

**GOVERNMENT OF INDIA  
PANCHAYATI RAJ  
LOK SABHA**

STARRED QUESTION NO:352  
ANSWERED ON:19.08.2004  
WORLD BANK REPORT ON CONTROL OF PANCHAYATS  
Rao Shri Sambasiva Rayapati

**Will the Minister of PANCHAYATI RAJ be pleased to state:**

- (a) whether World Bank in its report has suggested that Panchayats should adopt hire and fire policy to enable local administration to deal with resource crunch so as to better control their budget;
- (b) if so, whether they have pointed out that without powers gram panchayats cannot control their budgets and handle the resource crunch;
- (c) if so, whether Government has considered the suggestion made in this regard;
- (d) if so, the details thereof; and
- (e) to what extent the Union Government has urged States to change policy so that Gram Panchayats can control and implement schemes for the betterment of the people?

**Answer**

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to (e) A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN PARTS (a) to (e) OF LOK SABHA STARRED QUESTION NO. 352 DUE FOR REPLY ON 19.8.2004.

(a) to (e) The World Bank Report has made certain recommendations for strengthening local governments including the recommendation for budgetary autonomy. It has been suggested that local governments should have the power to hire, fire and determine the compensation level for their employees. According to the World Bank Report it would otherwise be difficult for local governments to control their budgets and be held to a hard budget constraint. According to the World Bank these powers would eliminate the dual responsibility that conflicts local government employees between accountability to the government unit for whom they work, and accountability to the level of government that determines their well being in the work place. Effective implementation of service delivery by rural local governments would seem to require accountability of their officers. The World Bank Report has emphasized that priority should be given to empower Gram Panchayats. This has been recommended because the Gram Panchayats are closest to the people and can best detect and respond to people's preferences and needs. The long term goal should be to endow them with sufficient autonomy and resources to respond to local needs. Gram Panchayats should be allowed to spend public resources according to their priorities, to recruit and fire their own staff, and to procure technical assistance, contractors and other services from the private, NGO or public sector as they see fit. Plans, budgets, funds and assets should be treated as theirs and higher level panchayats should refrain from intervening in their affairs.

The Government is fully aware of the issues pointed out in the World Bank Report. Necessary steps are being taken by the Government to strengthen the Panchayats for planning and implementation of schemes for economic development and social justice and to become institutions of self-government. As a first step towards this, a Conference of Chief Ministers and State Ministers in charge of Rural Development & Panchayati Raj on Poverty Alleviation and Rural Prosperity through Panchayati Raj was held at New Delhi on 29-30 June, 2004 jointly by the Ministry of Rural Development and Ministry of Panchayati Raj. The Conference decided to hold seven Round Table Conferences to chalk out a joint programme of action to secure implementation of Part IX of the Constitution. The Round Table Meetings have been scheduled as under: -

**SCHEDULE OF SEVEN ROUND TABLES TO BE HELD ON DIFFERENT ASPECTS OF PANCHAYATI RAJ**

Round Table I:

Sat-Sun, 24-25 July: Kolkata: `Panchayati Raj : Effective Devolution`, comprising Functions, Functionaries and Finances, as well empowerment of Gram Sabhas.

Round Table II:

Sat-Sun., 28-29 August: Bangalore – `Panchayati Raj: Planning and Implementation and Rural Business Hubs`, including the question of parallel bodies.

### Round Table III

Wed.-Thursday 22-23 September: Raipur – `Reservations in Panchayati Raj`, comprising Scheduled Tribes (including implementation of the Provisions of the Panchayats (Extension to Scheduled Areas) Act, 1996 (PESA)), Scheduled Castes and Women.

### Round Table IV

Sat-Sun 2-3 October: Chandigarh – `Panchayati Raj in Union Territories and Panchayati Raj jurisprudence`.

### Round Table V

Wed.-Thur. 27-28 October: (Venue to be decided) – `Annual Reports on the State of the Panchayats` (including preparation of a Devolution Index).

### Round Table VI

Sat.-Sun., 27-28 November: Guwahati – `Panchayati Raj Elections and Audit`.

### Round Table VII

Sat. -Sun., 11-12 December: Pune – `Capacity Building and Training for Panchayati Raj Institutions`.

The first Round Table Conference on `Panchayati Raj : Effective Devolution`, comprising Functions, Functionaries and Finances, as well empowerment of Gram Sabhas has already been held at Kolkata on 24-25 July, 2004 in which the State Governments have agreed in principle that the Constitution (Article 243 G) provides for `devolution`, that is, the empowerment of Panchayati Raj Institutions and that the key objective is to ensure that Panchayati Raj Institutions function as institutions of self government rather than as mere implementing agencies for other authorities.