The inaugural campaign met with acclaim, yielding big numbers in terms of national grass-roots level coverage. Nearly 82% of all GPs under the PPC had uploaded their GPDP on the eGramSwaraj portal,¹⁰ the web-based software designed to capture the entire planning workflow, including flow of funds from Central and state-sponsored schemes, in the local language.

The chart below presents a comparative analysis across Indian states at the end of the 2018 PPC, based on state scores.¹¹ The state score was determined by aggregating the individual scores of GPs and averaging them over the total number of GPs in a state. The union territories (UTs) performed well, appearing in the top percentile, followed by the states of Sikkim, Maharashtra, Tamil Nadu and 12 other states that scored around 10. Bihar, UP, Odisha, Telangana, Jammu and Kashmir and the North Eastern states of Mizoram and Meghalaya did not perform, as well evidenced by their lower scores.

Figure 1: Comparative analysis across states (2018 PPC)



Gram sabhas

Article 243 (b) defines a gram sabha as “a body consisting of persons registered in the electoral rolls relating to a village comprised within the area of the Panchayat at the village level”. **Gram sabhas are designed as a tool for direct democracy, where each and every voter can use the forum to discuss local issues.** According to the state Panchayati Raj acts, gram sabha meetings must be held two to four times annually. The GPDP plan developed at the GP level should be presented at the gram sabhas.

Data from the past PPCs reveals that the majority of the GPs in most states have held gram sabhas, but states such as Odisha, Telangana, Manipur and Meghalaya were found to underperform in terms of conducting gram sabhas, with gram sabhas scheduled in under 40% of their GPs.¹² In 2020, 12 states and two UTs conducted gram sabhas in all their GPs.¹³ There are major concerns regarding the effectiveness of gram sabhas due to delays in organising sabhas, low participation in these meetings and the loss of autonomy experienced by these sabhas. For instance, in the case of Tamil Nadu, the Tamil Nadu Panchayat Act has not clearly demarcated powers to these sabhas. As a result, the gram sabhas are often overruled by para-statal agencies and state government boards.¹⁴

¹⁰ <https://egramswaraj.gov.in/dashboardNew.do>

Planning & Reporting”, Panchayat Information Dashboard eGramSwaraj, last updated on 31 March 2020

¹¹ <https://gdpd.nic.in/PPC2018/>

The PPC-2018 website describes the points system for a GP, based on multiple parameters.

¹² https://panchayat.gov.in/documents/20126/0/Statistical+handbook_MoPR+02082019.pdf/4988ca1b-4971-1f3b-54e7-980228eb47f9?t=1564729098415

¹³ <https://gdpd.nic.in/PPC/>

The 14 states and UTs are Bihar, Chhattisgarh, Goa, Jharkhand, Kerala, Ladakh, MP, Mizoram, Sikkim, Tamil Nadu, Telangana, Dadra & Nagar Haveli, UP and Uttarakhand.

¹⁴ <https://www.thehindu.com/news/national/tamil-nadu/gram-sabhas-the-roots-that-lack-nourishment/article23733363.ece>

Organising a gram sabha in the desired manner, i.e. by ensuring active participation of people from all sections requires active leadership and effective communication by the sarpanch, outside of the formal notifications issued to the village members. The Rural Economic and Demographic Survey (REDS) dataset aggregated during 2006–2008 reveals that on average, only 13% of villagers attend gram sabhas with a stark gender disparity (21% for men vs 7% for women). However, the difference is less stark for SCs and STs versus non-SCs and non-STs.

Devolution of finances in PRIs

The ability of the PRIs to act as effective institutions of local self-governance depends on the financial powers and resources vested with them. In order to deliver the assigned functions and responsibilities, it is imperative that PRIs have a strong resource base and clearly defined sources of revenue. While the extent of financial powers bestowed on the PRIs varies across states, the primary resource base is the same for all, comprising own revenue, state government grants, Government of India (GoI) grants, SFC grants and CFC grants. The CFC has the responsibility of determining the criteria for distribution of grants to the local bodies, routed through the budgets of the state governments. Of the total INR 2,36,805 crore allocated by the 15th Finance Commission to rural local bodies, 60% is tied to national priorities such as drinking water supply and rainwater harvesting and sanitation, while the remaining 40% is untied.¹⁵ In order to be eligible for grants, rural local bodies have to fulfil the entry-level condition of online availability of annual accounts for the previous financial year and audit accounts for the year before.

Over the years, the CFC has also raised the need for PRIs to mobilise their own revenue sources for better ownership and promotion of financial self-independence. In the 14th and 15th Finance Commission Report, it was noted that the local bodies have become largely reliant on the transfer of funds from governments. It was suggested that the state governments take charge and bring the necessary changes in legislature to support the PRIs in enhancing their revenue sources. The 14th Finance Commission listed down issues and made recommendations for the PRIs (see **Table 1**) to improve their own revenue sources, which typically comprises tax revenue (property tax on land or buildings, advertisement tax, entertainment tax, etc.) and non-tax revenue (toll, fees, rates, etc.).

Table 1: Issues and recommendations on own resource mobilisation for PRIs

Measures	Issues (as highlighted in the 14th Finance Commission Report, Annual Technical Inspection Report and SFC reports of various states)	Recommendations
Tax measures	- In some states, local governments don't have the power to levy property taxes. This issue is amplified by the non-revision of tax rates in states where it exists. States like Sikkim, Tamil Nadu, Haryana and Himachal Pradesh have untapped potential when it comes to raising property and house taxes. Slow transfer of advertisement tax to the PRIs by the District Collector Tax mobilisation in some states like Sikkim is nil even though the Panchayat Act and SFC enable the GP and zilla panchayat to collect household taxes, village road tax and entertainment tax.¹⁶ - States like Haryana have empowered their rural local bodies to levy entertainment tax but the PRIs do not levy the taxes.¹⁷	States should empower local bodies to levy various taxes, including property tax reforms, and revise them regularly.
Non-tax measures	Productive assets such as fisheries and village ponds are not assigned to the GP, thereby restricting their chances to levy user taxes - Lack of rules in some states regarding collection of tolls, fees and duties - Misalignment of increase in consumption of mineral materials vis-à-vis income from royalty. PRIs in Maharashtra are facing delayed release of funds due to changes in processes for sharing of royalties.¹⁸ - PRIs in a few states like Himachal Pradesh face issues related to non-recovery of duties from installation of mobile towers. - No guidelines on service charges chargeable to the Union and state government for usage of properties in local areas	The GoI and state governments should look into ways to compensate PRIs for the civic services they provide to government properties. State governments should take charge to place productive local assets with the PRIs, and frame rules for collection of royalty, fees and tolls.

15 <https://fincomindia.nic.in/ShowContent.aspx?uid1=3&uid2=0&uid3=0&uid4=0>

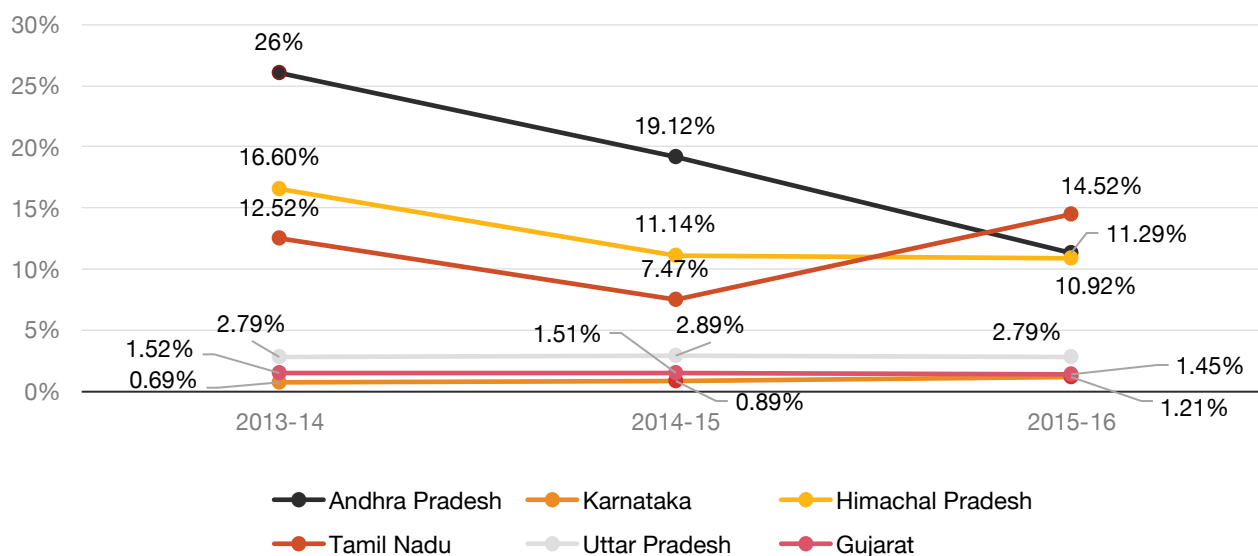
16 http://www.sikkimfred.gov.in/FCD/Documents/Book%20_Fourth_SFC.pdf

17 <http://www.finhry.gov.in/State-Finance-Commission>

18 https://finance.maharashtra.gov.in/sitemap/finance/vitvibhagkashya_ENG.html

Owing to issues highlighted in Table 1, there is significant variation in the share of own revenue to the total receipts across states. A comparison of own revenue as a percentage of total receipts for selected states is shown in Figure 2. It is evident from the figure that certain states have better resource mobilisation at the level of rural local bodies compared to others. States like Karnataka, Maharashtra and Assam (not shown in Figure 2) have a low percentage of total receipts in the form of own revenue of the rural local bodies. For Maharashtra, the average share of own revenue from the years 2014–15 to 2018–19 has been 6.5%. Assam saw an average share of 5% for the period of 2010–11 to 2012–13. On an overall basis, as per the Economic Survey 2017–18, the average share of own revenue was 5% for 2014–16.

Figure 2: Comparison of own revenue to total receipts of rural local bodies in selected states



Source: Report of C&AG on local bodies for various states and SFC Reports

Accounts and audit of PRIs

Financial reporting is of key significance for ensuring accountability of PRIs. PRIs maintain their accounts in the Model Accounting System (MAS) in the formats prescribed by the MoPR. The MAS is a simple cash-based accounting system with a provision to shift to accrual accounting.¹⁹ To further improve the accountability and financial management of PRIs, the Ministry of Rural Development, in coordination with National Informatics Centre, created a web portal called the Panchayati Raj Institution Accounting Software (PRIASoft) for online maintenance of PRIs' accounts. **State governments, with technical support from the Comptroller and Auditor General of India (CAG), prepare audit reports of the rural local bodies.** Audit of the PRIs and their maintenance fall under the ambit of state governments. The number of audits conducted by the local audit units varies across states and time periods. In Karnataka, the percentage of GPs audited was more than 85% for the years 2013–14 to 2016–2017.²⁰ As of June 2020, the local audit department in Maharashtra conducted audits of only 22.3% GPs during the year 2018–2019²¹. For Orissa, 9% of the planned GPs were not audited as of March 2016. In Assam, for the years 2010–11 to 2014–15, the shortfall of audits conducted was over 50%. Other states like Uttar Pradesh and West Bengal have also seen inadequate audits of PRIs over years. Certain states like Himachal Pradesh surpassed the number of planned audits for GPs by conducting an excess of 3% audits against planned ones for the year 2016–17. However, the state observed a significant shortfall of 28% in the number of planned audits conducted on panchayat samitis for the same year.

¹⁹ https://tnrd.gov.in/dyn_json_schemes_name_details.php?scheme_type=Mw==&y=MjAxMg==&sch_id=MTk=&go_type=MQ==

²⁰ <https://cag.gov.in/en/audit-report/details/54903>

²¹ <https://cag.gov.in/en/audit-report/details/114004>

Problems associated with timely preparation of accounts by the PRIs and their audit have persisted over the years and been highlighted in multiple CFC reports. There is often non-preparation/delayed preparation of local accounts, including audited accounts.²² Another significant challenge is the limited availability of data in comparable formats, thus making it difficult to consolidate the accounts of the local bodies with the Union and state governments' accounts. Some efforts have been taken by the MoPR and CAG to improve the audit practices followed by state governments and bring transparency and accountability to the utilisation of funds. AuditOnline²³ is the product of one such initiative, the e-panchayat Mission Mode Project (MMP). It is an open-source application that facilitates financial audit at all the three levels of PRIs, i.e. district, block and village panchayats. As a pilot project, 20% of GPs in each state were required to conduct audits using the application in 2019–20. Fourteen states have achieved this target. Telangana emerged as the leading state in this pilot project and completed the audit of 40% GPs using the application. This percentage will be scaled up to 100% from FY 2020–21 onwards. The CFC mandated the availability of both unaudited accounts for 2019–20 and audited accounts for 2018–19 in the public domain for 25% of the rural local bodies in states to be eligible for grants in 2020–21. eGramSwaraj is another initiative aimed at improving the maintenance of online accounts. States like Chhattisgarh, Madhya Pradesh, Rajasthan and Sikkim have started engaging chartered accountancy firms to increase the pace of preparation of accounts. However, significant challenges such as lack of adequate infrastructure and skills at the rural local levels to produce online accounts and computerise village records and accounts still remain.

GPs also face setbacks due to various institutional factors such as inadequacy of staff, non-availability of technical resources for construction/engineering activities and weaknesses in procurement functions. It is often observed that PRIs have inadequate staff. In certain states such as Maharashtra, the number of sanctioned positions for the Village Development Officer (VDO)/Gram Sevak, responsible for maintenance of local accounts, was around 50% of the number of GPs in the state. More concerning, 7% of the sanctioned positions were not filled as of November 2016.²⁴ A similar situation was observed in the CAG report on PRIs for Uttar Pradesh, with vacant positions for panchayat secretaries. Lack of availability of technical staff and adequate supervisory staff was also highlighted in the SFC report for Karnataka, with more than 27% of the posts in PRIs being vacant. Procurement of goods and services by the PRIs is another challenge that needs to be addressed. Some of the common issues observed relate to lack of proper plans, inadequate capacity for maintaining procurement files (such as asset register, progress photographs, contract, work order, completion certificate), and/or uploading of photographs of schemes on geographic information system (GIS), awarding of multiple contracts to a single bidder, etc. To streamline issues pertaining to procurement, certain states such as Kerala²⁵ have issued procurement manuals to provide guidelines to the local bodies on processes to be followed.

The case of West Bengal²⁶

West Bengal has been at the forefront of decentralisation and local governance reforms. It was the first state to hold elections at the local level in 1978 and devolve all functions listed in the 11th Schedule to the local governments. Over the past few decades, the state government has demonstrated its commitment towards improving governance at the local level by ensuring regular elections, increased devolution of various powers and responsibilities relating to governance and service delivery in sectors such as roads, health, education and water, bringing in block development within the ambit of PRIs and ensuring adequate representation of vulnerable sections of society (SCs, STs and women) in PRIs. Overall transfer of funds to PRIs has also increased considerably.²⁷ Moreover, West Bengal has been one of the few states where all GPs are required to undergo an annual financial audit under the CAG of India.

The Panchayat and Rural Development Department (PRDD) of the Government of West Bengal (GoWB) has taken several initiatives over the years to strengthen the roles of PRIs. These include measures such as constitution of additional standing committees at the ZP level and inclusion of additional subjects under their purview, constitution of sub-committees (upa-samitis) at the GP level with similar functions, constitution of block sansads and zilla sansads to increase accountability at the block and district levels, and constitution of gram unnayan samitis (development committees at the gram sansad level) and district council for panchayats (for ensuring compliance with financial and other norms by all PRIs in the state). The PRDD of the GoWB also developed a Roadmap for the Panchayats of West Bengal as a vision document to guide panchayats, the GoWB and other key players in strengthening the democratic functioning of the PRI system, improving delivery of core services, augmenting finances and harmonising the legal framework.

22 <https://fincomindia.nic.in/ShowContent.aspx?uid1=3&uid2=0&uid3=0&uid4=0>

23 <https://auditonline.gov.in/>

24 https://cag.gov.in/cag_old/content/report-no5-2017-local-bodies-government-maharashtra

25 <https://klgsdp.org/wp-content/uploads/2017/12/go-p-no.259.pdf>

26 <https://projects.worldbank.org/en/projects-operations/document-detail/P159427?type=projects>

<http://wbfin.nic.in/writereaddata/final%20report%20part%20-%20i.pdf>

https://mis.wbprd.gov.in/ISGPPHtmlPages/isgpp_document_report.aspx

27 <https://documents1.worldbank.org/curated/en/232061468284091155/pdf/531840PAD0P105101Official0Use0Only1.pdf>

As part of its continued commitment towards policy and institutional reform, a major initiative taken by the PRDD, with assistance from the World Bank Group, was to introduce the ISGP programme in 2011. The programme envisioned a block grant system to incentivise local governance and service delivery as a critical and sustained element within the fiscal framework of PRIs in West Bengal. The first phase of the project from 2011–16 focused on 1,000 (out of 3324) relatively better performing GPs spread across 9 (out of 18 districts) districts. Phase I of the programme supported the GoWB in introducing a performance-based grant system, enhancing capacities of GPs in areas such as planning, financial management, procurement, and environmental and social safeguards. The Fourth SFC of West Bengal recognised the positive contributions of the programme in the areas identified in the Roadmap for the Panchayats vision document, such as preparation of annual plans and budgets in the prescribed format and within timelines, utilisation of allocated funds, compliance with procurement, accounting and reporting rules and formats, and unqualified external audit reports. The key features of Phase I of the ISGPP and critical success factors have been detailed below. During this period, the total funding to PRIs increased by 128%, with a major part of the increase coming from untied funds (73% increase).²⁸ Recognising the contribution and progress made by the GPs, the SFC, in its report, recommended the roll-out of this programme to all GPs in the state.

Features and achievements of ISGPP

The project development objective (PDO) of ISGPP I was to “develop institutionally strengthened GPs”. The long-term vision of the programme was to expand the project to all GPs in the state and become an integral part of the fiscal transfers to PRIs. The first phase of the programme was rated ‘satisfactory’ by the World Bank in its review missions for four years of the project. The details of the various components of the project and achievements under each are given below.

01 Grants to GPs: This comprises both a performance-based block grant provided on an annual basis to GPs as well as untied grants funded by the GoWB in the form of annual SFC fund transfers. The block grant would be administered through an annual performance assessment (APA) of GPs. The questionnaire-based assessment comprises a set of Minimum Mandatory Conditions (MMCs) that a GP would have to meet in order to be eligible for a grant and performance criteria in the areas of planning and budgeting; project execution and service delivery; accounting, financial reporting and audits; and participation, transparency and accountability.

Achievements: The table below presents a comparative assessment of the number of GPs that meet the four MMCs (1 to 4) and fund utilisation during the project period.

Table 2: Comparative assessment of GPs

Sr. no.	Indicator	Baseline (2010–11)	Progress (2015–16)
1	Timely preparation and approval of integrated plan and budget	72.5%	100%
2	Timely and quick utilisation of untied grants	48.3%	89%
3	Clean external (CAG) audit report	99.5%	99.7% (with 400% increase in discretionary funds)
4	Timely digitisation and upload for public view of financial transactions (through Gram Panchayat Management System (GPMS; departmental MIS) by the GP	52.5%	100%
5	Average investment per activity from all untied grants, excluding block grant	INR 0.14 lakh	INR 1.9 lakh
6	Average expenditure per activity from ISGPP block grant	INR 0.44 lakh	INR 3.75 lakh

02 Capacity building: Capacity building included formal training, mentoring, exposure visits and demand-led approaches such as voucher-based capacity support. These were organised under various components such as support for the development of systems for planning, accounting, grievance redressal, project management, etc.; formal training in areas such as MIS for GPs, procurement, planning and environmental and social mitigation framework (ESMF), and roles and responsibilities of local representatives; mentoring support through mobile specialists in the areas of financial management, procurement, planning, project execution, governance, etc.; exposure visits to other states in India for review of best practices and strengthening of internal audit of GPs carried out by the PRDD.

Achievements:

- The project supported the development of the **GPMS**, an MIS for online accounting and uploading of financial data of the GP as well as services such as birth and death registration, issuance of residential and income certificates and trade registration certificates.
- Development of the **ESMF** for assessment of potential environmental and social impact and screening of infrastructure and other projects implemented by GPs. The framework ensures that environmental and social considerations are integrated in the planning and budget execution processes of the GPs.
- Development and circulation of manuals, including procurement manual, GPMS operating manual, mentoring manual and internal audit reporting formats.
- The project delivered over 1 lakh mentoring days to GP employees and elected representatives providing handholding support on planning, governance, financial management, procurement and rural engineering.

03 Oversight and monitoring by the PRDD: The project also focused on strengthening the monitoring systems of the PRDD with respect to GPs through conduct of APAs, quality assurance audit of APAs by an externally recruited independent agency, technical assistance in carrying out as-is assessment and recommendations for strengthen monitoring systems, programme evaluation studies and support to the Examiner of Local Accounts (ELA) to ensure timely completion of audits of GPs.

Achievements:

- Development and roll-out of web-based monitoring system, which enables monitoring of GP performance through data on GP profile, sansad profile, gram sabha and gram sansad meetings, and activity-wise details for those activities undertaken through block grants. The system was recognised through the SKOCH **Order of Merit**.
- Development and roll-out of **Geographic Information System (GIS) based monitoring system** for tracking physical progress of planned and approved activities, attendance in GP-level statutory meetings. The data can be viewed through a dynamic query-based database. The GIS-based planning and monitoring system was recognised by the **SKOCH Group with a 'Smart Governance Award'**.
- Development of MIS for training-related activities undertaken by Society for Training & Research on Panchayats & Rural Development (STARPARD) for providing information related to training of GP employees and elected representatives such as course modules, duration and feedback for training programmes conducted for both types of trainees.

04 Project management and implementation: This included aspects such as project information, education and communication (IEC) strategy for sensitising GPs on the project objectives, outcomes, eligibility criteria and grant allocation procedures, and project management support in the form of financial assistance to implementing agencies. These would include the PRDD, which would have the overall responsibility of project implementation and ensuring that the PDO is met. The ISGPP Cell would be created within West Bengal State Rural Development Agency (WBSRDA) to undertake day-to-day activities of project management in the state; Society for Training and Research on Panchayat and Rural Development (STAPPARD) for formal training of GPs; district coordination units to coordinate day-to-day operations of mentoring teams; and district training centres (DTCs) to provide training staff and facilities in districts.

Achievements:

- Dissemination of **Anuprerna**, which captures the best practices of ISGPP GPs to all GPs in the state
- Publication of bilingual monthly newsletter ('Gram Katha') and quarterly periodical ('Ankur') for all GPs, departments of the GoWB, other states and GoI containing articles on social issues and feedback of GP employees and elected representatives on the ISGPP
- Development of documentary on ISGPP and airing of TV and radio spots on the project

In accordance with the recommendations of the Fourth SFC, the GoWB launched ISGPP II encompassing all 3,342 GPs in the state. Given the Fourteenth CFC recommendation to allocate 10% of CFC funds based on performance, the GoWB adopted this and additionally all SFC funds were decided to be allocated on the basis of performance. This, along with the International Development Agency (IDA) funding from the World Bank under the ISGPP, led to a 145% increase in total performance-based grant in the second phase. An increase in untied funds to GPs implied additional responsibility on their part to ensure appropriate and efficient utilisation of the funds. As such, the learnings from Phase I of the programme were expanded to all GPs under the Programme for Results (PFR) financing instrument for ISGPP II. The programme has been contributing significantly towards strengthening capacity and establishing a state-wide performance-based grants (PBG) allocation system.

A programme for strengthening rural local governance

Institutional strengthening of GPs in India is an important step towards achieving decentralised governance in its true sense and ensuring effective delivery of key services at the grassroots level. Approximately 65% of India's population resides in rural areas and it is essential that local bodies in charge of governance function in a manner aligned to the best interest of their citizens. GPs in India are directly involved in ground-level execution of key central and state government schemes, including flagship schemes such as the Mahatma Gandhi National Rural Employment Guarantee Scheme (MNERGS) and Swachh Bharat Mission-Grameen (SBM-G). Moreover, they are responsible for developing and implementing their own plans to strengthen infrastructure and execute other schemes in health, education, water and sanitation, transport, etc. Their functions bring about a tangible impact on the lives of the people residing in respective villages and the schemes executed at the local level directly contribute in the progress towards achieving SDGs 3, 4, 5 and 8, and indirectly towards attaining various other SDGs such as 1, 2, 9 and 10. It is essential that GP staff members have adequate capacity to design schemes and develop plans, procure necessary goods, works and services, maintain accounts and prepare financial reports to perform the duties entrusted to them. At the same time, oversight mechanisms such as annual audits need to be strengthened to ensure that GPs are acting in the best interests of citizens and able to perform the assigned responsibilities.

The case of West Bengal highlights the potential impact that a well-implemented programme can bring out in rural local governance. It also provides important learnings for designing a programme for institutional strengthening of rural governments in other states. However, it is equally significant to appreciate the unique characteristics and differences in the degree of devolution across states, and therefore, a one-size-fits-all approach cannot be adopted. Based on a review of literature, programme documents of ISGPP and similar projects, some learnings/success factors for designing such a programme are provided below:

- **Selection of the state:** This is one of the most crucial aspects of the programme design. To ensure the achievement of programme outcomes and objectives as well as sustainability of reforms undertaken, it is important that the necessary foundations are laid for system strengthening. West Bengal was a fitting choice for ISGPP since it is one of the leading states in the area of decentralisation and has demonstrated continued commitment towards empowering local governments through several initiatives (as mentioned above). The World Bank also implemented a similar programme in Karnataka (prior to ISGPP), which has the longest history of functional rural governments in India.²⁹ It is recommended that states having relatively better fiscal decentralisation frameworks and higher level of devolution should be ideal (initial) candidates for such a programme. The MoPR's Devolution Report 2015–16 ranks states like Kerala, Tamil Nadu, Karnataka and Maharashtra as the best performers in this area, while states like Jammu and Kashmir, Jharkhand and Punjab are among the poor performers. The box below provides a description of the Devolution Index, its various types and results from the study. Further, prior to programme design, a detailed scoping study aimed at understanding the hierarchy and functioning of rural bodies in the state should be carried out or any recent available studies should be used so that the programme design takes the results into account and is aligned to the state-specific institutional arrangements, policies and rules.

29 <https://documents1.worldbank.org/curated/en/841761468258541241/pdf/34014.pdf>

Devolution Index

The **devolution index**³⁰ assesses the **transfer of power and resources to local governments** and indicatively ranks various states and UTs, measuring the scale of empowering PRIs. The last Devolution Index Report was released by the Ministry of Panchayati Raj in 2015–16 and measured incremental and cumulative indices. Incremental devolution index is used to assess the short-term initiatives undertaken by states and UTs on an annual basis. The cumulative devolution index measures the status of states in decentralisation of power and resources over time.

The **incremental index**, measured for the years 2012–13, 2013–14 and 2014–15, assigned ratings to states and UTs based on parameters such as additional functions assigned to PRIs, their enhanced capacities, increased functionaries, improved accountability, and transparency among others. Andhra Pradesh, Sikkim and Odisha achieved highest incremental index ratings for the years 2012–15.

The **cumulative index** was constructed using an improved method and normal method. The improved method measured devolution based on the two facets of functioning of PRIs – actual progress in implementing the operational core of decentralisation relating to transfer of functions, functionaries, finances and extent of autonomy with the PRIs, and the development of support systems ensuring enhanced accountability and transparency, improved capacity building and constitutional mechanisms. Kerala, Maharashtra, Tamil Nadu and Karnataka turned out to be the best performing states as per the improved index, whereas states like Jammu and Kashmir, Uttar Pradesh, Punjab and Jharkhand were the worst performing ones. Amongst UTs, Andaman and Nicobar Islands and Lakshadweep fared well, whereas Puducherry and Dadra and Nagar Haveli fared poorly.

The **normal method** was based on four different facets of functioning of PRIs – devolution of functions functionaries and finances (3Fs) to the PRIs and establishment of systems of infrastructure, governance and transparency (IGT). The normal method was further classified into three indices of infrastructure, governance and transparency, namely the Index of Devolution in Policy (based on the information collected from state governments), the Index of Devolution in Practice (based on field data from sample district, block and GPs) and the Index of Devolution in Policy adjusted against Practice (DPA) or Normal Index. The top performing states, i.e. Kerala, Maharashtra, Tamil Nadu and Karnataka held similar positions under the three indices with Gujarat and Sikkim entering into the top ranks under the Index of Devolution in Practice.

- **Phased implementation and GP selection:** The state implementation agency, usually the state department, is unlikely to have the capacity to execute programmes for all PRIs from its inception due to the geographical spread of GPs and inclusion of too many weak PRIs. Hence, it can be argued that a better approach would be to pilot the programme in 25–30% of GPs so that the state machinery is not overwhelmed by the sheer extent of the programme and learnings from the pilot can be incorporated when scaling the programme to all GPs. Another factor to consider is the mix of PRIs. In the case of ISGPP, the first phase was restricted to nine (out of 19) better performing districts based on their overall performance in a survey conducted by the GoWB. GP selection was carried out by selecting the top 60% of the total GPs in these districts. This implied that the programme first targeted the better-off GPs in the state to mitigate implementation risk and build a solid foundation before the programme was rolled out on a larger scale. An alternative approach could be to cover a mix of low-, medium- and high-performing districts and GPs so that the programme design (for the full programme) does not suffer from selection bias and is unable to achieve desired outcomes in weaker PRIs. This approach will, of course, increase implementation risk in the pilot phase. Therefore, it is important that the selection of districts/GPs takes into consideration both these aspects. The final choice will depend on the relative weightage of the risks for the project design team.
- **Designing appropriate incentive mechanisms:** It is important to simultaneously develop demand-side incentives such as a grant allocation mechanism in order to ensure that supply-side interventions such as systems development, streamlining of processes and capacity building have a positive impact on the targeted group, in this case PRIs. The ISGP programme linked the two components of capacity building and grant allocation by allowing GPs who achieve desired performance in institutional aspects to gain access to funds. This ensured that GPs took advantage of the capacity building efforts carried out to improve their institutional performance, which allowed them to further increase planned activities and improve service delivery through access to a higher level of funding. Under the World Bank funded Bihar Panchayat Strengthening Project, Component 4 was concerned with the panchayat performance grant³¹ which aimed at rewarding the best performing GP in each block and district annually³² with a grant based on institutional indicators. This component was later dropped during the restructuring of the project. However, a

30 <https://www.panchayat.gov.in/documents/20126/0/devolution2015-16.pdf/d5e26984-5783-3a14-e7f7-6113a6cfa7c4?t=1554884884392>



crucial difference between both these programme approaches was that ISGPP allowed all GPs achieving a certain performance level access to additional funds, whereas the Bihar programme allowed only the best performing GP in each block and district to access the funds. Therefore, it is important to consider the impact and adequacy of incentives in the programme design so that reform interventions achieve targeted outcomes.

- **Ensuring sustainability of interventions:** A programme of such nature needs to not only aim towards achieving targets and outcomes but also take steps to ensure that reform measures proposed and implemented are sustainable in the long run. This also depends on the government counterpart agency and beneficiary group, and they play a significant role in continuing the reform efforts even after the project is closed. Sustainability can have multiple dimensions such as decentralisation efforts in the state, grant allocation system, capacity building initiatives and service delivery and infrastructure levels. Each of these and other dimensions based on the project design should be considered and planned for during the design phase. For instance, sustainability of decentralisation depends on the state's commitment to the process and should in turn inform the selection of a state for the programme. In the case of ISGPP, the state's commitment was demonstrated through the 2009 Devolution Roadmap, 2005 Activity Map and other measures taken by the GoWB in the recent years towards this path. Similarly, sustainability of the grants mechanism would require an assessment of the state's fiscal capacity and its future growth forecasts. Sustainability of capacity building and service delivery aspects would require discussions and agreements with state government counterparts to decide on post-programme actions that the state needs to undertake on a continual basis to prevent the diminishing of the programme's positive impact.

Thus, while the ISGPP programme provides a great reference point for further reforms in this space and scaling the benefits of strengthened local institutions to other states in India, it is important to consider state-specific factors and other aspects as mentioned above before implementing such a programme. A well-designed programme customised to cater to local issues can contribute immensely towards improving service delivery and governance in the country's grassroots levels.

31 <https://documents1.worldbank.org/curated/en/426451608078454705/pdf/India-IN-Bihar-PRI.pdf>

32 <https://projects.worldbank.org/en/projects-operations/project-detail/P102627>

Potpourri

‘Antyodaya’, means the ‘rise of the last person’ and is an integral concept enshrined in the broader philosophy of ‘Sarvodaya’ which means the ‘rise of all’. Antyodaya is a particularly relevant concept for a nation like India where nearly 22% of the population lives below the poverty line.³³ To address this issue, the GoI adopted **Mission Antyodaya** in 2017–18, a state-led initiative that aims at realising the vision of a poverty-free India. It is a convergence and accountability framework optimising resource allocations and management by 27 ministries and departments (MDs)³⁴ of the GoI for the sustainable development of the primary unit, i.e. the GP.

The Mission Antyodaya Annual Survey identifies deprivations at individual, household and community levels, and aims to address them a time-bound manner by allocating resources and delivering services through government schemes/programmes run by the respective ministries and departments.³⁵ The convergence of applicable government programmes across MDs in terms of planning, processing and implementing at the GP level and supporting the planning exercises undertaken through the Gram Panchayat Development Plan (GPDP) is envisaged to diversify livelihoods and lead to the eradication of poverty in households. The Mission Antyodaya Survey is currently in its third phase and the 2020 edition has covered 269,463 GPs and 667,933 villages so far.

Data on 29 expenditure subjects at the GP level is collected to generate GP-wise ranking and gap reports in the annual Mission Antyodaya survey. The ranking sheds light on the relative performance of convergent planning at the GP level, whereas the gap reports provide critical inputs for GPDP planning. The data collected from the survey comprises ordinal and quantitative responses which are compiled to arrive at an overall score and composite sectoral indices for GPs respectively. In this section, we will examine the rankings and scores of the GPs across states to understand the relative performance of states and UTs in 2019.³⁶ We have further analysed the rankings/scores to generate a state-specific perspective of GP performance.

I. Sector-wise average scores

Mission Antyodaya computes the sector-wise average score for each state by aggregating the individual sector scores.³⁷ We have leveraged the available database and identified two broad themes for interstate comparison, namely infrastructure and social welfare, by combining the relevant sectors from the 26 as devised by Mission Antyodaya’s 2019 survey. The scoring for each state under the particular theme is the aggregate of the score for those particular sectors as reported in the Mission Antyodaya survey. The two themes consist of the following:

Theme 1: Social welfare comprises education, vocational education, women and child development, family welfare, poverty alleviation programmes, adult and non-formal education, libraries, cultural activities, social forestry and public distribution systems.

Theme 2: Infrastructure comprises rural housing, drinking water, roads, rural electrification, financial and communication infrastructure, health and sanitation, and non-conventional energy sources.

Tables 3 and 4 depict the five best and worst performing states based on the scores obtained under the two themes. Kerala is a top performer in both the sectors. Other than Kerala, Tamil Nadu and Gujarat have also performed well in both the sectors, ranking within the top five. The North Eastern states seem to lag in infrastructure sectoral parameters, with all the states except Tripura and Sikkim placed in the bottom ten of the rankings. Arunachal Pradesh was found to rank the lowest among all the states for both the themes.

33 <https://data.worldbank.org/indicator/SI.POV.NAHC?end=2011&locations=IN&start=2005>

34 Some of the ministries and departments under Mission Antyodaya include the Ministry of Panchayati Raj, Ministry of Health and Family Welfare, Ministry of Women and Child development, Ministry of Finance and Department of Rural Development.

35 Mission Antyodaya acted as a catalyst for rural transformation, identifying gaps based on measurable outcomes across one crore households in 5,000 rural clusters/50,000 GPs and enabling targeted changes within 1,000 days in the first phase.

36 <https://missionantyodaya.nic.in/ma2019/preloginMaDataUploadSummaryNational.html>

37 <https://missionantyodaya.nic.in/ma2019/preloginStateSectorAvgScoreReports2019.html>

Table 3: Top and bottom ten states under social welfare³⁸

Top five		Bottom five	
State/UT	Rank	State/UT	Rank
Kerala	1	Arunachal Pradesh	1
Gujarat	2	Himachal Pradesh	2
Mizoram	3	Uttarakhand	3
Tamil Nadu	4	Manipur	4
Tripura	5	Uttar Pradesh	5

Table 4: Top and bottom ten states under infrastructure

Top five			
State/UT	Rank		k
Kerala	1		1
Gujarat	2		2
Goa	3		3
Tamil Nadu	4		4
Haryana	5		5

II. Ranking of GPs

Mission Antyodaya ranks each GP based on the total score obtained across the 29 functions listed in the Eleventh Schedule. Nearly 140 parameters across the 29 functions are scored for each GP. The GPs are classified under different ranking groups of 1–10, 11–20, 21–30, etc., going up to more than 80 based on the scores obtained. A GP belonging to a lower ranking group has obtained a higher absolute score in the survey. We have utilised the information on ranking groups to graph the density of high-performing (interpreted as GPs belonging in the topmost ranking group) and low-performing GPs (interpreted as GPs in the lowest ranking group) across the states and UTs. A frequency distribution of the GPs ranked³⁹ in the top ten as well as for those ranked beyond 80 within each state yielded the following geographical heat maps.

A total of 359 GPs were ranked in the top ten for the Mission Antyodaya survey period from 2 October 2019 to 31 December 2019 (same as the People's Plan Campaign). Gujarat accounted for the most GPs ranked in the top ten with 132, followed by Punjab with 77 and Kerala with 43. Odisha, Karnataka, Maharashtra and Tamil Nadu were the other states within the top ten with more than ten GPs each. Although Gujarat had more high-ranked GPs, Kerala had the highest share of high-scoring GPs at 4.6% out of its 941 GPs. Meghalaya is the only North Eastern state having GPs in the top ten. Jharkhand, Uttaranchal, Himachal Pradesh, Goa, Jammu and Kashmir, and Ladakh do not have a single GP in the top ten.

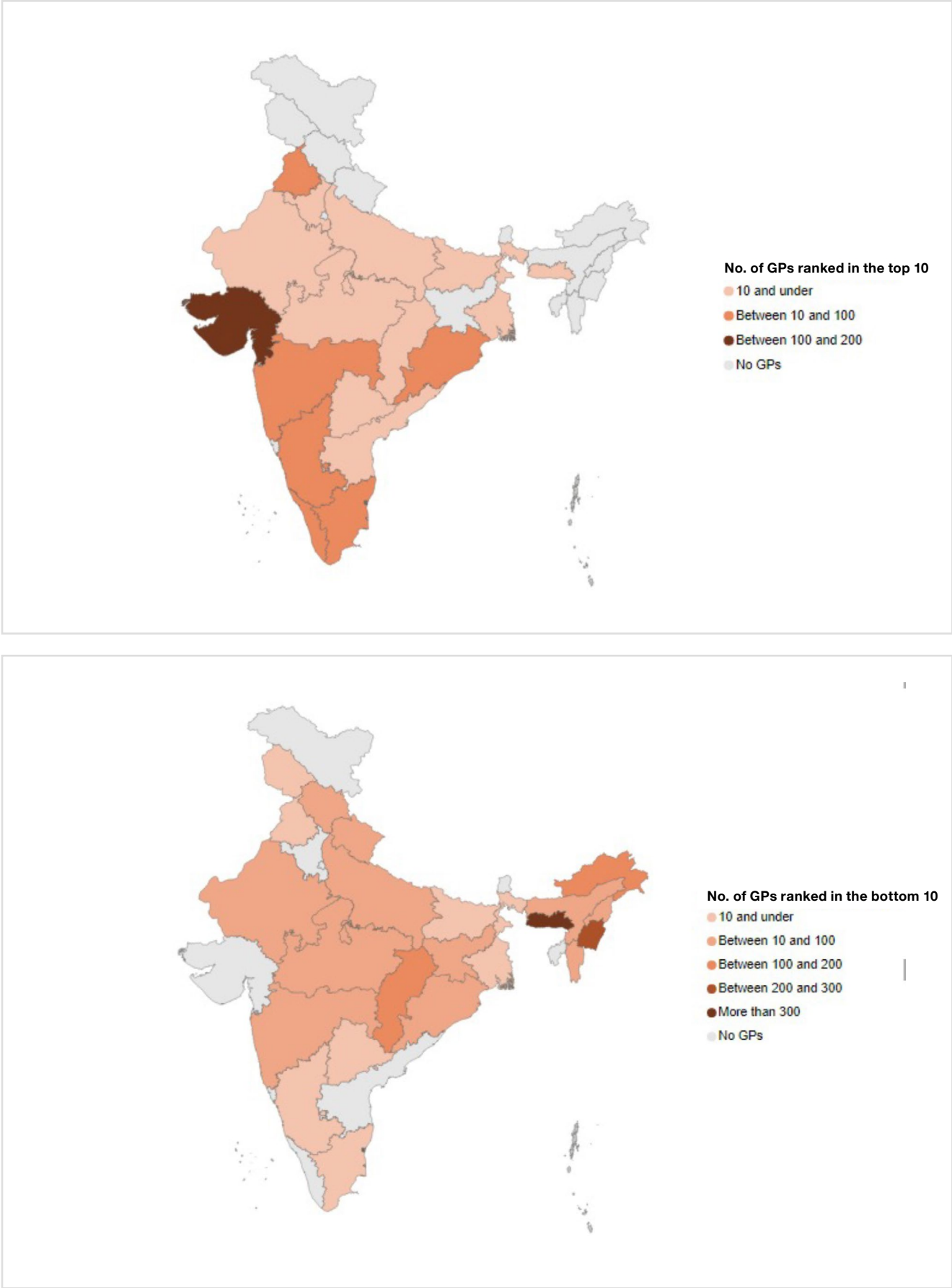
A total of 1,304 GPs ranked beyond 80. The North Eastern states accounted for the majority of the bottom-ranked states with 930 GPs, i.e. 71% of those ranked in the bottom tier. Meghalaya had 413 GPs in the bottom ten, and Chhattisgarh, Arunachal Pradesh and Manipur also had with more than 100 GPs ranked in the bottom. Gujarat, Kerala, Jammu and Kashmir, Goa, Telangana and Tripura did not have any GPs in the bottom ten.

38 Rankings were determined based on our own internal analysis. The ranking methodology is provided in the opening section.

39 <https://missionantyodaya.nic.in/ma2019/preloginRankingOfGp2019.html>

As per the rankings of GPs provided in Mission Antyodaya 2019 website. Ranking is provisional and based on the data uploaded thus far in that year. The ranking groups with the corresponding scores in brackets are 1–10 (more than 80), 11–20 (70–79), 21–30 (60–69), 31–40 (50–59), 41–50 (40–49), 51–60 (30–39), 61–70 (20–29), 71–80 (10–19) and more than 80 (below 10). Although the rankings technically extend till 99, the last ranking as per the survey is 90.

Figure 3: Frequency distribution of the GPs ranked in the top 10 (top) and bottom 10 (bottom) within each state



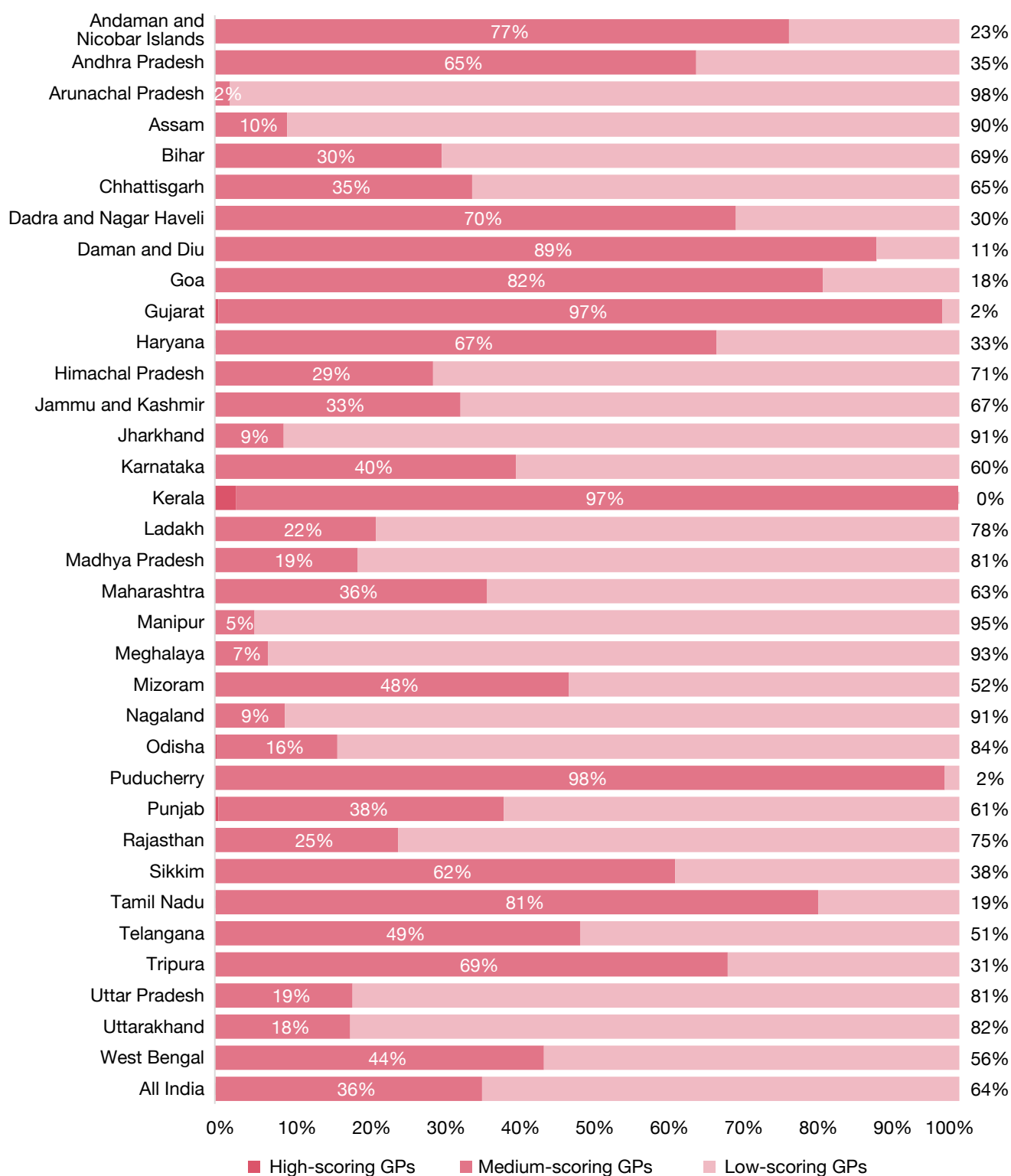


III. Grouping of GPs based on their score range

The Mission Antyodaya Survey provides scores for GPs based on various parameters out of a total of 141 and mapped to the 29 functions in the Eleventh Schedule, with a maximum achievable score of 100. For the purpose of representation, we have defined three distinct categories for scoring based on the score of the GPs – high, medium, and low. A high-scoring GP corresponds to a score in excess of 80, a medium scoring GP has a score between 40–80, whereas a low scoring GP scores under 40.

Based on our categorisation, the distribution of GPs among the three categories across all states and UTs is summarised in the figure below. As per the results, 12 states and UTs had more than 50% of their GPs scoring in the medium range but as many as 22 states and UTs had more than half of their GPs in the low-scoring range. A majority of the North Eastern states, barring Sikkim, Mizoram and Tripura, had a significant share of low-scoring GPs. Among other states, Uttar Pradesh, Madhya Pradesh, Odisha and Uttarakhand had as many as 80% of their GPs scoring below 40. Kerala was the only state where no GPs scored below 40.

Figure 4: State-wise grouping of GP scores in three distinct categories



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Our Economic Advisory Services (EAS) team has been supporting clients in addressing challenges such as climate change, accelerated urbanisation, governance issues, financial constraints, capacity issues, and outdated policies and processes by adopting innovative solutions that are contextualised to local requirements, respond to the traditional structures, address the fundamental problems, and are futuristic and implementable. The EAS team helps clients in conceptualising, developing and implementing these solutions while also ensuring that sustainability, resilience, liveability, inclusion, justice and parity issues are incorporated in the solutions. These in turn help clients in ensuring that while the economy continues to grow, the quality of growth is prioritised, to realise the benefits of population dividend and the larger economic opportunity that exist.

The Public Financial Management practice, which is a part of EAS, broadly works on budget reforms, revenue augmentation strategies, performance improvement, institutional strengthening, accounting and financial management systems, debt management and automation or computerisation. In addition, the team has gained traction in the public expenditure and financial accountability (PEFA)/fiduciary risk assessment (FRA) areas with assignments across South Asia.

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