

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

UNSTARRED QUESTION NO:1436
ANSWERED ON:09.12.2004
CHINESE MODEL OF RURAL DEVELOPMENT
Nambadan Shri Lonappan

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) whether Government contemplates to revamp the rural development programmes on the lines of the Chinese model;
- (b) if so, the details thereof alongwith the salient features of those models;
- (c) whether a Round Table Conference was held at Mysore on 28-29 August, 2004 to formulate a draft action plan in this regard;
- (d) if so, the details thereof; and
- (e) the action taken on the action plan discussed in the said conference?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) & (b) 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 organized in New Delhi on 29-30 June, 2004, jointly by the Ministry of Rural Development and Ministry of Panchayati Raj. The Prime Minister, in his inaugural address at this Conference, emphasized the need to learn from the Chinese Model of Rural Business Hubs that add value to agricultural produce within the rural areas. The Conference decided to hold seven Round Table Conferences to formulate a draft action plan for achieving the objectives of strengthening of Panchayati Raj Institutions to enable them to become true institutions of self-government for planning and implementation of programmes of economic development and social justice as envisioned in the Constitution. Round Table-II was held on 28-29 August, 2004 at Mysore where the subject 'Panchayati Raj : Planning and implementation and Rural Business Hubs' was discussed. Certain presentations were made in regard to Agriculture/Horticulture, bio-diesel through the plant Jatropha, exploiting isolated gas wells for Panchayats by the experts in the field. The Ministers in charge of Panchayati Raj thereafter, requested the Minister of Panchayati Raj to hold a national presentation of rural business hubs. Accordingly, a National Presentation on Rural Business Hubs with the theme 'Economic Empowerment through Panchayats' was held on 5th November, 2004 at Vigyan Bhawan, New Delhi in collaboration with the Confederation of Indian Industries (CII). Ministry of Panchayati Raj and Elected Representatives of Panchayati Raj Institutions (PRIs) from the States and Union Territories, as also certain members of the CII participated in the presentation. Presentations were made on several subjects, namely, Agriculture/Horticulture, Bamboo products and process, Khadi and Village Industries, Handicrafts, Rural fashion - Handlooms and Garments, Bio-diesel through Jatropha, Power through Bio-mass, Exploiting isolated Gas Wells for Panchayats, Power Generation for Panchayats, Micro Finance, District Plan for Rural Business Hubs, Role of E-Governance in rural service delivery and Leveraging IT enabled rural business hubs (e-Choupal). Open house discussions were also held.

(c), (d) & (e) Yes Sir. The proceedings of the second Round Table Conference are enclosed as Annex. Ministers in charge of Panchayats and their representatives agreed to recommend to their respective Governments, the conclusions reached during the six Round Table Conferences on the subjects under consideration for further necessary adoption. Similarly, the conclusions which will be reached during the seventh Round Table Conference are also proposed to be recommended by the Ministers in charge of Panchayati Raj to their respective Governments for adoption. These conclusions thereafter are proposed to be adopted at the meeting of the Chief Ministers, which is scheduled to be held at the beginning of the next year, for further necessary action.

SECOND ROUND TABLE OF STATE MINISTERS OF PANCHAYATI RAJ MYSORE, 28TH - 29(th) AUGUST, 2004.

Ministers in charge of Panchayati Raj, and their representatives, bearing in mind the spirit of cooperative federalism which must inform the effective implementation of Panchayati Raj as set out in Para-IX of the Constitution of India and related provisions, including in particular, Article 243ZD (District Planning Committees), agreed to recommend to their respective Governments, for joint acceptance by the Centre and the States, the following points of action :-

I. Planning

1. There shall be constituted in every State, at the district level, a District Planning Committee (DPC) by the end of the current financial year wherever such DPCs do not already exist.
2. All DPCs should be constituted according to the procedure laid down in the Constitution in Article 243ZD (2).
3. All States must make provision, by law, for the functions relating to District Planning Committees.

4. District planning must take into account :

- (i) resource endowment of the area;
- (ii) felt needs of the people ; and
- (iii) relative absorptive capacity.

5. As provided for in the Constitution, each tier of the Panchayati Raj system - Village, Intermediate and District - must prepare the perspective Five Year Plan and Annual Plans for their respective jurisdiction. The same exercise should be undertaken in the Municipalities of each district. The DPC should `consolidate` the plans prepared by the Panchayats and Municipalities, as provided for in the Constitution, rather than prepare the District Plan of its own accord or of its own volition.

6. To fine-tune the plans prepared at different levels, as also to undertake the consolidation of plans in the DPC in a technically acceptable sense, State Governments, in accordance with the provisions of Article 243ZD (3)

(b), may specify institutions, organizations and individuals, who may-assist the Panchayats, Municipalities and DPCs in preparing plans of a technically acceptable nature.

7. To facilitate such planning, the State Government, in accordance with the provisions of Article 243ZD, may indicate to each level of the Panchayats and Municipalities, `the extent and type of available resources, whether financial or otherwise`.

8. To the extent possible, resources should be made available to the Panchayats and the Municipalities on an untied, general purpose basis. Where grants are tied to schemes, guidelines should be broad and simple so that they are readily understood by elected representatives at the Panchayat and Municipality level.

9. Recognizing the financial constraints under which most State Governments at present operate, the primary responsibility for providing untied grants and simplified schemes rests with the Union Government and the Planning Commission. The Central Government may, therefore, consider establishing a mechanism at the Centre which will pool together all the Central Government and Finance Commission`s resources with a view to channelling as large proportion of these as possible to the PRIs through the District Rural Development Agencies

(DRDAs) which might be renamed as the District Panchayat Development Agencies (DPDAs) since they will be receiving all the resources of the Central Government rather than just those of the Ministry of Rural Development alone. In any case, wherever State Governments have abolished DRDAs, and merged them with Zilla Panchayats, this channel may be used. The proposed DPDA may be so merged with the District Panchayat that its resources, both financial and in terms of- technical manpower, are made available to all tiers of the Panchayati Raj system in accordance with the activity maps prepared by the State Governments for each tier of the Panchayati Raj system.

10. Thus, even as in the case of the devolution of functions, functionaries and finances, planning at each level of the PRI may be undertaken in accordance with activity mapping.

11. The States, depending upon their resource availability, might appropriately strengthen the sound finances of the PRIs so that planning at the District and Sub-District level is based on an indication of the resources available and those that would be made available, for the activities devolved on them.

12. In the budgets of State Governments, besides the traditional division between the State sector and the District sector, consideration may be given to incorporating a Panchayat sector in each departmental budget. At the Centre, the Planning Commission, in consultation with the Central Ministries concerned, might work out similar appropriate arrangements.

13. In allotting financial resources to PRIs, the distinction between administrative grants and development grants may be maintained.

14. State Governments may consider incorporating in their State laws provision for the formation of Standing Committees within each Panchayat body to undertake the responsibilities relating to planning and implementation for the subjects allotted to them. These Committees could have an earmarked budget, based on the Panchayats allocating funds to the Standing Committees, depending on their respective responsibilities.

15. In the preparation of District Plans, priority should be given, first, to plans for the provision of basic minimum needs; second, to the provision of services; third, to facilitating Rural Business Hubs; and, fourth, to general economic development.

16. The Planning Commission is requested to ensure that the 11th Plan begins with and is founded on District Plans prepared in accordance with the provisions of Part-IX and IXA of the Constitution.

II. Implementation

1. As institutions of local government, Panchayati Raj Institutions are required to not only plan but also to implement such programmes of economic development and social justice as may be 'entrusted' to them, including those in relation to the matters listed in the Eleventh Schedule. As such, points relating to implementation parallel those relating to planning. What applies to planning applies paripassu to implementation.

2. Article 243G of the Constitution provides for the implementation of schemes to be 'entrusted' to PRIs. This means entrusted schemes should be implemented by PRIs and not by line departments.

3. For the effective implementation of entrusted schemes, chairpersons must act as 'chairperson - in-council'. There must be full activation of subject-related Standing Committees of the Panchayat so that all elected members of the Panchayat participate in managing all aspects of implementation, from conception to approval; from the calling of tenders to the finalization of vendors; and from conducting supervision of on-going works to certifying the issue of utilization certificates. Of course, the Gram Sabha needs to be involved in every stage of the process.

4. Effective implementation also requires that the Gram Sabha plays an active role in auditing both the physical and financial performance of the Gram Panchayat's plans, programmes and projects, as also 'entrusted' schemes. Three major functions of the Gram Sabha should be incorporated in the legislation of States:-

(i) Selection of beneficiaries;

(ii) Approval of plans, programmes and projects prepared by the Panchayats;

(iii) Authorize the issue of Utilization Certificates after having verified the progress of a work. It is crucial that the Gram Sabha's social audit functions be written into the law.

5. The adoption of a Citizens' Charter, the Right to Information by law and community-based movements such as Jan Sunwais have been found to be greatly effective aids in the exercise of the effective devolution of powers and responsibilities to the PRIs. It is, therefore, recommended that a time-bound plan be put in place, along with a built-in system of checks and balances, for ensuring transparency and community participation in the working of the Panchayats.

III. Parallel Bodies

1. The devolution of functions, functionaries and finances, based on activity mapping, is required by the Constitution (Article 243G) to be devolved to only the Panchayats and not to any parallel body.

2. If, for reasons of institutional constraints, parallel bodies have been set up or are to be set up, these must be brought into an organic, symbiotic relationship with the PRIs at the appropriate level so that PRIs are fully involved with the work of the parallel bodies.

3. To the extent possible, parallel bodies should be established only where indispensable, and invariably in consultation with, and with the collaboration of, the PRIs at the appropriate level.

4. By law, parallel bodies should be required to report periodically to the Gram Sabha(s) so that the community as a whole is kept informed of the activities of parallel bodies.

5. The Central and State Governments may evolve modalities and mechanisms for granting permission to parallel bodies, including those established by foreign and multilateral donor agencies, so that parallel bodies do not undermine the Constitutional authority of PRIs as 'institutions of self-government' but work together to their mutual benefit and the common benefit of the community.