Gist of EPW October Week 3, 2021

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1. RBI's Efforts towards 'Pandexit' Go beyond Policy Measures

Introduction

- RBI kept the policy rates intact for the seventh time in a row in the monetary policy review on 6 August 2021.
- It last reduced the repo rate to 4% on 22 May 2020. The repo rate continues at 4% and the reverse repo rate at 3.35%, despite the hovering risks of inflation amid near uncomfortable numbers.
- The stance of the policy is accordingly kept accommodative to continue its supportive policy stance so long as it is necessary for ensuring durable growth and also until the COVID-19 impact is mitigated. Retention of the stance of the monetary policy was, however, not unanimous indicating some intermingled diverse views.
- As COVID-19 broke out, there had been widespread concerns about scarring effects on consumers' spending.
- Whenever containment measures are relaxed in contact intensive services, demand would return swiftly increasing consumer spending.
- The early signs are visible with the car and consumer durable sales going up. The economy is in a better state now compared to May–June 2021, reflecting sustained adaptations to COVID-19-related protocols and easing of containment, forming a formidable pathway for growth.

External Sector Response

- In an extraordinary health crisis that led to an economic crisis putting the life and livelihood of millions at stake, moderating the interconnected factors is likely to take time, but efforts have to be continued edging towards normalcy.
- Crude oil price is a key factor that propelled inflation in many economies, even leading to policy rate action but it is set to moderate.
- The average crude oil price during 2020 was $39.68, which steeply increased and ended at an average of $63.10 per barrel.
- It is noteworthy that the Organization of the Petroleum Exporting Countries plus group of nations agreed to increase the oil production to pre-pandemic levels by September 2022 that can soften the spot and future crude oil prices from their peak in early July.

- International crude oil prices remain volatile; any moderation in prices could contribute towards alleviating inflationary pressures.
- In the interim, the RBI hinted at moderation of the indirect tax component of pump prices by the joint efforts of the centre and states.
- The headline inflation can consequently taper with fuel and food inflation calming.

Positive Indications

- Though many of the other key high-frequency indicators have dipped during May and June due to local lockdowns and closure of business units during the second wave of the pandemic, their revival in July has been indicative of their forceful comeback.
- Noticeable is the resurgence of rural demand and the urban demand in the making.
- The manufacturing purchasing managers' index (PMI) that had dropped into contraction mode to 48.1 in June for the first time in 11 months, rebounded well into the expansion zone with a reading of 55.3 in July.
- The services PMI recovered to 45.4 in July from 41.2 in June 2021 showing widening bandwidth of growth.
- The initial quarterly results of non-financial corporates for the first quarter (Q1) 2021–22 and leading banks more importantly, the State Bank of India, and Bank of Baroda have shown better profitability and improving asset quality, indicating early signs of buoyancy.
- The balance sheets of the corporate sector are shedding flab, turning more productive. The nuances of remote working due to COVID-19 protocols at workspace have brought a new wave of cost efficiency without compromising on the productivity that can be sustained in the future.

RBI's Liquidity Support

- The RBI ensured the availability of ample liquidity through its open market operations, both conventional and unconventional, since the onset of the pandemic to ensure the easing of financial conditions in support of domestic demand.
- As part of secondary market operations, the RBI continued its G-Sec Acquisition Programme, which could continue to anchor the market yield to facilitate the government and corporate sector to raise funds at affordable rates.
- To pump-prime the evolving growth nodes, the RBI extended the duration of the scope of the on-tap Targeted Long Term Repo Operations (TLTRO) scheme, initially announced on 9 October 2020, for five sectors, which was further extended to stressed sectors identified by the Kamath Committee in December 2020 and bank lending to non-banking financial companies in February 2021.
- The operating period of the scheme was also extended in phases till 30 September 2021. Given the nascent and fragile economic recovery, it has now been decided to extend the on-tap TLTRO scheme further by a period of three months, that is, till 31 December 2021.
- The resolution plans implemented under the Resolution Framework 1.0 for COVID-19-related stress announced on 6 August 2020 required sector-specific thresholds to be met in respect of certain financial parameters.

Variable Rate Reverse Repo (VRRR)

- Under the revised liquidity management framework announced on 6 February 2020, the RBI has been conducting 14-day variable rate reverse repo auctions as its main liquidity operation.
- With the commencement of normal liquidity operations, the VRRR—which was temporarily held in abeyance during the pandemic—has been reintroduced since 15 January 2021, and the initial absorption of Rs2 lakh crore has been rolled over in the subsequent fortnightly auctions. In parallel, access to the fixed-rate overnight reverse repo has been kept open.
- Markets have adapted and even welcomed the VRRR given the higher remuneration it offers relative to the fixed-rate overnight reverse repo. Fears that the recommencement of the VRRR is tantamount to liquidity tightening have been allayed.

Transmission of Low Rates

- Domestic borrowing costs have eased, including interest rates on market instruments like corporate bonds, debentures, commercial papers, certificate of deposits, and T-bills. In the credit market the transmission of lending rates has been stronger for micro, small and medium enterprises, housing, and large industries, most of which are linked to repo rates.
- The low-interest rate regime has also thus helped the household sector reduce the burden of loan servicing.
- The significant reduction in interest rates on personal housing loans and loans to the commercial real estate sector augurs well for the economy, as these sectors have extensive backward and forward linkages and are employment-intensive.

LIBOR Exit

- The exit of London Interbank Offered Rate is a significant event that poses certain challenges for banks and the financial system.
- The RBI has been engaging with banks and market bodies to proactively take steps for non-disruptive transition.
- The RBI has also already issued advisories to the regulated entities to pave way for the management of risks arising from the transition.
- Taking the guidance forward, the RBI facilitated by amending the provisions related to
  - export credit in foreign currency
  - restructuring of derivative contracts

Overview

- The RBI affirmed its positive outlook to keep the gross domestic product estimate of FY22 at 9.5%.
- Through the policy review, the RBI could pump positive adrenaline even by maintaining status quo but dived into convincing data to portray a convincing optimistic outlook eking out the right balance.

2. Changes in Planning Methodology: Impact on Local Self-government Institutions in Kerala

Context

The article analyzes the trends in the utilization of plan funds by the local self-government institutions (LSGIs) in Kerala from 2012–13 to 2020–21 highlighting the effectiveness of the participatory planning method.

Introduction

- Kerala launched the People's Plan in 1997 by introducing a new approach for decentralised planning with the active participation of the people, especially the women and marginalised population, in developing programmes.
- The plan model involved peoples' participation in all aspects, starting from identifying the development issues to implementing and monitoring the projects.
- The Kerala State Planning Board had allocated 35% to 40% of the state's plan funds to the local self-government institutions for the implementation of projects.
- Kerala is regarded as a model for participatory planning in local governments.
- The process of planning with people's participation in the LSGIs generally takes six to seven months each year, giving the LSGIs another five to six months to implement the planned projects.

Local bodies in Kerala

- Local bodies in Kerala are of five types:
    - District panchayats
    - Municipal corporations
    - Municipalities
    - Block panchayats
    - Gram panchayats
- There are 1,200 local government bodies in Kerala, including 14 district panchayats, six municipal corporations, 87 municipalities, 152 block panchayats, and 941 gram panchayats.
- In each financial year, plan fund allocation to these bodies are under three categories:
    - General sector
    - Scheduled Caste Sub-Plan (SCSP)
    - Tribal Sub-Plan (TSP)
- Trends (2012–13 to 2019–20)
    - Fund allocation under the general category had increased from Rs 2,641 crores in 2012–13 to Rs 5,239 crore in 2018–19.
    - SCSP and TSP got Rs 1,066 crores and Rs 162 crore in 2012–13 and Rs 1,289 crores and Rs 193 crore in 2018–19, respectively.
    - The share of the general category had increased from 68.25% to 77.94%.
    - In contrast, the percentage of both SCSP and TSP decreased from 27.56% to 19.18% and from 4.19% to 2.88%.
    - This reduction in the share to SCSP and TSP will lower the funds allocated to the marginalized sections of the society like the Scheduled Castes (SCs) and Scheduled Tribes (STs).

Fund Underutilisation Issues

- As per the Kerala Panchayat Raj Act, 1994, and Kerala Municipality Act, 1994, local bodies need to prepare and pass the plan for the financial year before 31 March.
- These plans form the base for making the annual budgets of these local bodies.
- The LSGI budgets often failed to utilize the funds on time.
    - Delay in issuing the spending guidelines for each financial year and the timely release of plan funds to the local bodies from the state government were the main reasons for the underutilization of the funds.
    - This gave the LSGIs significantly less time to spend the budgeted amounts.
    - Change in the methodology for the plan formulation and execution of projects in 2016 effectively gave a full year for the local bodies to implement the projects.
    - According to the new methodology, all local bodies must submit the finalized plans for the next financial year to the government before 31 March of the previous financial year.

Spending of Plan Funds

- The devolution of plan resources in Kerala's People's Plan enables the local governments to get the funds from the state governments to implement schemes formulated at the local level.
- The state government had made changes to the guidelines on how to make plans and implement them.
- The methodology for the preparation and implementation of the projects was changed from the Thirteenth Five-Year Plan onwards.
    - During the first year of the Thirteenth Five-Year Plan, 2017–18, all local bodies in the state completed the formulation of plans by 15 June 2017.
    - This was the first time in the history of decentralized planning in the state that the local bodies formulated the plans so early.

Development Funds

- The development fund is the amount that the state government allocated to LSGIs each year.
- A large chunk of the development funds is given to the gram panchayats as they are significant in numbers, and the shares to other local bodies have either decreased or remained constant.
- The allocation to gram panchayats had increased to more than 60% of the total development funds in 2018–19 and 2019–20. Shares to other local bodies remained between 8% and 12% in 2019–20.
- There is a decline in the allocations to the block panchayats from 2015–16 onwards.

Performance of Local Self-governments

- The performance of the LSGIs is measured based on the utilisation of the funds they get.
- The utilisation of funds by the LSGIs was low, and it never crossed the 85% mark till 2017–18.
- The total expenditure made by the LSGIs in Kerala in 2012–13 was 70.84% of the total funds available, and the absolute amount was Rs 2,741 crore.

- In the following year, the utilisation had increased to 77.47%, while the total amount spent was Rs 3,918 crore. During 2014–15, the overall utilisation percentage had decreased to 68.20%, where the total amount spent was Rs 4,033 crore.
- In the following two years, that is, 2015–16 and 2016–17, the utilisation percentage was 73.6% and 67.07%, respectively.
- The spending had crossed the mark of 95% in 2020–21, being the highest achieved so far, followed by 85.44% and 84.74% in 2017–18 and 2018–19, respectively.
- The patterns of funds utilised by the various local bodies show wide variations over the years.
- Urban local bodies, such as municipalities and corporations, spent less compared to other rural LSGIs.
- The effects of the changes in guidelines in the Thirteenth Five-Year Plan on the overall spending of the LSGIs can be seen here as the spending rate had improved from 2017–18. An exception to the improvements in the spending rates after 2017 is 2019–20. The spending in this period is significantly less compared to other years.

Conclusions

- The change in the methodology adopted in the formulation and implementation of the annual plans had a positive effect on the performances of the LSGIs through efficient bureaucratic participation.
- Decentralized planning, in the case of Kerala, has brought out root level gains from it, with some room for improvements.

3. Tax Privileges Undermine Tax Equity

Context

The article highlights the global concerns regarding the tax havens with reference to the recent exposé of the Panama Papers.

Introduction

- The consistent efforts to curb nefarious activities and tax avoidance using tax havens have gathered momentum in recent times.
- The International Consortium of Investigative Journalists detected some documents popularly called Pandora Papers that refer to around 12 million leaked files of 14 corporate firms who have set up 29,000 shell companies and private trusts that can hold assets in tax havens.
- These shell companies and trusts are mainly used to stash away secret assets, mainly cash, securities, or real estate from the tax collectors or regulators and creditors.

Tax Haven

- A tax haven is a country that offers foreign individuals and businesses minimal tax liability in a politically and economically stable environment, with little or no financial information shared with foreign tax authorities.
- Tax havens do not require individuals to reside in or businesses to operate out of their countries to benefit from local tax policies.

- The Corporate Tax Haven Index of the Tax Justice Network (TJN) ranks the British Overseas Territories of Bermuda, Cayman Islands, and the Virgin Islands as the top three tax havens in the world.
- The Financial Secrecy Index of the TJN, which indicates the extent to which country regulations help entities hide finances from the rule of law, lists Switzerland, the United States, and the Cayman Islands as the three most secretive tax jurisdictions for private wealth.
- The most developed countries lag far behind in financial transparency.

International Consortium of Investigative Journalists' Reveals Over The Recent Years

- The Pandora Papers are the third of a series of such major exposés by the ICIJ in recent years.
    - Panama Papers: These were brought out in 2016 and they focused on the use of tax havens for nefarious activities.
        - Panama Papers was the initiation of efforts for a global minimum corporate tax to limit tax avoidance.
    - Paradise Papers: These were brought out in 2017, and they highlighted the use of tax havens for tax evasion by corporate firms.

The Panama Papers

- The Panama Papers are an unprecedented leak of 11.5m files from the database of the world's fourth-biggest offshore law firm, Mossack Fonseca.
- The records were obtained from an anonymous source by the German newspaper Süddeutsche Zeitung, which shared them with the International Consortium of Investigative Journalists (ICIJ).
- The documents show the myriad ways in which the rich can exploit secretive offshore tax regimes.
- The Pandora Papers highlight the immediate need to end the inequities in the global tax system to help resource-starved governments mobilise more resources.
- The big names mentioned in the Pandora Papers include that of kings, presidents, prime ministers, politicians, and the wealthy.
- About 350 Indians figure in the list, which includes industrialists, sportspersons, and film stars.
- In response, the Indian government has launched investigations by a multi-agency group headed by the chairperson of the Central Board of Direct Taxes (CBDT) to ferret out the information on shell companies and trusts held by Indians.

Tax Math

- The tax losses caused by the shell companies in tax havens are huge.
- Some estimates indicate that as much as 10% of the global output is held in tax havens by shell companies that exist only on paper.
- The size of phantom investments (investments that pass through shell companies in global foreign direct investments) is estimated to be $15 trillion.

Concerns

- The opaque nature of transactions in tax havens erodes the integrity of tax systems and compliance with tax laws.
- They distort global financial flows and increase the costs of administering taxes.
- They also shift the burden of taxation to less mobile tax bases like consumption and labour, which hits the disadvantaged.

Overview

- Tax evasion through tax havens has deterring socio-economic effects on a global level.
- The global experience needs the tax authorities to strike out on the entire ecosystem, including the bankers, lawyers, and accountants facilitating such transactions.
- It is high time to adopt stringent regulations and close monitoring of the regulators to curb extensive tax evasions of the privileged.
- The growth of the digital economy which especially extends the scope for tax avoidance, makes such interventions urgent and imperative.

4. New Initiatives for Democratic Decentralisation in Haryana

Context

The article highlights several aspects of the Panchayati Raj system in Haryana with a critical analysis of the grassroots realities.

Introduction

- The 73rd Amendment to the Constitution has given a new lease of life to Panchayati Raj institutions in terms of the continuity of regular elections and certainty for their permanent existence.
- But the strength of these institutions has been left to the apathy of the state governments.
- Haryana had bhaichara panchayats in the pre-British days but they did not have any popular base at the local level.
- After the creation of Haryana as a separate state in 1966, there followed a period of about two and a half decades in which these institutions remained merely on paper.
- The Haryana Panchayati Raj Act, (PRA) 1994 was in conformity with the 73rd Constitutional Amendment Act, 1992.

Haryana Panchayat Raj System

- Haryana adopted a three-tier structure of the Panchayati Raj system (PRS) at the village, block, and district levels with major modifications in the existing PRA.
- The devolution of functions, finance and functionaries to panchayats was done keeping in view the cardinal principle.
    - The cardinal principle here means that the function that can be done effectively at a particular level should be devolved at that level only.
- The transfer of supervision, inspection and evaluation functions of 16 departments to PRIs was talked about in 1995.

- In 2001, the government decided that these institutions were not competent and activity mapping of 10 departments, namely food and supplies, health, public health, social justice and empowerment, irrigation, animal husbandry, education, women and child development, agriculture and forests was also released in February 2006.

Ground Realities

- The PRS in Haryana has become sarpanch and gram sachiv centric because meetings of gram sabha (village assembly) are rarely held.
- Meetings of the gram panchayat have also been held merely for namesake as the sarpanch involved only those ward members who belonged to his group in decision-making.
- There is no quorum fixed for the general meetings of the gram sabha.
- The ward members of gram panchayat are unable to participate in decision-making and governance.
- It can be inferred from above that it is the sarpanch and gram sachiv's raj and not the people's raj in the gram panchayat.
- The PRS at the village level is sarpanch- and gram sachiv-centric, this is not the case at the Panchayat Samiti and Zilla Panchayat.

Village Development Committees

- Haryana also had a system of village development committees (VDCs) in each village with distinct bodies of gram panchayats in 2003.
- The purpose was to implement the Sarkar Aapke Dwar Programme.
  - Under this programme, announcements were made by the chief minister about the felt and expressed needs of villages for developmental works.
  - These VDCs were parallel bodies of the gram panchayat.

Internal Check and Balance & Reality

- The PRA, at the panchayat samiti level, empowers the panchayat samiti to exercise supervision over the gram panchayats at the panchayat samiti level but this provision remained on paper.
- Development bureaucracy and technocracy almost completely bypasses this body in the implementation of development and welfare programmes formulated by the government, especially rural development programmes.
- The Zilla Parishad in the state has also become ineffective due to:
  - Lack of coordination between and among the panchayat samitis and gram panchayats.
  - Non-existence of committee system.
  - Bypassing of the Zilla Parishad by District Rural Development Agency.
  - Inadequate financial resources.
  - Lack of capacity building programmes among elected representatives on how to run panchayats in a participatory manner.

State Finance Commission & Functioning

State Finance Commission	Time Frame	Recommendations
1st SFC	• It was constituted on 31 May 1994, and submitted its report on 31 March 1997.	• The recommendations of the SFC were merely implemented for 2000–01, while it was supposed to be implemented for a period of five years.
2nd SFC	• It was constituted on 6 September 2000. • But, due to a delay in recruitment and appointment of staff and members of the commission along with the non-availability of office space, it could not start functioning till July 2002. • The report of the commission was supposed to be submitted in December 2000 but was finally submitted on 30 September 2004.	• The report was expected to be implemented from 2001–02 to 2005–06. • The recommendations were accepted only for 2005–06.
3rd SFC	• It was constituted on 12 December 2005, and could not work till 28 May 2007. • The commission, which was supposed to submit its report on 12 December 2006, could submit its report only on 31 December 2008.	• The report was implemented only for 2010–11. • All recommendations had not been accepted by the government.
4th SFC	• It was constituted in April 2010. • It submitted its report in June 2014.	• The recommendations of the fourth SFC have not been implemented at all.
5th SFC	• It was constituted on 25 May 2016, but it was allotted an office only in August 2016. • Its report was supposed to be	• Almost all the recommendations were accepted by the government.

	submitted on 25 May 2017 but was actually submitted on 17 September 2017. • Its implementation period was from 2016–17 to 2020–21. • However, it is being implemented for 2018–19 to 2020–21.	

Panchayats, instead of emerging as institutions of self-government, got reduced to agencies of the government.

District Planning Committee (DPC)

- The state government made the provision for the formation of the DPC as per the Haryana Municipal Act, 1973 as amended in 1994.
- It was in 1997 that the committee issued the Haryana constitution of the DPC rules.
- It clarified that the role of DPC in the planning process is only indicative in nature.
- It is mentioned in the notification of 29 November 2007 of the Haryana government gazette that the deputy commissioner of the district concerned shall be made the chairperson of the DPC. This provision violates its spirit which envisaged elected representatives to be its chairperson.
- The gram sabha, panchayats, and municipalities have no say in decision-making.
- The District Development and Monitoring Committee (DDMC) has replaced the DPC.
- The DDMC is expected to monitor schemes of the district plan scheme, which was introduced in 2008–09 which has further marginalised the DPC as it is supposed to integrate plans prepared by panchayats and municipalities.

People's Participation

- The study of people's participation is an important part of the critique of decentralisation in Haryana for the following reasons –
    - The widespread domination of manhood in the countryside of Haryana along with the culture of semi-feudalism in which women do not have desired visibility.
    - The implementation of minimum educational qualification for contesting panchayat elections in the state before the fifth general elections of panchayats in 2016. This was done by amending Haryana PRA on 7 September 2015. As per this amendment, the minimum educational qualification to contest the panchayat elections is Class 10 for men, Class 8 for women, and Class 5 for Scheduled Castes.
    - Those who do not have toilets in their houses, defaulted on agriculture loans and electric bill repayments, or owing other payments to the governments have been excluded from contesting panchayat elections.

Women's Condition & Grassroots Realities

- Women's share in different levels of panchayats in the 2016 election has been more than that of mandated reservation of not less than one-third of seats.
- It signifies their political empowerment and the conditions imposed for the candidates contesting election have not demotivated them to contest elections of panchayats.
- It was also expected that educated women would be able to better understand the role of panchayats in rural economy and society.
- This shifts the focus of panchayats to issues of development and social justice.
- The share of women as consensus candidates has been 44%, which is a positive indicator of women empowerment.
- But the tradition of panch pati (husband of ward member) has been extended to include new categories, such as panch pita (ward member's father), panch sasur (ward member's father-in-law).
- In rural society, those who are not eligible to contest elections are adopting different tactics to remain in power.
- These tactics include having a second marriage with eligible women, marrying an ineligible son with an eligible woman to obtain forged certificates and hence become eligible to contest elections.
- Thus, there is a need to relook the provisions alongside grassroots realities.

Strengthening PRIs

- The decision on the part of the government for deepening decentralisation at the grassroots shows the political will of the chief minister.
- A new thrust has been given to decentralisation with the election of Manohar Lal Khattar as chief minister of the state.
- The chief minister said that the 50% reservation of women in panchayats was not reservation, but participation.
- To strengthen grassroots governance, which alone can solve the basic problems people are facing, the PRIs and urban local institutions (ULIs) need to have decision-making powers at their levels.
- The Ashok Mehta Committee report, while summarising the factors responsible for the downfall of PRIs, said that one of the main reasons for their downfall was the lukewarm attitude of political elites towards these institutions.
- This was because political leaders perceived a threat in the emerging Panchayati Raj leadership to their position in their respective constituencies.
- In order to ensure de facto empowered PRIs, all schemes of the rural development department like the DRDA, Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS), Sansad Adarsh Gram Yojana (SAGY), Pradhan Mantri Awas Yojana–Gramin (PMAY–G) have been transferred to Zilla Parishads.
- In order to make PRIs financially viable, a surcharge on stamp duty at the rate of 2% on the value of the property has been levied in the rural areas from 24 February 2021.
- Out of the funds, 1% revenue shall be devolved to the Zilla Parishad and panchayat samiti and the remaining 1% will be devolved to the gram panchayats.

- The Zilla Parishads, panchayat samitis, and the gram panchayats will approximately get Rs 400 crore annually for development works. Besides, a 2% panchayat duty on the consumption of electricity has also been levied from 28 February 2021.
- The gram panchayats will annually get approximately Rs 100 crore on this account. Besides, to make gram panchayats, panchayat samitis, and Zilla Parishads self-reliant at their levels, funds to these bodies are being transferred in the ratio of 75:15:10 along with work and other functions.
- The government has taken the decision of putting officials under the control of the presidents at different levels.
- The president of the Zilla Parishad has been made the chairperson of the DRDA.
- In order to ensure smooth functioning of the Zilla Parishads, an officer of the Haryana Civil Services (HCS) cadre has been appointed as chief executive officer (CEO) of the Zilla Parishad.
- To ensure accountability of the administrative setup, the chairperson of DRDA-cum-president Zilla Parishad has been given the power to initiate the annual confidential report of CEO Zilla Parishad.
- Another important decision taken by the government is that the engineering wing of the Panchayati Raj has been brought under the ambit of the Zilla Parishads. The reason for this is to provide effective technical support to PRIs along with ensuring a better quality of development works.
- The gram darshan technology-based initiative will ensure that any resident of a gram panchayat can submit their demand for development works.
- In Haryana, an inter-district council has been constituted under the chairpersonship of the chief minister on 24 July 2018.
- One of the terms of reference of the committee is the "assessment of development needs of and delegation of powers to PRIs and Urban Local Bodies (ULBs)."
- To further strengthen PRIs in the state, the following steps are suggested to be implemented:
    - The elected representatives along with the officials at local levels should be aware of rules and regulations with which panchayats function.
    - Getting funds is not the real problem. However, putting it to optimal utilisation is.
    - The focus should be on how elected and non-elected personnel digest decentralisation doses, which are being given by the state government.
    - There are provisions for collecting tax and non-tax revenues in the PRA. These provisions must be put into practice at local levels in order to put Mahatma Gandhi's idea of swaraj into practice.
    - The capacity development of elected representatives, officials, and the governance system of panchayats' functions are essential conditions for better outcomes.