Gram Domestic Product

Background:

The GDP (Gross Domestic Product) is considered to be one of the main indicators of development. However, with the emergence of the concept of human development in 1990 with the publication of Human Development Report by UNDP, the importance of GDP as development indicator reduced. But the level of income of individual, household and community is still well placed in the literature of economic and human development. India's per capita income is around 900 $ in the year 2010 and is placed in the category of developing countries. More than 65 % population resides in rural India and their income levels are low. More than 78 % of poor in the country as per the official poverty line, also live in the villages. Therefore, it is quite essential to know the level of income of the villages. We need to include per capital income of rural India (I did searched in Google but could not get) and urban India.

The proposed research study aims at measuring the Gram (Village) Domestic Product (GDP) for the selected Village Panchayats for a particular year. The basic objective of the research is to make assessment about the actual level of income in the sample Panchyayats and collating and relating them with the official data on per capital incomes at Country level and taxes levied.

Rationale:

Rationalization of tax system at the Village Panchayat level in particular and all PRIs in general is quite essential as the revenue generation in PRIs is highly meager. They are immensely dependent on the grants given to them by the State and Central Government for the implementation of programs, schemes and plans. Moreover, the PRIs taxation system is obsolete and very few revisions have taken place. Further, few attempts have been made to relate the taxes with per capital income of the population. (some literature on how in urban areas taxes are levied and tax deduction at sources takes place)

The PRIs are not able to spend more on the developmental activities because their own fund is not sufficient to meet the needs of those activities. Even they are not able to maintain the assets created under various government programs and schemes because of the paucity of funds. If the gross income of the village is known, the villagers can be persuaded to raise tax by the Village Panchayat for maintenance of the existing assets, creation of new necessary assets and better service. This would also lead to sustainability of the assets generated.

Accordingly the budgets should be formulated in the Village Panchayats to make them more productive in term of revenue generation and development programs. The budgets in the Village Panchayats are reflective of only expected income of grants and activities based on those grants. Therefore, they do not realize their own potential for the development of the Village Panchayat area and for the aspects of human development.

Objective:

The main objectives of the study are as follows:

1. To pilot a concept of calculation of Gram Domestic Product based on household data of the Village Panchayat area. It will give an idea of the sectoral changes occured in the villages.

2. To study the level of gross income in the villages inclusive of all source incomes.

3. To study the level of sectoral distribution of income in the Village Panchayat area. It will give an idea of income from agriculture, industries and services.

4. To correlate the data of income of the village to that of the budgets of Village Panchayat and know the income generation efforts of the PRIs.

5. To make suggestions to enhance and broaden the base of taxation in the Village Panchayats on the basis of the level of income generated in the village.

6. To know the per capita income and per capita taxation levels and correlate them to suggest the tax mobilization efforts of the Village Panchayts.

Research Methodology:

Study region: Four Panchayats of Anjar block and one of Bhachau block of Kutch district was selected randomly for inclusion in the study.

Primary data: Questionnaire was designed and used to interview the household members to collect income and other basic socio – economic information of the household. It contained probing structured and few open questions to assess income of the households.

Data was collected through census sampling, thus reaching each household in the Panchayat and covering whole of the Panchayat.

Secondary data: Audit reports of Panchayats for the financial year 2009 – 2010 was collected from Taluka Panchayat Office and figures of taxes collected during the year were referred and related. Budharmora and Khara Paswariya Panchayats did not had audited reported for the year 2009 – 2010 and hence the available audit reports were collected and referred.

Analysis:

Table 1: % Income raised as tax

Panchayats	HHs	Popu	Income	Per Capita Income	BPL families	Taxes	% income raised as tax
Bhalot	240	1075	15273607	14208	72	34000*	0.222606225
Budharmora	377	1822	20542900	11275	49	49806 [+]	0.242448729
Khara Paswariya	152	795	8119201	10213	58	2558.85 [#]	0.031516032
Lohariya	151	767	11302300	14736	19	87770.00	0.776567601
Ner	247	1157	6905000	5968	47	140500	2.034757422
Total	**1167**	**5616**	**62143008**	**11065**	**245**	**314634.9**	**0.506307725**

* 2009 – 2010 audit report
[#] 2004 – 2005 audit report
[+] 2006 – 2007 audit report

As reflected in the table above, per capital income of Panchayats ranged between rupees 5968 to 14736, with an average of Rs. 11065. Ner Amarsar Juth Gram Panchayat had least per capita income, Rs. 5968 while Lohariya Panchayat of Anjar taluka had highest per capita income, Rs. 14736.

Efforts were made to get tax details from Audit reports of these Panchayats for the period of 2009 – 2010; however, except of Bhalot, Lohariya and Ner Amarsar Panchayats, tax details of Budharmora and Khara Paswariya were not available for the specified year. Tax details of Budharmora Panchayat was available for the year 2006 – 2007 while tax details for Khara Paswariya Panchayat was available for the year 2004 – 2005. Above table reflects that 0.5 % of the per capital income is been levied by Panchayat as taxes. Table also reflects that though per capital income of Ner Amarsar Panchayat is observed to be least (Rs. 5968/-), tax levied is 2% of the per capital income while Khara Paswariya Panchayat of Anjar block is highly poor in levying taxes, 0.03 % of the per capita income. (comparative figures at District and State level can be narrated)

Sectoral contributions in the Panchayat:

Nearly 70% of the HHs in the Panchayat earns primary income from Agriculture and Labour followed by service (16%) and animal husbandry (11%). Panchayat wise variation reflects that half of the HHs in Lohariya (50%) and more than two fifth in Bhalot (43%) earn primary income from agriculture while in Khara Paswariya, labour (39%) and animal husbandry 22%) contribute to the primary income. Agriculture contributed highest to the income (38%) followed by Labour (24%) and Services (23%). Table 2 depicts on sectoral contribution to the total Panchayat annual income while table 2.a depicts Panchayat wise sectoral contribution to the annual income.

Table 2: Sectoral contribution to the total annual income

Sector	Mean (INR)	N	Sum (INR)	% Sectoral Contribution to the total annual income
Agriculture	55036.99	411	22620201	38%
Labour	39590.22	366	14490019	24%
Service	78651.96	179	14078700	23%
Animal Husbandry	45992.00	125	5749000	10%
Other	61407.41	54	3316000	5%
Total	53087.15	1135	60253920	

Table 2a: Sectoral wise mean annual income by Panchayat

Panchayat	Sector	Mean (INR)	N
Bhalot	Agriculture	71367.35	98
	Labour	45300.35	55
	Service	88194.44	36
	Animal Husbandry	49321.43	28
	Other	83888.89	9
	Total	65471.32	226
Budharmora	Agriculture	48708.66	127
	Labour	35395.16	124
	Service	117062.90	62
	Animal Husbandry	49217.39	23
	Other	64833.33	18
	Total	56869.77	354
Khara Paswariya	Agriculture	47777.17	35
	Labour	38484.85	66
	Service	64576.92	26
	Animal Husbandry	46135.14	37
	Other	75000.00	4
	Total	47013.10	168
Lohariya	Agriculture	78027.40	73
	Labour	70628.21	39
	Service	59322.22	18
	Animal Husbandry	76000.00	6
	Other	70272.73	11
	Total	73110.88	147
Ner	Agriculture	26564.10	78
	Labour	28231.71	82
	Service	24297.30	37
	Animal Husbandry	34612.90	31
	Other	26750.00	12
	Total	27833.33	240
Total	Agriculture	55036.99	411
	Labour	39590.22	366
	Service	78651.96	179

Panchayat	Sector	Mean (INR)	N
	Animal Husbandry	45992.00	125
	Other	61407.41	54
	Total	53087.15	1135

Table 3: Occupation by Panchayat

Panchayat		Sector					Total
		Agriculture	Labour	Service	Animal Husbandry	Other	
Bhalot	N	98	55	36	28	9	226
	%	43.4%	24.3%	15.9%	12.4%	4.0%	100.0%
Budharmora	N	127	124	62	23	18	354
	%	35.9%	35.0%	17.5%	6.5%	5.1%	100.0%
Khara Paswariya	N	35	66	26	37	4	168
	%	20.8%	39.3%	15.5%	22.0%	2.4%	100.0%
Lohariya	N	73	39	18	6	11	147
	%	49.7%	26.5%	12.2%	4.1%	7.5%	100.0%
Ner	N	78	82	37	31	12	240
	%	32.5%	34.2%	15.4%	12.9%	5.0%	100.0%
Total	N	411	366	179	125	54	1135*
	%	36.2%	32.2%	15.8%	11.0%	4.8%	100.0%

* Only those HHs which shared income and occupation details were considered. Some 30 − 40 HHs did not shared income and occupation details.

Table 4: Mean annual income by Panchayat

Panchayat	Mean (INR)	N
Bhalot	65471.32	226
Budharmora	56869.77	354
Khara Paswariya	47013.10	168
Lohariya	73110.88	147
Ner	27833.33	240
Total	53087.15	1135