

**GOVERNMENT OF INDIA
PANCHAYATI RAJ
LOK SABHA**

UNSTARRED QUESTION NO:1821
ANSWERED ON:12.03.2008
UTILISATION OF FUNDS BY PRS
Barad Shri Jashubhai Dhanabhai

Will the Minister of PANCHAYATI RAJ be pleased to state:

- (a) the details of funds allocated to various States/Union Territories under Panchayati Raj System during the last three years, State-wise especially to Gujarat;
- (b) whether the State Governments, particularly Gujarat have utilized these funds fully and properly;
- (c) if not, the reasons for not utilizing the amount; and
- (d) the action taken by the Government in this regard?

Answer

MINISTER OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a),(b) and (c): Funds are allocated to Panchayati Raj Institutions under the Central Finance Commission Grants, the Backward Regions Grant Fund and the National Rural Employment Guarantee programme. In the case of other Centrally Sponsored Schemes (CSS) and funding initiatives of the Government of India such as Additional Central Assistance, States have an option to entrust them for planning and implementation to the Panchayats.

The Central Finance Commission is required to make recommendations on the measures needed to augment the Consolidated Fund of the States to supplement the resources of the Panchayats on the basis of the recommendations of the State Finance Commissions. The Twelfth Finance Commission has recommended Rs. 20,000 crore as grants for Panchayati Raj Institutions for the period 2005-2010. The state wise allocation and releases of funds is enclosed as Annex-1.

The Backward Regions Grant Fund aims to address redress regional imbalances in development, by providing largely untied financial resources to Panchayats and Municipalities in identified districts so that they can supplement and converge existing developmental inflows and bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through these existing inflows, through a process of participative planning culminating in the consolidation of a district plan by the District Planning Committee. The details of funds released to States, including Gujarat, for onward transmission to local bodies under the Backward Regions Grant Fund (BRGF) in 2006-07 and 2007-08 are at Annex-2.

Under the National Rural Employment Guarantee Act, the Panchayats at district, intermediate and village levels are the principal authorities for planning and implementing the programme. Panchayats were also the implementing authorities in respect of the outgoing scheme of Sampoorna Grameen Rozgar Yojana (SGRY), administered by the Ministry of Rural Development. State/Union - Territory wise allocation and releases of funds under SGRY in 2004-05, 2005-06 and 2006-07 are at Annex-3. The NREGS is a demand-based scheme; releases made under NREGA for 2005-06 and 2006-07 are given at Annex-4.

In respect of the Twelfth Finance Commission grants, BRGF and NREGA, the release of funds is contingent upon the progress of expenditure and utilisation of earlier instalments. In respect of the Twelfth Finance Commission Grants, Gujarat has obtained the release of 5 instalments of Rs. 93.10 crore each from 2005 onwards. However, the State has not obtained the release of the latest instalment of Rs. 93.10 crore, which is available to be drawn from January 2008 onwards. In respect of the BRGF programme, the State has not constituted District Planning Committees in accordance with the provisions of Article 243ZD of the Constitution and, therefore, is not in a position to submit district plans as required under the programme. Therefore, the State has been unable to draw funds under the programme. The Chief Minister has been requested by the Union Minister of Panchayati Raj to expedite the constitution of DPCs so as to avail of grants available under BRGF.

(d): The matter of release and expenditure of funds is closely monitored at the central level. The mode of release of local body grants to Panchayati Raj Institutions under Twelfth Finance Commission is monitored by a Committee, chaired by Secretary, Panchayati Raj. Every State is also required to constitute a High Level Committee to ensure proper utilisation of these funds.

As regards BRGF Grants, there are provisions in the guidelines of the programme for regular monitoring at the grassroots, district and state level by the Gram Sabhas, Review Committee constituted by DPCs and the State Nodal Department, respectively.

Regarding the schemes under the NREGA, the Gram Sabha, the Gram Panchayats, Intermediate Panchayats and District Panchayats monitor the works completed, employment generated and payments made at the respective tier of governance. Verification and

quality audits through field visits, inspections and sample checks are also conducted by external monitors in respect of NREGA schemes.