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An Assessment of Fiscal Decentralization under Khyber Pakhtunkhwa Local Government Act 2013: (A Case Study of Locally Elected Bodies in District Peshawar).

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Abstract: *The basic objective of this study is to provide a detailed analysis of the Fiscal decentralization under Khyber Pakhtunkhwa Local Government Act 2013. Local government system plays an important role in local development as well as in decision making at grass root level. Pakistan has practiced various forms of local government systems since its inception. However, such local government systems have not provided know how about political decentralization at local level in a true sense, either due to lack of interest on the part of politicians or lack of awareness on the part of public. The present study has assessed Local Government Act 2013 of KP in terms of Fiscal decentralization in District Peshawar. This research is based on the quantitative and analytical approaches. The research work is the answer to the main research question i.e. to what extent Fiscal decentralization has been practically implemented in District Peshawar? Regarding Fiscal decentralization the study argues that it has been implemented to a greater extent (61.4%) but on the other hand a major portion of the concerned locally elected bodies (38.6%) provided that they received annual developmental funds through Provincial Finance Commission did not meet the needs of the concerned council. The scope of the study is confined to district Peshawar. Primary data has been analyzed with the help of descriptive and inferential statistics via SPSS software. The descriptive statistics include frequencies and percentages while inferential statistics include Chi-square test and p-value.*

Keywords: Local Government, Fiscal, Decentralization, Locally Elected Representatives, Local Government Act

Introduction

Financial devolution designates allocation of responsibility for revenue and expenses from top government to local government. Financial authority is vital element of decentralization. Local government institutions need an ample amount of revenues. It may be collected either from local resources or acquired from central government. It also transfers power of decision making about expenditures and levy taxes (Kerr etal., 2004: 4-6).

Fiscal Decentralization under the Local Act, 2013 of KP:

Local funds:

The above mentioned Act provides for the establishment of funds at all tiers of local government that includes the district, tehsil, and village and neighborhood. The respective local governments will receive revenues from various sources for these funds. Revenue of the local government in terms of non-tax revenue, capital receipts and tax revenue. The following are the main sources. All money transferred, under this Act, by another local government. Money or grants received from federal for provincial government or other authorities in Pakistan. The respective local government can generate revenue through levy taxes under this act. Revenue received through rents and profits from properties given in the control of local government. Contribution, gifts and grants given by an individual or any institution. Income received from markets or organizing fairs and festivals by local government. Local government can impose fine under this Act. A local government, if provided by the provincial government, can also create and keep up isolated find for any specific and special purpose to which any, upper mentioned, source or any portion of it can be assigned (KPLGA 2013, 30 (2)).

Public Accounts:

Local government shall receive the revenues and put in the public account. Revenue from a trust which is administered by the respective local governments shall also be deposited in the public accounts. (KPLGA 2013, 31 (2).

Funds Application:

All the credit of the funds given to the government at local level should be used according to the budget sanctioned by the concerned government at local level. No lower tier of the local government can transfer money to the higher tier but in case of repayment of debts or under this Act. The outgoing local government cannot spend more than 8 percent during a financial year, in which fresh elections will take place (KPLGA 2013, 30 (1) (a, b, c)).

Budget preparation:

During the preparation of annual budget each local government must contain the assessment of revenue means and expenditures in terms of future. For this purpose, the yearly financial plan must be taken into account grants-in-aid from the concerned government at provincial level, all sums that are available in the concerned account, receipts for next year, and expenses to be incurred for the upcoming year. The government is provided to announce provisional grants that are intended to be given from the PCF to the fund of government at local level. It falls in the ambit of the respective Nazim to demand grants from the government. Each local government is required to prepare a budget for its fund, in the given manner, in before the beginning of a new fiscal year. Presentation of the concerned budget is the responsibility of the concerned nazim to discuss and approve at the concerned council in advance the commencement of the new fiscal year. Simple majority is required for the budget approval of the concerned council at local level. During the session of budget no other matter would be discussed in the council. If the concerned council at local level fails for any reason to pass the financial plan in advance the beginning of the new fiscal year, the concerned government will formulate and pass the financial plan for the government at local level. The responsibility of maintaining the accounts of district government rests on the shoulders of District Account Officer. Similarly, Tehsil Account Officer is responsible for maintaining the accounts of tehsil government. Village accountant for village and neighborhood accountant for maintaining accounts of neighborhood council. It is obligatory for the local government to make annual accounts public for the purpose of better accountability. The audit reports are required to be offered in the council at local level, which will bring up it for consideration in terms of account committee. The district government"s accounts shall be audited by the Auditor General of Pakistan (KPLGA 2013, 34 (1)).

Provincial Finance Commission:

By virtue of being a federal state Pakistan comprises of four provinces which are different from each other on the basis of areas, economy and social cohesion. The main responsibility of all the levels of government i.e. federal, provincial and local government is to fulfill people"s needs and to provide them better service delivery within the ambit of law. Financial decentralization is channelized to local government through PFC (Provincial Finance Commission). Under this Act, section 52 provides for the formation of provincial Finance commission and It is the responsibility of the PFC to announce annual financial award. The prime objective of the financial award is to provide a fair, predictable, systematic and equitable inter government revenue sharing with the purpose to enable the local government to improve their performance and provide better delivery to the people. The KPK Government receives round about 90% of its revenues from federal government through NFC award. These revenues consist Net Hydel profit, federal tax assignment, Development surcharge on Gas, and transfer on accounts of Royally on Oil and Gas and Excise duties (KPLGA 2013, 51).

Composition of Provincial Finance Commission:

The Minister of Finance will be its chairman. Other members include one member of the assembly at provincial level nominated by chief minister and the other member of the concerned assembly nominated by the opposition leader of the concerned assembly and the Minister for Local Government, Election and Rural Development shall also be a part of the commission. Secretaries of Finance Department, planning and Development department, Local Government, law department, parliamentary Affairs and human rights department shall be part of the aforementioned commission. Apart from the said members of the commission, district council nazimeen shall elect two nazimeen and two nazimeen of the tehsil council elected by the said council nazimeen shall also be part of the commission (KPLGA 2013, 52).

Powers and Functions of the PFC:

The PFC will make recommendations to the government about grants to local government out of PCF (Provincial Consolidated Fund). Developmental grant of the concerned government at local level shall not be less than 30% of the total budget of the concerned province with respect to budget. These development grants are provided to the local councils on the basis of population. All the fiscal matters related to the local government are dealt by PEC. The PFC has to take into consideration the financial needs, fiscal performance and fiscal capacity of the local government. It has also to take into accounts the revenue base poverty and infrastructure while making recommendation of the local government. The PFC is also responsible to present to the government annual reports about all the fiscal performance and services of the local government and the government will present the reports to the provincial Assembly (KPLGA 2013, 53).

Audit and Accountability under KP Local Government Act 2013:

Under this Act and all of its related laws in terms of commerce ensures transparency and liability via various manners. For example, a pre-audit will be conducted by local fund Audit that will be followed by post-audit by Auditor General of Pakistan. The Khyber pakhtunkhwa local government Commission is responsible for conducting special and annual inspections. Similarly, on the recommendation of government and the Commission, special audit could also be conducted. The Nazim will submit the audit reports to the concerned council, which is responsible to refer it to the accounts committee. Considering the audit reports is the main responsibility of the concerned assembly‟s account committee, besides, it is also provided in the act to keep the citizens informed by making the reports public, which also enhances transparency (KPLGA 2013, 54).

Literature Review

Zaidi (2003) elaborates that in 2001 Local Government System of Musharraf devolved power from the elected representatives of provincial and national assemblies to local bodies. It was adopted on the standard that power should be entrusted to governments which were near to the people and they could perform well. However, it has not focused political and fiscal decentralization under this Act, 2013.

Kerr (2004) examines that local government, in the English sense of the term, means, the supervision of community affairs in vicinity by a body, while subject to the principal control, possesses a considerable amount of responsibility and discretionary power. It further discusses local government system with special preference to local government officials, and its performance in England. It also highlights local government, in Sweden, Denmark, Norway and Finland and the power and functions of local government in USA has been explained implicitly. However, there is no overview of political and fiscal decentralization under Khyber Pakhtunkhwa 2013, Local Government Act, in context of District Peshawar.

Hussain (2002) elaborates Pakistan‟s Local Institutions and has thoroughly described it. He says that such local institutions were established according with the situations. It especially focuses on intergovernmental associations under diverse government systems functioned by the Government of Pakistan. However, he has not focused political and fiscal decentralization under Local Government Act of KP 2013 with regard to City District Peshawar.

Statement of the Problem:

The purpose of the study is to assess Fiscal decentralization under Khyber Pakhtunkhwa Local Government Act 2013, in District Peshawar. Local government system plays an important role in local development as well as in decision making at grass root level. Pakistan has practiced various forms of local government systems since its inception. However, such local government systems have neither provided know how about political decentralization at local level in a true sense, either due to lack of interest on the part of politicians or lack of awareness on the part of public. The present study will assess Khyber Pakhtunkhwa Local Government Act 2013 in terms of Fiscal decentralization in District Peshawar.

Research Questions

How has Fiscal decentralization been provided in the light of the KP Local Government Act 2013?

How far Fiscal decentralization has been practically implemented under Khyber Pakhtunkhwa Local Government Act 2013 in District Peshawar?

Research Methodology

The study is based on quantitative research methods. Primary data has been collected through structured questionnaire for assessing Fiscal decentralization under Khyber Pakhtunkhwa Local Government Act 2013 in District Peshawar. The universe of the study is District Peshawar in which local bodies institutions at various levels constitute sampling frame. The sample size has been calculated through Yamane Formula (1967) at a confidence level of 95% and with a marginal error of 5% (0.05). Probability Stratified sampling technique has been employed for drawing proportionate sampling from various local bodies.

Data Analysis

Data is based on the perception of the respondents. The concerned questions asked from the respondents and their analysis have been given below.

Awareness about Fiscal Decentralization under KP Local Government Act 2013

On the subject of awareness about fiscal decentralization under KP Local Government Act 2013, responses were collected from the concerned locally elected bodies with regard to the question, "Do you know about fiscal decentralization under KP Local Government Act

2013?" It has been analyzed in the light of several independent variables including gender, literacy, age and council level.

Majority of the respondents (61.4%) maintained that they know about fiscal decentralization under Khyber Pakhtunkhwa local Government Act 2013. In the matter of gender, a large number of the male respondents (60.9%), followed by female respondents (0.6%), asserted that they had know-how about fiscal decentralization under KP Local Government Act 2013. Relating to literacy, it was found that a large number of the literate respondents (58.9%), followed by illiterate respondents (2.6%) had knowledge about fiscal decentralization under the Khyber Pakhtunkhwa Local Government Act 2013. In the matter of age, a maximum number of the locally elected bodies (26.9%) whose age was 31-40 years, followed by 41 years & above (24.3%) and 18-

30 years (10.3 %) asserted that they had cognition about fiscal decentralization under the KP Local Government Act 2013. With reference to council, a comparatively greater number of the respondents (27.9%) of neighborhood council, followed by the respondents (27.5%) of village council, district council (3.7%) and town council (2.3%) said that they had knowledge about fiscal decentralization under KP Local Government Act 2013

The Received Public Funds by Locally Elected Members of the concerned Council and Its Usage

A comparatively larger number of the respondents (39.5%) strongly agreed with the received public funds by the concerned locally elected members of council and were spent according to their mutual consensus.

Concerning gender, a large number of the male respondents (38.4%), followed by female respondents (1.1%) said that the received public funds by the concerned locally elected members of council were spent according to their mutual consensus. On the subject of literacy, it was found that a large number of the literate respondents (34.4%), followed by illiterate respondents (5.2%) strongly agreed with the received public funds by the concerned locally elected members of council and its usage by their mutual consensus. In terms of age, a comparatively bigger number of the locally elected bodies (19.5%) whose age was 31-40 years, followed by 41 years & above (14.3%) and 18-30 years (5.7 %) strongly agreed with the received public funds by the concerned locally elected members of council and its usage by their mutual consensus. With reference to council, a comparatively greater number of the respondents (21.2%) of neighborhood council, followed by the respondents (14.9%) of village council, town council (2.6%) and district council (0.9%) strongly agreed with the received public funds by the concerned locally elected members of council and its usage by their mutual consensus.

Imposition of New Financial Taxes by the Concerned Council

A greater number of the respondents (65.4%) strongly disagreed with the imposition of new financial taxes by the concerned council. Relating to gender, a large number of the male respondents (62.9%), followed by female respondents (2.6%) asserted that the concerned council had not imposed new financial taxes in its concerned area. With reference to literacy, great number of the literate respondents (54.9%), followed by illiterate respondents (10.6%) asserted that the concerned council had not imposed new financial taxes in its concerned area. Relating to age, a comparatively greater number of the locally elected representative (31.4%) whose age was 41years and above, followed by 31-40 years (22.9%) and 18-30 years (11.1 %) strongly disagreed regarding Imposition of new financial taxes by the concerned council. In the matter of council, majority of the respondents aged (41.1%) of village council, followed by the respondents (20.9%) of neighborhood council, town council (2.3%) and district council (1.1%) strongly disagreed with imposition of new financial taxes of the concerned council.

Abolition of Old Financial Taxes by the Concerned Council

A large number of the respondents (77.1%) strongly disagreed with the abolition of old financial taxes by the concerned council. Relating to gender, a maximum number of the male respondents (74.6%), followed by female respondents (2.6%) asserted that the concerned council had not abolished old financial taxes in its concerned area. In terms of literacy, a large number of the literate respondents (65.7%), followed by illiterate respondents (11.4%) maintained that the concerned council had not abolished new financial taxes in its concerned area. With reference to age, a large number of the locally elected representatives (31.4%) whose age was 41years and above, followed by 31-40 years (29.7%) and 18-30 years (15.7 %) strongly disagreed regarding abolition of old financial taxes by the concerned council. Relating to council, a greater number of the respondents (43.4%) of village council, followed by the respondents (28%) of neighborhood council, district council (3.7%)

and town council (2%) strongly disagreed with abolition of old financial taxes of the concerned council.

Revenue Generation by the Concerned Council

Majority of the respondents (58.9%) maintained that the concerned council had not generated revenue in its area. Relating to gender, a maximum number of the male respondents (56.9%), followed by female respondents (2%) asserted that the concerned council had not generated revenue in its concerned area. In the matter of literacy, a large number of the literate respondents (52%), followed by illiterate respondents (6.9%) provided that the concerned council had not generated revenue in its area. Relating to age, a comparatively greater number of the locally elected representative (31.1%) whose age was 41years and above, followed by 31-40 years (20.9%) and 18-30 years (6.6 %) said that the concerned council had not generated revenue in its area. With regard to council, majority of the respondents (33.7%) of village council, followed by the respondents (20.9%) of neighborhood council, town council (2.3%) and district council (2%) asserted that the concerned council had not generated revenue in its area.

The Received Annual Developmental Funds through Provincial Finance Commission and meeting the Needs of the Concerned Council

A maximum number of the respondents (38.6%) disagreed with the received annual developmental funds through provincial finance commission and meeting the needs of the concerned council. With reference to gender, a greater number of the male respondents (36.6%), followed by female respondents (2%) maintained that the annual received funds through provincial finance commission had not met the needs of the concerned council. With regard to literacy, a comparatively larger number of the literate respondents (31.1%), followed by illiterate respondents (7.4%) said that the annual received funds through provincial finance commission had not met the needs of the concerned council. With regard to age, a comparatively larger number of the locally elected representatives (16.9%) whose age was 31-40 years , followed by 41years and above (16%) and 18-30 years (5.7 %) asserted that the annual received funds through provincial finance commission had not met the needs of the concerned council. Concerning council, a comparatively greater number of the respondents (20.9%) of village council, followed by the respondents (15.1%) of neighborhood council, town council (2%) and district council (0.6%) asserted that the annual received funds through provincial finance commission had not met the needs of the concerned council.

Satisfaction with the Approval Procedure of Developmental Schemes

A maximum number of the respondents (44.9%) strongly agreed with the satisfaction of the concerned locally elected bodies with the approval procedure of developmental schemes. Relating to gender, a maximum number of the male respondents (44.3%), followed by female respondents (0.6%) maintained that they were satisfied with the approval procedure of developmental schemes. With regard to literacy, a large number of the literate respondents (36%), followed by illiterate respondents (8.9%) said that they were satisfied with the approval procedure of developmental schemes. Relating age, a large number of the locally elected representatives (21.7%) whose age was 41 years and above , followed by 31-40 years (17.1%) and 18-30 years (6 %) asserted that that they were satisfied with the approval procedure of developmental schemes. In the matter of council, a comparatively greater number of the respondents (22%) of neighborhood council, followed by the respondents (17.1%) of village council, town council (3.7%) and district council (2%) asserted that that they were satisfied with the approval procedure of developmental schemes.

Training of Locally Elected Bodies about the Proper Usage of Developmental Funds

A large number of the respondents (54.6%) strongly agreed with training of locally elected bodies about the proper usage of developmental funds. In the matter of gender, a maximum number of the male respondents (53.7%), followed by female respondents (0.9%) said that they had been trained about the proper usage of developmental funds. With regard to literacy, a maximum number of the literate respondents (48.9%), followed by female respondents (5.7%) said that they had been trained about the proper usage of developmental funds. In terms of age, a comparatively larger number of the locally elected representatives (26%) whose age was 41 years and above , followed by 31-40 years (20.9%) and 18-30 years (7.7 %) asserted that they had been trained about the proper usage of developmental funds. In the matter of council, great number of the respondents (27.1%) of village council (27.1%), followed by the respondents (22%) of neighborhood council, district council (3.1%) and town council (2.3%) asserted that they had been trained about the proper usage of developmental funds.

Satisfaction of the Concerned Locally Elected Representatives with the Approval Procedure of Annual Budget

Majority of the respondents (60.6%) strongly agreed with the satisfaction of the concerned locally elected bodies with the approval procedure of annual budget. In the matter of gender, a maximum number of the male respondents (60.3%), followed by female respondents (0.3%) maintained that they were satisfied with the approval procedure of annual budget. With reference to literacy, a large number of the literate respondents (52%), followed by illiterate respondents (8.6%) said that they were satisfied with the approval procedure of annual budget. In terms of age, a comparatively larger number of the locally elected representatives (30%) whose age was 41 years and above , followed by 31-40 years (23.7%) and 18-30 years (6.9 %) asserted that that they were satisfied with the approval procedure of annual budget. In the matter of council, great number of the respondents (27.4%) of neighborhood council, followed by the respondents (24.6%) of village council, town council (4.6%) and district council (4%) asserted that they were satisfied with the approval procedure of annual budget.

Satisfaction of the Concerned Locally Elected Representatives with the Non Developmental Expenses in Terms of Utilization of Money

Majority of the respondents (58%) were unsatisfied with the non-developmental expenses in terms of utilization of money. In terms of gender, a maximum number of the male respondents (55.4%), followed by female respondents (2.6%) maintained that they were unsatisfied with the non-developmental expenses in terms of utilization of money. With regard to literacy, a large number of the literate respondents (48%), followed by illiterate respondents (10%) asserted that they were unsatisfied with the non-developmental expenses in terms of utilization of money. In terms of age, a comparatively larger number of the locally elected representatives (24.6%) whose age was 41 years and above , followed by 31-40 years (23.4%) and 18-30 years (9.7 %) asserted that they were unsatisfied with the non-developmental expenses in terms of utilization of money. In the matter of council, great number of the respondents (33.7%) of village council, followed by the respondents (20%) of neighborhood council, town council (2.6%) and district council (1.7%) asserted that they were unsatisfied with the non-developmental expenses in terms of utilization of money.

Awareness of the Concerned Locally Elected Representatives in Terms of Transparency

A comparatively larger number of the respondents (36%) strongly agreed with awareness of the concerned locally elected representatives in terms of transparency. In the matter of gender, a maximum number of the male respondents (35.7%), followed by female respondents (0.3%) asserted that the financial system was run transparently and they were kept apprised of it. Relating to literacy, great number of the literate respondents (31.4%), followed by illiterate respondents (4.6%) asserted that the financial system was run transparently and they were kept apprised of it. In the matter of age, a comparatively larger number of the locally elected representatives (15.4%) whose age was 41 years and above , followed by 31-40 years (14.3%) and 18-30 years (6.3 %) asserted that the financial system was run transparently and they were kept apprised of it. Relating council, a major portion of the respondents (16.3%) of village council, followed by the respondents (15.4%) of neighborhood council, district council (2.6%) and town council (1.7%) asserted that the financial system was run transparently and they were kept apprised of it.

Favoritism in the Utilization of Developmental Funds at Council Level

A major portion of the respondents (38.9%) strongly agreed with favoritism in the utilization of developmental funds at council level. With reference to gender, a maximum number of the male respondents (38.6%), followed by female respondents (0.3%) asserted that there was favoritism in the utilization of developmental funds at council level. On the subject of literacy, a maximum number of the male respondents (33.7%), followed by illiterate respondents (5.1%) asserted that there was favoritism in the utilization of developmental funds at council level. In connection with age, a large number of the locally elected representatives (19.1%) whose age was 31-40 years , followed by 41 years and above (13.4%) and 18-30 years (6.3 %) asserted that there was favoritism in the utilization of developmental funds at council level. In the matter of council, major portion of the respondents (19.1%) of neighborhood council, followed by the respondents (15.7%) of village council, town council (2.6%) and district council (1.4%) maintained that there was favoritism in the utilization of developmental funds at council level.

Hurdles Created by the Concerned High Officials in the Development Schemes

A comparatively larger portion of the respondents (31.7%) strongly agreed with hurdles created by the concerned high officials in the developmental schemes. With regard to gender, a maximum number of the male respondents (30.9%), followed by female respondents (0.9%) asserted that the concerned high officials had created hurdles in the developmental schemes. With reference to literacy, a comparatively maximum number of the literate respondents (26.6%), followed by illiterate respondents (5.1%) asserted that the concerned high officials had created hurdles in the developmental schemes. With regard to age, a comparatively larger number of the locally elected representatives (18%) whose age was 31-40 years ,followed by 41 years and above (10.3%) and 18-30 years (3.4 %) asserted that the concerned high officials had created hurdles in the developmental schemes. Concerning council, a major portion of the respondents (15.4%) of village council, followed by the respondents (12.6%) of neighborhood council, district council (2.3%) and town council (1.4%) maintained that the concerned high officials had created hurdles in the developmental schemes.

Hurdles Created by the Concerned MPA/MNA in the Utilization of Developmental Funds

A comparatively larger number of the respondents (30.9%) strongly agreed with hurdles created by the concerned MPA/MNA in the utilization of developmental funds. In the matter of gender, a maximum number of the male respondents (30%), followed by female respondents (0.9%) asserted that the concerned MPA/MNA had created hurdles in the utilization of developmental funds. With reference to literacy, a comparatively maximum number of the literate respondents (27.4%), followed by illiterate respondents (3.4%) asserted that the concerned MPA/MNA had created hurdles in the utilization of developmental funds. Concerning age, a large number of the locally elected representatives (17.7%) whose age was 31-40 years , followed by 41 years and above (10.6%) and 18-30 years (2.6 %) asserted that the concerned MPA/MNA had created hurdles in the utilization of developmental funds. Relating to council, a major portion of the respondents (14.9%) of village council, followed by the respondents (12.6%) of neighborhood council, district council (2%) and town council (1.4%) maintained that the concerned MPA/MNA had created hurdles in the utilization of developmental funds.

FINDINGS

The major findings of the study are based on quantitative data. The research questions have focused on the study regarding fiscal decentralization under Khyber Pakhtunkhwa Local Government Act 2013 in District Peshawar and the perceptions of the locally elected representatives were analyzed accordingly. Following are the major findings of the study.

As far as awareness about fiscal decentralization is concerned, majority of the respondents (61.4%) showed strong agreement regarding know-how about fiscal decentralization under KP Local Government Act 2013.

In terms of the received public funds by locally elected bodies, a large number of the respondents (39.5%) asserted that the received public funds by the concerned locally elected members of council were spent with their mutual consensus.

With regard to imposition of new financial taxes by the concerned council, a maximum number of the respondents (65.4%) strongly disagreed and said that the concerned council had not imposed new financial taxes in its concerned area.

Similarly, great number of the respondents (77.1%) strongly disagreed and maintained that the concerned council had not abolished old financial taxes in its concerned area.

Regarding revenue generation by the concerned council, a large number of the respondents (58.9%) provided that the concerned council had not generated revenue in its area.

With regard to the received annual developmental funds through Provincial Finance Commission and meeting the needs of the concerned council, majority of the respondents (38.6%) disagreed with it.

In a similar manner, majority of the concerned locally elected representatives (44.9%) strongly agreed and expressed satisfaction with the approval procedure of developmental schemes.

In terms of training of locally elected bodies about the proper usage of developmental funds, great number of the respondents (54.6%) asserted that they have been trained about proper utilization of developmental funds.

Likewise, most of the respondents (60.6%) provided that they were satisfied with the approval procedure of annual budget.

On the other hand, a large number of the respondents (58%) were not satisfied with the non-developmental expenses in terms of utilization of money.

In terms of awareness of the concerned locally elected representatives regarding transparency, majority of the respondents (36%) showed strong agreement about it.

A large number of the concerned locally elected representatives (38.95) also provided that there was favoritism in the utilization of developmental funds at council level.

Majority of the respondents (31.75) expressed strong agreement regarding hurdles created by the concerned high officials in the developmental schemes.

Similarly, a maximum number of the respondents (30.9%) provided that the concerned MPA/MNA had created hurdles in the utilization of developmental funds.

CONCLUSION

The present study conducted in District Peshawar at local level and its locally elected representatives‟ views of the concerned people showed that various significant powers have been decentralized to them. As far as fiscal decentralization under the KP Local Government Act is concerned, the locally elected representatives strongly agreed with the funds received by them but on the other hand, they disagreed with the imposition and abolition of new financial taxes in their concerned areas. Likewise, they showed disagreement regarding revenue generation by their concerned councils and the developmental funds received annually through provincial finance commission and meeting the needs of their concerned councils. On the other hand, they were satisfied with the concerned locally elected bodies, the approval procedure of developmental schemes, and training to the locally elected representatives about the proper usage of developmental funds and with the approval procedure of annual budget. In addition, they expressed disagreement regarding non developmental expenses but showed agreement about the transparent system. Additionally, they expressed strong agreement about favoritism in the utilization of developmental funds and hurdles created by high officials and MPA/MNA in the developmental schemes. In this regard, the Government also preferred to its own locally elected representatives in the utilization of developmental funds at gross root level.

RECOMMENDATIONS

Most of the locally elected representatives were uneducated and it was difficult for them to understand and run the system properly. So, it should be made mandatory for locally elected representatives at least to be matriculate.

The MPA/MNA directly and indirectly intervened especially in terms of utilization of developmental funds. Such intervention should be stopped and MPA/MNA role should be influenced by the Government here.

The tenure of locally elected members has been expired and the concerned Government is not serious to hold fresh elections on right time constitutionally. As general elections at provincial and federal level take place constitutionally, the same should be adopted at local level.

Majority of the locally elected members have been trained about fiscal decentralization but the said members have not taken the training seriously. Some of them were trained and the rest of them have been deprived of it. The Government should strictly provide proper training to them to run the system efficiently.

Most importantly remuneration should be paid to the members of town/district councils as the government has given salaries to nazim/vice nazim at village/neighborhood levels. The members at town/district level did not take interest in the system because of lack of financial dividends.

A policy should be made to expel differences over the utilization of fund among the members of different parties.

The Government should refrain from favoritism and nepotism policy and should not give preference to its own representatives at local level regarding developmental funds.

There should be audit system at village/neighborhood level.

A mechanism should be adopted to generate tax at local level. It is possible that provincial government cooperate with locally elected representatives.

The TMA officials collect tax annually from the private schools, colleges and hospitals etc but there is no check and balance over them. The government should hold special vigilance on this area.

The practical implementation fiscally under this Act has taken place to some extent but they can further be improved. The government should take serious measures to overcome the problems locally. The Act should be amended in the best public interest and the powers and resources should be decentralized to local level at large.

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