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**THE ECONOMIC EFFICIENCY OF DEVELOPED AND UNDER  
DEVELOPED GRAMA PANCHAYATS IN RISING OWN SOURCE OF  
REVENUE IN KARNATAKA: A CASE STUDY OF BANGALORE  
RURAL AND CHAMARAJANAGAR DISTRICTS**

**Dr. Shivakumara Reddy K\***

\*Research Consultant,  
G K Global Marketing & Data Analytical Centre,  
Bangalore Former Associate Director,  
KEA, Planning Department,  
Govt. of Karnataka Former Research Analyst, IIM Bangalore INDIA  
Email Id: shivakumar.reddy1980@gmail.com,

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**ABSTRACT**

*Local government is an effective tool for meeting the local demands based on the aggregate local interest and it can play a major effective role for communication between centre and the people and it is also essential for rural development. In this present study economic efficiency is measured in terms of efficiency in raising funds and in achieving output. Efficiency in raising funds was analysed in raising Own Source of Revenue (OSR) and it was compared to the administrative cost of raising OSR of Grama Panchayats in Chamarajanagar and Bangalore Rural districts. This study is based on both primary and secondary data. Based on the Human Development Report 2015, Eight Grama Panchayats were selected in each district. It was observed that the poorer districts received lower funding. Though this analysis gives broader trends, it needs much more in depth study to understand the reasons for this trend.*

**KEYWORDS:** *Administrative Cost, Development Programmes, Economic Efficiency, Grants-in-Aid, Grama Panchayat, Revenue.*

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