

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

UNSTARRED QUESTION NO:1139
ANSWERED ON:02.08.2006
FOREIGN FUNDS FOR PRIs
Rao Shri Kavuru Samba Siva

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether the Government proposes to attract foreign funds for development of physical infrastructure, requirement of staff and monitoring mechanism at all levels of Panchayati Raj institutions;
- (b) if so, the details thereof;
- (c) whether the Government proposes to evolve new mechanism for speeding up allocation and transfer of funds to the Panchayati Raj institutions and their effective utilization;
- (d) if so, the details thereof;
- (e) whether the Government has identified the State Governments and Union Territories wherein District Planning Committees have either not been functioning or found not implementing the development schemes under the Panchayati Raj institutions;
- (f) if so, the details thereof; and
- (g) the steps taken by the Government in this regard?

Answer

MINISTRY OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b): As of now, no such plans have been finalized. It is, however, recognized that Panchayati Raj Institutions are in need of substantial additional funds to meet these minimum basic requirements.

(c) & (d): Yes Sir. The National Common Minimum Programme states that the UPA government will ensure that all funds given to States for implementation of poverty alleviation and rural development schemes by Panchayats are neither delayed nor diverted. Monitoring will be strict. In addition, after consultations with States, the UPA government will consider crediting elected Panchayats with such funds directly.

In order to ensure that funds meant for the Panchayats are neither delayed nor diverted even in cases where they pass through the State Consolidated Funds, a Committee was set up under the Chairpersonship of Additional Secretary in the Ministry of Panchayati Raj to look into the modalities of rapid transfer of funds through the banking channels. The Committee submitted its report in May, 2005 and elements of the report are now being put into operation to streamline the transfer of 12th Finance Commission grants to States. The National Informatics Centre (NIC), on the directions of the Ministry of Panchayati Raj, has also prepared a fund transfer software that can reduce procedural delays and help in better monitoring of the releases. States could make electronic transfer of funds through banks/treasuries to Panchayats directly through the use of the software. These recommendations have been forwarded to State Governments and Central Ministries concerned for further consideration.

The Ministry of Panchayati Raj had also identified the schemes of a) Wage Employment such as SGRY, National Food for Work Programme and NREGA, b) Rural Water Supply and Sanitation such as Swajaldhara, ARWSP and Total Sanitation Campaign, c) National Rural Health Mission, d) Sarva Shiksha Abhiyan and ICDS for coverage under the proposed system. Ministry of Finance have supported the initiative in principle. The matter is being pursued with the Ministries concerned.

The Empowered Sub-Committee of the National Development Council on Financial and Administrative Empowerment of the Panchayati Raj Institutions which met on 12th June, 2006 at New Delhi under the Chairpersonship of Minister of Panchayati Raj also considered this issue. The following decisions relevant to the issue were taken in the meeting in this regard:

(i) The Committee on Feasibility of Rapid Fund Transfer to Panchayats through Banking Channels recommended systems that should be adopted by State Governments, so that funds for centrally sponsored schemes are sent to Panchayats through the State Consolidated Fund. The specific provision in this regard contained in Ministry of Finance Office Memoranda (Oms) dated 13.1.2003 and 6.02.2003 should be restored. States should widely publicise the transfer of funds from the State Treasuries to the bank account or sub-treasury account, as the case may be, of the particular village, block or Zilla Panchayat along with date and amount of transfer to each Panchayat, and place this in the public domain. Appropriate training of elected Panchayati Raj representatives under Gram Swaraj or otherwise, should be expanded, with assistance from Central Government to ensure probity and transparency in Panchayat

transactions.

(ii) Planning Commission or other authorities concerned may review in plan discussion with States the quantum of funds available for consolidation into untied grants to be made available to Panchayats and their distribution among Panchayats. States may also continue augmenting their fund flow to the Panchayats.

(iii) Monitoring system should be rationalized for the implementation of centrally sponsored schemes.

(iv) Ministry of Finance (Banking Division) to consider establishment of additional branches in Blocks where there are none in a time-bound manner.

(v) A stipulated percentage of up to 6% of Central Sector and Centrally Sponsored Scheme may be consolidated in a single window for capacity building, staff support and monitoring.

(vi) As of now State funds may continue to flow through treasuries, but central funds will need to be passed on to Panchayat bank accounts from State Treasuries without delay or diversion.

(e) and (f): Article 243ZD of the Constitution stipulates that there shall be constituted in every State at the District level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the Districts and to prepare a draft development plan for the district as a whole. The District Planning Committees are meant to prepare plans. Implementation of schemes is not part of their role. Statement indicating the status of constitution of District Planning Committees in States/UTs is annexed.

(g): The following steps have been taken by the Ministry of Panchayati Raj to impress upon the State Governments the need to constitute District Planning Committees at the earliest :-

(i) The Ministry of Panchayati Raj had set up an Expert Group on Grass Roots Level Planning. The Group submitted its Report on 28.3.2006, which has been accepted by the Ministry of Panchayati Raj. Based on the Terms of Reference of the Expert Group, the Planning Commission issued a circular to the Planning Secretaries of the State Governments in October 2005 in which the State Governments were advised to constitute District Planning Committees before their Annual Plan proposals could be considered. The Ministry of Panchayati Raj held a Workshop in collaboration with the National Institute of Public Finance & Policy (NIPFP) on 8-9 May, 06 to operationalise the recommendations of the Report. The representatives of the Planning Commission and the State Governments were invited to this Workshop. The joint conclusions of the Workshop included the provision of constitution of DPCs in States where District Planning Committees (DPCs) are not constituted, in accordance with the provisions of Article 243 ZD of the Constitution, by 15 June 2006. States that did not have legal provisions in place for the constitution of DPCs, were requested to constitute these immediately through executive orders, pending the enactment of statutory provisions in this regard.

(ii) It was decided during the meeting of the Empowered Sub-Committee of National Development Council held on 12.6.2006 that the States should constitute District Planning Committees immediately by 15th July, 2006, or as soon as possible, in accordance with the provisions of Article 243 ZD of the Constitution. Wherever States do not have appropriate legal backing in place for the constitution of DPCs, they may be constituted immediately through executive orders, pending the enactment of statutory provisions in this regard;

(iii) During the meeting of the Council of the State Ministers in charge of Panchayati Raj held in Bhubaneswar on 14-15 June, 2006, the State Governments have again been exhorted to set up DPCs and to issue guidelines for the Operationalisation of DPCs.

The above decisions have been disseminated to the States. Letters have also been sent by Minister of Panchayati Raj on 19 April, 2006, and by the Deputy Chairman, Planning Commission, to the Chief Ministers of States on 24 May 06 to persuade the States to constitute DPCs and issue guidelines for preparation of plans by Panchayats and their consolidation through DPCs according to the Constitutional mandate.

Annexure

Sl. No State/UTs DPC constituted (Yes/No)

1	Andhra Pradesh	No
2	Arunachal Pradesh	No
3	Assam	Yes
4	Bihar	No (due to fresh elections)
5	Chhattisgarh	Yes
6	Goa	Yes
7	Gujarat	No
8	Haryana	No (due to fresh elections)
9	Himachal Pradesh	Yes
10	Jharkhand	No
11	Karnataka	Yes
12	Kerala	Yes
13	Madhya Pradesh	Yes
14	Maharashtra	No
15	Manipur	Yes
16	Orissa	Yes
17	Punjab	No

18 Rajasthan Yes
19 Sikkim Yes
20 Tamil Nadu Yes
21 Tripura No
22 Uttar Pradesh No
23 Uttaranchal No
24 West Bengal Yes
25 Andaman & Nicobar Yes
26 Chandigarh No
27 Dadra & Nagar Haveli Yes
28 Daman & Diu Yes
29 Lakshadweep Yes
30 Pondicherry No