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**STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2005-2006)**

FOURTEENTH LOK SABHA

MINISTRY OF PANCHAYATI RAJ

**DEMANDS FOR GRANTS
(2006-2007)**

TWENTY-FIRST REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

TWENTY-FIRST REPORT
STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2005-2006)
(FOURTEENTH LOK SABHA)
MINISTRY OF PANCHAYATI RAJ
DEMANDS FOR GRANTS
(2006-2007)

Presented to Lok Sabha on 18.5.2006

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LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON
RURAL DEVELOPMENT (2005-2006)

Shri Kalyan Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri V. Kishore Chandra S. Deo
3. Shri Sandeep Dikshit
4. Shri L. Ganesan
5. Shri Mohan Jena
6. Shri Shrichand Kriplani
7. Shri Subhash Maharia
8. Shri Hannan Mollah
9. Shri Dawa Narbula
10. Shri A.F. Golam Osmani
11. Shri K.C. Pallani Shamy
- *12. Shri Prabodh Panda
- @13. Vacant
14. Shrimati Tejaswini Seeramesh
15. Shri P. Chalapathi Rao
16. Shri Nikhilananda Sar
17. Shri Mohan Singh
18. Shri Sita Ram Singh
19. Shri D.C. Srikantappa
20. Shri Bagun Sumbrai
21. Shri Mitrasen Yadav

*Hon'ble Speaker has changed the nomination of Shri Prabodh Panda, MP (LS) from Standing Committee on Water Resources to Standing Committee on Rural Development *vide* para No. 1580, Lok Sabha Bulletin Part II dated 23 August, 2005.

@Shri Anna Saheb M.K. Patil, MP (LS) and member of the Committee ceased to be member of the Lok Sabha *vide* Notification No. 21/5/2005/T *w.e.f.* 23.12.2005 (AN).

Rajya Sabha

22. Kumari Nirmala Deshpande
- \$#23. Vacant
- #24. Vacant
25. Prof. Alka Balram Kshatriya
26. Shri Penumalli Madhu
- #27. Vacant
28. Dr. Chandan Mitra
29. Dr. Gyan Prakash Pilonia
- #30. Vacant
- #31. Vacant

SECRETARIAT

- | | | |
|---------------------------|---|-----------------------------|
| 1. Shri S.K. Sharma | — | <i>Additional Secretary</i> |
| 2. Shri P.K. Grover | — | <i>Joint Secretary</i> |
| 3. Shrimati Sudesh Luthra | — | <i>Deputy Secretary</i> |
| 4. Shri A.K. Shah | — | <i>Under Secretary</i> |

^{\$}Hon'ble Chairman, Rajya Sabha has changed the nomination of Shrimati Vanga Geetha, MP (RS) from Standing Committee on Industry to Standing Committee on Rural Development *w.e.f.* 23 August, 2005 *vide* Committee Branch-I note dated 25.8.2005.

[#]Shrimati Vanga Geetha, MP (RS), Shri Ghanshyam Chandra Kharwar, MP (RS), Shri Kalraj Mishra, MP (RS), Dr. Faguni Ram MP (RS) and Prof. R.B.S. Varma, MP (RS) and members of the Committee on Rural Development ceased to be members of the Rajya Sabha due to completion of the tenure of the members of Rajya Sabha *w.e.f.* 2.4.2006 *vide* Coordination Cell note dated 23.3.2006.

ABBREVIATIONS

BE	—	Budget Estimates
BRGF	—	Backward Regions Grants Fund
CII	—	Confederation of Indian Industries
DPC	—	District Planning Committee
IEC	—	Information, Education and Communication
NCMP	—	National Common Minimum Programme
NIRD	—	National Institute of Rural Development
NGO	—	Non-Governmental Organisation
PD & T	—	Panchayat Development and Training Scheme
PESA	—	Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996
PRIs	—	Panchayati Raj Institutions
RBH	—	Rural Business Hubs
RE	—	Revised Estimates
SFC	—	State Finance Commissions
SIRD	—	State Institute of Rural Development
TFC	—	Tenth Finance Commission
UNFPA	—	United Nations Population Fund
UTs	—	Union territories

INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2005-2006) having been authorised by the Committee to submit the Report on their behalf, present the Twenty-First Report on Demands for Grants (2006-2007) of the Ministry of Panchayati Raj.

2. The Committee examined the Demands for Grants pertaining to Ministry of Panchayati Raj for the year 2006-2007 which were laid on the Table of the House on 13 March, 2006.

3. The Committee took evidence of the representatives of the Ministry of Panchayati Raj on 13 April, 2006.

4. The Report was considered and adopted by the Committee at their sitting held on 9 May, 2006.

5. The Committee wish to express their thanks to the officials of the Ministry of Panchayati Raj for placing before them the requisite material and their considered views in connection with the examination of the subject.

6. They would also like to place on record their deep sense of appreciation for the invaluable assistance rendered to them by the officials of the Lok Sabha Secretariat attached to the Committee.

NEW DELHI;
17 May, 2006
27 Vaisakha, 1928 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

REPORT

CHAPTER I

INTRODUCTORY

The Ministry of Panchayati Raj came into effect on 27 May, 2004 by replacing Panchayati Raj Division of the Ministry of Rural Development. The Ministry has been set up primarily to oversee the implementation of Part-IX of the Constitution [inserted by the Seventy-third Constitution (Amendment) Act, 1992], provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA) and Article 243 ZD of the Constitution dealing with District Planning Committees.

1.2 The Ministry of Panchayati Raj has initially been directly administering only one scheme *i.e.* 'Panchayat Development and Training'. However, from 2006-07, the Ministry has been given the charge of the following four new schemes:

1. Backward Regions Grants Fund;
2. Rashtriya Gram Swaraj Yojana;
3. Panchayat Empowerment Incentive Scheme; and
4. Scheme for Media, Publicity and Advocacy.

1.3 The overall Demands for Grants of the Ministry of Panchayati Raj for 2006-2007 are for Rs. 3825.73 crore.

1.4 The Demands for Grants of the Ministry of Panchayati Raj have been presented to Parliament under Demand No. 67. The detailed Demands for Grants of the Ministry were laid in Lok Sabha on 13 March 2006.

1.5 In the present Report the Committee have analysed the performance of the 'Panchayat Development and Training Scheme' and the basic objective and allocation of new schemes in the context of Demands for Grants (2006-07). Besides the Committee have dealt with the important issues related to implementation of Part IX of the Constitution *viz.* Elections to Panchayats, Devolution of Funds, Functions and Functionaries, District Planning Committees, allocation of funds to panchayats by Twelfth Finance Commission and review of the performance of the Ministry since its creation particularly during the year 2005-06.

CHAPTER II

OVERALL ANALYSIS OF DEMANDS FOR GRANTS (2006-2007) OF THE MINISTRY OF PANCHAYATI RAJ

(i) Status of Implementation of the recommendations made by the Committee in their Fourth and Twelfth Reports under Direction 73A of the Directions by the Speaker, Lok Sabha

As per direction 73A of the Directions of the Speaker, Lok Sabha, the Minister concerned shall make once in six months a statement in the House regarding the status of implementation of the recommendations contained in the Reports of Departmentally Related Standing Committees of Lok Sabha with regard to his Ministry.

2.2 Fourth Report of the Standing Committee on Rural Development on Demands for Grants (2004-05) of the Ministry of Panchayati Raj was presented to Parliament on 18 August, 2004. Hon'ble Minister of Panchayati Raj made a statement in the House in pursuance of direction 73A on 12 May, 2005. On examination of the statement it was found that the status of action taken on each of the 14 recommendations was not indicated in the statement as such the statement was found to be deficient of the set procedure. Further the Committee presented Twelfth Report on Demands for Grants (2005-06) of the Ministry of Panchayati Raj to Parliament on 20 April, 2005. The statement with regard to this Report had fallen due on 19 October, 2005.

2.3 Ministry of Panchayati Raj was requested to take the necessary action for tabling the revised statement with regard to Fourth Report and making a statement by Hon'ble Minister in respect of Twelfth Report *vide* Lok Sabha Secretariat OM dated 20 January, 2006 and subsequent reminder dated 24 February, 2006. Besides, the format in which the statement has to be made was also sent to the Ministry for their use. In spite of this, the revised statement in respect of Fourth Report and the statement in respect of Twelfth Report are yet to be made by the Hon'ble Minister.

2.4 When asked about the reasons for delay in making the statements on the status of implementation of recommendations of the Committee made in Fourth and Twelfth Reports, it has been submitted that after receipt of O.M. dated 20 January, 2006 from Lok Sabha Secretariat, the Ministry has already prepared the revised statement. The revised statement regarding status of implementation of recommendations contained in the Fourth Report and statement regarding status of implementation of recommendations contained in

the Twelfth Report shall be tabled in the ensuing Session of the Parliament.

2.5 The Committee note that the primary objective of inserting direction 73A in the Directions by the Speaker was to make the Government more accountable for implementation of the various recommendations of the Committee. The Committee are concerned to note that even after lapse of around six months when the statement on Twelfth Report has fallen due and about three months when the Ministry was requested for making the revised statement in respect of Fourth Report, the statements are yet to be made by the Hon'ble Minister. The Committee find that the Ministry is taking the desired action to make the statements in the Second part of the Seventh Session. The Committee would like to recommend to the Ministry to ensure that the statements are made at the earliest during the Second part of the Seventh Session. The Committee further strongly recommend to the Ministry to ensure that the statements on each of the reports are made within the specified period i.e. six months after the presentation of the Report to Parliament as per direction 73A of the Directions by the Speaker, in future.

(ii) Allocation and utilisation during 9th and 10th Plans

2.6 Panchayati Raj has been envisaged as the medium through which the goals of decentralization are sought to be achieved. At present there are 537 District Panchayats, 6097 Intermediate Panchayats and 2,34,676 Village Panchayats with a total number of 21,95,610 elected representatives spread over these three tiers with representation to:

Women	—	41 per cent,
Scheduled Castes	—	18 per cent, and
Scheduled Tribes	—	11 per cent

2.7 Till 2005-06 the Ministry of Panchayati Raj was administering only one scheme namely 'Panchayat Development and Training' including Research, Conference, Awards, Information Technology and IEC. The overall allocation during the 9th Plan (1997-2002) and the 10th Plan (2002-2007) so far under the scheme has been given as under:

9th Plan allocation

(Rs. in crore)			
Period (1997-2002)	BE	RE	Utilization
Total	17.00	21.50	19.57

**10th Plan Allocation
(2002-2007)**

			(Plan+non-Plan) (Rs. in crore)
Year	B.E.	R.E.	Actuals
2002-2003	5	5	5.75
2003-2004	16	16	21.61
			(the excess amount was taken from SGSY Training)
2004-2005	31.04	10.20	8.62
2005-2006	50.44	50.49	48.71
			(as on 31 March, 2006)
2006-07	3825.73*	—	—

*Includes an allocation of Rs. 3750 crore under the Additional Central Assistance to State Plans (being implemented through the newly introduced Backward Regions Grant Fund Scheme) plus Rs. 75 crore for implementation of three new schemes of Gram Swaraj, Panchayat Empowerment and Incentive Scheme and Scheme for Media Publicity and Advocacy.

2.8 The outlay of Rs. 75 crore for the Central Plan is for the implementation of three new schemes namely.

1. Gram Swaraj (Rs. 50.50 crore)
2. Panchayat Empowerment and Incentive Scheme. (Rs. 10 crore)
3. Scheme for Media Publicity and Advocacy. (Rs. 3.00 crore)

Besides the mandatory allocation for the North East of Rs. 7.50 crore and Rs. 4 crore is for meeting Secretarial expenses.

2.9 The Committee note that the Ministry of Panchayati Raj was created on 27 May, 2004 to oversee the implementation of various provisions made under Part IX of the Constitution by way of the 73rd Constitution (Amendment) Act, 1992. The Committee further note that till 2005-2006 the Ministry of Panchayati Raj was administering only one scheme namely, 'Panchayat Development and Training'. The detailed component-wise analysis of this scheme has been dealt with in the next chapter of this Report. The Committee

while analysing the overall position of allocation and utilisation under the scheme as indicated above find that during 2004-05, *i.e.* the first year of the newly created Ministry, the Ministry was able to utilise only about 84 per cent of the total allocation even though the initial allocation made at the Budget Estimates stage was reduced to Rs. 10.24 crore at the Revised Estimate stage. The delay in the operationalisation of the account of the Ministry (which became functional only in November 2004) has been given as the reason for the low rate of utilisation.

2.10 The Committee further note that during the year 2005-2006 the Ministry was allocated Rs. 50.44 crore out of which Rs. 50 crore was plan outlay and Rs. 44 lakh was non-plan outlay. The Revised Estimates remained unchanged at Rs. 50 crore. Out of this the total utilisation was to the tune of Rs. 48.71 crore. Thus there has been an overall utilisation of more than 97 percent. Except in the utilisation for the components of Conferences, Seminars, Workshops and for Management Cell (the detailed analysis of which has been done in the succeeding chapter of the Report), the Ministry has managed to utilise more than 95 per cent of outlay.

2.11 The Committee find that huge added responsibilities have been entrusted to the Ministry by way of new schemes. The allocation of the Ministry has substantially been enhanced from Rs. 50.44 crore to Rs. 3825.73 crore during the year 2006-07. The Committee hope that the initial teething problems involved with the setting up of the new Ministry would have been solved by now. They, therefore, recommend that the Ministry should now gear themselves up, to shoulder the added responsibilities.

(iii) Panchayati Raj and National Common Minimum Programme

2.12 The National Common Minimum Programme (NCMP), of the UPA Government with respect to Panchayats has mandated:

- (a) While Panchayati Raj Legislations have devolved certain functions to Panchayats, these are normally stated out in broad terms. When so stated out they do not provide clarity as to the role separation between the three levels of Panchayats with respect to any particular devolved function.
- (b) Government orders, circulars and other scheme specific instructions relating to the role of Panchayats in implementation are often not in consonance with legislative devolution of functions.

- (c) Activity Mapping ought to touch all levels of the Government and be strictly based on the principle of subsidiarity and the assignment of activities should be followed by a matching transfer of funds pertaining to that activity to the Panchayats concerned and by the devolution of functionaries. However, scheme instructions result in overlap among the three levels of Panchayats in performance of functions. Scheme instructions and Government orders set up parallel bodies, which compete in performing the same activities as Panchayats.

2.13 When asked about the status of implementation of NCMP, the Ministry has stated as under:

“With respect to the objectives of quick transfer of central funds to the Panchayats without delay or diversion, a Committee with Additional Secretary in the Ministry of Panchayati Raj as Chairperson and representatives of the Ministry of Finance as members among others, went into this issue in detail and submitted its report in May, 2005. The Committee’s terms of reference included an examination of the feasibility of maintaining a data base of the bank accounts of all the 2,40,000 Panchayati Raj Institutions, feasibility of electronic transfer of funds under the current Banking system and feedback mechanism on actual crediting of funds into the accounts of PRIs. The Committee concluded unanimously that maintenance of database of Panchayat accounts; State-wise and setting up of feedback mechanism was quite feasible. Subsequently, on the request of Ministry of Finance, Ministry of Panchayati Raj identified the following schemes for coverage under the proposed system:

- (i) **Wage Employment Schemes:** Sampoorna Grameen Rozgar Yojana (SGRY), National Food for Work Programme (NFWP) as also the fund transfers under the National Rural Employment Guarantee Act (NREGA)
- (ii) **Rural Water Supply and Sanitation:** Swajaldhara, Accelerated Rural Water Supply Programme (ARWSP) and Total Sanitation Campaign (TSC)
- (iii) National Rural Health Mission
- (iv) Sarva Shiksha Abhiyan
- (v) ICDS (Integrated Child Development Scheme)

2.14 Ministry of Panchayati Raj wrote to the Ministries concerned suggesting that they adopt the proposed system. However, the response of the Ministries indicate that they would like to continue with the existing systems. The matter was also taken up with the Ministry of Finance for an early resolution of the issue. The Ministry of Finance has supported the initiative in principle. However, they have stressed that the administrative arrangements and flow of funds should be in consonance and have requested the Ministry of Panchayati Raj to work with the concerned administrative Ministry for transfer of responsibility for implementation of the schemes to Panchayats before instructions are issued for electronic transfer of funds to Panchayats.

2.15 The Committee have further been informed that States are being persuaded to adopt the system of rapid transfer of funds to Panchayats in respect of Twelfth Finance Commission Grants. A software has been prepared in this regard by NIC on the instructions of Ministry of Panchayati Raj. The software *inter-alia* enables States to create a database of Bank accounts of Panchayats at all levels and ensure rapid transfer of funds directly from the consolidated fund of States to each Panchayat without delay and diversion. A videoconference was conducted in this regard and 14 States have agreed to adopt the system. Thus this system is also being pursued for implementation from the State level onward to Panchayats.

2.16 Regarding the empowerment of Gram Sabha and devolution of funds and functionaries, the Ministry of Panchayati Raj, while reviewing the Centrally Sponsored Schemes of various Ministries is insisting that the Gram Sabha should have a major role to play in selection of beneficiaries and works, monitoring of programmes and approving the utilization certificates etc. During the visits to States by the Minister (Panchayati Raj) also, the role of Gram Sabha is being emphasized.

2.17 The Committee note that the National Common Minimum Programme (NCMP) of the UPA Government has given a prominent place to Panchayats and stressed on the need for devolution of funds, functions and functionaries to Panchayati Raj Institutions in the true spirit of Article 243G of the Constitution. The NCMP has stressed on activity mapping spelling out clearly the functional domain of the three tiers of the Panchayats viz. Gram Panchayat, Intermediate Panchayat and District Panchayat. Besides, it has also stressed that the transfer of functions should be matched by transfer of funds and functionaries. In this regard the initiative was taken by the Ministry of Panchayati Raj for creation of the data base of Panchayat

Bank accounts so that the funds under Centrally Sponsored Schemes can be electronically transferred to Bank accounts of all 2,40,000 Panchayati Raj Institutions. To examine the feasibility in this regard a Committee was set up under the Chairmanship of Additional Secretary of the Ministry, which found that said electronic transfer of outlay was possible.

As a further initiative some of the schemes particularly the wage employment and drinking water and sanitation schemes of the Ministry of Rural Development were initially selected. The initiative taken by the Ministry was not successful as the concerned Ministries have certain reservations and want to continue with the existing system of transfer of funds. Though the Ministry of Finance is agreeable in principle and has stressed that administrative arrangement and flow of funds should be in consonance, it has also shifted the onus of getting the various Ministries agree to the proposed way of transfer of funds on the Ministry of Panchayati Raj.

The Committee appreciate the initiatives taken by the Ministry to get the funds under different Central and Centrally Sponsored Schemes transferred electronically to the Bank accounts of Panchayats. However, the Committee feel that the said transfer of funds to Panchayats is feasible only in case of the schemes which are currently being implemented by the Panchayats. The Committee agree with the views expressed by the Ministry of Finance that administrative arrangements and flow of funds should be in consonance. Besides, another major area of concern is the need to empower the Panchayats for enabling them to shoulder the responsibilities of handling schemes for which huge outlays are being provided by the Central Government. In view of this, the Committee feel that the transfer of funds for implementation of various schemes should be done in phases. First of all the Ministry should ensure that the funds for the scheme, for which the PRIs are directly responsible for identification, execution and implementation, are transferred electronically to Bank accounts. Moreover the Ministry of Panchayati Raj has to work in tandem with the concerned Ministries. Thus the challenge is great to make the Ministries agreeable for which the Ministry has to work in mission mode.

The Committee further appreciate the initiatives of the Ministry to empower Gram Sabhas. While reviewing the Centrally Sponsored schemes, it is being insisted that the Gram Sabhas should have a major role to play in selection of beneficiaries, works, monitoring of programmes and approving the utilisation certificate etc. Besides,

during the visits to States by the Minister of Panchayati Raj also the role of Gram Sabhas is being emphasised. The Committee would like the Ministry to continue the said initiatives and keep the Committee informed about the further progress made with regard to implementation of Centrally Sponsored Scheme in this regard.

2.18 The Committee further note that with regard to the electronic transfer of funds to PRIs in respect of Twelfth Finance Commission funds some progress has been made. A data base has been prepared by NIC and the system is being prepared for implementation at the State level onwards to Panchayats. The Committee would like the Ministry to continue the efforts more vigorously and keep the Committee informed about the results achieved in this regard.

(iv) Training of elected representatives and officials of PRIs—the overall scenario

2.19 There are around 31 lakh functionaries of PRIs in India. Training of elected representatives is basic input for effective and successful working of PRIs. With the enactment of Seventy Third Constitution (Amendment) Act, 1992, Panchayats have been given a wide range of powers which makes training and capacity building crucial for governance.

2.20 The Ministry of Panchayati Raj is assisting States in imparting training to all elected representatives and official functionaries in an effective, time-bound and economical fashion. Training of Panchayati Raj elected representatives has two parts, namely (a) provision of training infrastructure, such as satellite training studios and receiving stations and Training Centres at the district level and (b) supporting actual training of elected representatives and officials of PRIs.

2.21 the curriculum of training is based on a basic minimum agreed format on essential issues which include the process of planning and implementation, budgeting and expenditure management, information system, participatory consultative decision making, improving local taxation and in particular delivery of public service to the poor. When the Committee desired to know preparedness of the Ministry to undertake this immense task of imparting training and the actions initiated to this effect the Ministry stated as under:

“Ministry is working on a National training design with a view to frame a ‘National Programme on Capacity Building of Panchayats’, which would aim at a comprehensive and time bound training for all elected Panchayat members. This would involve a State-wise

Action Plan, Training, Infrastructure, Orientation of Resource Persons required and financial allocations for the programmes. The training would include issues on transparency, accountability, Panchayat Extension to Scheduled Area (PESA), Right to Information Act, and NREGA, Agriculture and other issues related to the subject of Health, Education and Public Distribution System. It would use a mix of traditional and communicative methods/approaches that work in tandem for maximum effect. It is proposed to utilize the National Institute of Rural Development (NIRD), Hyderabad as the nodal agency at the National level and the State Institutes of Rural Development (SIRD) as the nodal agency at the State level. SIRDs will also prepare their individual action plans based on a needs assessment for each State. Training periods for different levels of participants and different kinds of modules are being planned for varying coverage and intensity depending on the level of the participants, the emphasis is on to weaker sections, neo-literates and women representatives. As a new initiative, the Ministry of Panchayati Raj is in the process of holding a series of conferences with elected women Panchayati Raj representatives (Panchayati Mahila Shakti Abhiyan) in collaboration with respective Ministries."

2.22 During the course of the evidence, the Committee have been informed that the duration of the training though not fixed was usually between 2-5 days. The Committee have also been informed that training was need based and when new schemes or programmes of the Government are introduced the desired training may be imparted. When asked about the adequacy of period of training, the Secretary, Panchayati Raj during the course of oral evidence candidly admitted that the training provided was inadequate and that a "blitzkrieg of training is needed" to meet satisfactorily the immense task that Panchayats are entrusted with. Moreover, it is seen that not only the Ministry of Panchayati Raj provides training but also those Ministries who administer Centrally Sponsored Schemes through Panchayats also provide their own training. The Committee have further been informed that the Ministries implementing the various schemes like NREGA, SGSY, IAY and PMGSY Sarva Shiksha Abhiyan, Mid Day meals and Adult Literacy schemes, ARWSP and TSC, NRHM, ICDS and Rajiv Gandhi Rural Electrification Scheme provide their own training. Thus there is a huge wastage of resources.

2.23 The Ministry also informed the Committee that they have a system of training of trainers which addresses the problem of paucity of trained elected representatives.

2.24 Further, in Karnataka, Madhya Pradesh, Orissa and Gujarat a system of distance learning is being practised with great success with the help of satellite communication. For example in Karnataka one can talk with up to 5000 Panchayat members at one time. It is a one-way video and two ways audio communication system and can cover 90,000 Panchayat members in Karnataka in 18 days. It is conducted every week from Monday to Thursday in Mysore. There are 200-reception Centres. In each of the Centres, 20-30 members gather and get their queries answered over the phone. These questions once answered are documented, printed and sent as FAQs (Frequently Asked Questions) so that they can serve as a ready reference when required. Even the Chief Minister of Karnataka has interacted several times with Panchayat members directly through this medium. It is an inexpensive method and training can also be imparted to a greater number of functionaries at one time in a shorter duration of time. This system is also being introduced in Rajasthan and West Bengal.

2.25 The Committee find from the data made available by the Ministry that at present there are 21,95,610 elected representatives spread over three-tiers of Panchayats. The training of large number of representatives of Panchayati Raj Institutions alongwith a large number of Panchayati Raj functionaries is an immense challenge before the Ministry of Panchayati Raj. The review of the scheme related to Panchayat Development and Training of the Ministry of Panchayati Raj in the context of Demands for Grants (2006-2007) has been done in the succeeding chapter of the report. As regards the overall scenario, the Committee find that a lot still needs to be done in this regard.

2.26 The Committee further observe that election of PRIs is a Constitutional process and every year a number of newly elected representatives may add to the persons requiring training making the task rather more difficult. In view of this scenario, there is an urgent need to have a regular system of training. In this direction certain initiatives are being taken by the Ministry. The Committee would recommend for early finalisation of the strategy for imparting training to such a large numbers of PRIs. The Committee may be kept apprised of the status of finalisation of the issue as stated above in due course.

2.27 The Committee further find that at present the period of training imparted to PRIs is between 2-5 days. The Committee appreciate the fact that different days of training may be required for different levels of PRIs. For example for a newly elected

representative, there is need of exhaustive training, but for an old representative who has the experience of holding such office, the training period may be for fewer days. Still the Committee are of the firm opinion that two to five days are insufficient to impart training which includes a lot of issues like transparency, accountability, PESA, Right to Information Act and the knowledge of the important Centrally Sponsored Schemes/Programmes. Even the Secretary, Panchayati Raj has also agreed that the said period of training is not adequate. The Committee therefore recommend that while deciding the module for training, it should be ensured that sufficient time period is allocated for a particular level of Panchayati Raj representative/functionary. While deciding the strategy for training, the Ministry may take into consideration the concerns of the Committee in this regard.

2.28 Besides deciding the module of imparting training, an important issue which needs to be addressed critically is the infrastructure for training. Apart from the issues related to training which have been dealt with in the next part of the Report, there is an urgent need for accommodation and the requisite infrastructure for training. The Committee feel that the existing infrastructure available with Panchayats like *Panchayat Ghars* which can be utilised for the purpose is quite inadequate. There is an urgent need to collect the data base in this regard and augment the infrastructure.

2.29 As regards, the issue of trainers, the Committee feel that NIRD and SIRD may not be equipped sufficiently to meet the need for a large number of trainers. The Ministry has informed that they have a system of training of trainers which can address the problem of paucity of trained trainers. The Committee would like to be informed about the details of the system indicating how the trainers are being trained. Besides the data as to how many trainers could be trained and the field to which these trained trainers belong may be furnished to the Committee to enable them to analyse the system.

2.30 The Committee also note that satellite communication is being used by rural public to interact with their Panchayat Members in Karnataka. This is a laudable initiative as it provides a medium for people at the grassroots level to get a quick solution to their problems by specialised resource-persons. The Committee appreciate this initiative and recommend that the Ministry should frame the feasibility of undertaking similar exercise in all parts of the country. Moreover the Central Ministry can also be connected to this network and can interact with all people at given intervals of time. The

Committee are of the opinion that this medium can be used for twin purposes of interacting with PRI functionaries as also for imparting training. This would greatly reduce costs as well as tackle the problem of training.

(v) Devolution of funds, functions and functionaries to Panchayati Raj Institutions

2.31 The main objective of creation of the Ministry of Panchayati Raj has been to monitor the implementation of the 73rd Constitution (Amendment) Act, 1992. The provisions of the aforesaid Act are:—

- Devolution of funds, functions and functionaries.
- Establishment of a three-tier structure (village Panchayat, Intermediate Panchayat and District Level Panchayat).
- Gram Sabhas at the Gram Panchayat Level.
- Regular Election to Panchayats every five years.
- Proportionate reservation of seats and posts for SCs/STs.
- Reservation of not less than 1/3rd of seats and posts for women.
- constitution of State Finance Commission (SFC) to recommend measures to improve the finances of Panchayats.
- Constitution of State Election Commission.

2.32 As per article 243G of the Constitution, devolution of funds, functions and functionaries is the most important aspect of the empowerment of Panchayats. Devolution in this context means the transfer of funds, functions and functionaries to Panchayats by the respective State Governments regarding the 29 subjects contained in the Eleventh Schedule of the Constitution. Further the Constitution of India under Article 243G provides for devolution that is the empowerment of PRIs to function as institutions of self-government for the main purpose of (i) making plans for economic development and social justice for their respective areas, and (ii) implementing programmes of economic development and social justice in their respective areas, for subjects devolved to the PRIs including those listed in the Eleventh Schedule and subject to such conditions as the State may by law specify.

2.33 The Ministry has admitted that the rate of devolution has been uneven everywhere. The main obstacles faced by the Ministry as listed out by them are:—

- (a) Delays in the conduct of elections to Panchayati Raj Institutions in several States, even after passage of Panchayati Raj Legislations in the State concerned;

- (b) Under-current of competition and tension between elected representatives both within and outside the Panchayats;
- (c) Resistance from and apprehensions concerning devolution harboured by State level line department officials; and
- (d) Limited capacity amongst State policy makers to manage problems and issues encountered during the transitional period when devolution is underway.

2.34 The Committee have analysed the issue of devolution in detail in the 37th Report on the subject of implementation of Part IX of the Constitution which was presented to Parliament on 22 November, 2002. The Committee in the said Report had expressed concern over the slow progress of the implementation of Article 243G of the Constitution. Further the said issue has been raised in the various reports on Demands for Grants.

2.35 The status of devolution as on 15 March, 2006 as given by the Ministry has been given in *Appendix I*. Further the information with regard to devolution of subjects as furnished by the Ministry while examining Demands for Grants (2005-06) has been given at Appendix II. While analysing the position of devolution of subjects in one year *i.e.* during the period 2005-06 as revealed in these two Appendices, the Committee note that there is not considerable improvement in the status of devolution of subjects. There is improvement in the number of subjects devolved in the States of Gujarat and Maharashtra. Further there is reversal of devolution by some of the States such as Haryana where the number of functions has decreased from 16 to 10 and Madhya Pradesh where the number of subjects decreased from 25 to 23. The latest position of devolution of functions by way of funds, functions and functionaries has not been indicated in the various Budget documents of the Ministry.

2.36 The Ministry began the exercise of activity mapping, involving the identification of activities related to the devolved functions with a view to attributing each of these activities to the appropriate tier or the 3-tier system. A deadline for States to complete the activity mapping exercise was set for 31 March, 2005 and later extended to 30 June, 2005. The current status of the activity mapping exercise is given at *Appendix-I*.

2.37 The Ministry mentions that progress with regard to Activity Mapping is continually being monitored. Four meetings of Committees of Chief Secretaries and Principle Secretaries were held during

2005-2006 in which the status of activity mapping was discussed. Further, it was also discussed in the first meeting of the Council of State Ministers of Panchayati Raj held at Kochi in Kerala in August, 2005. Moreover, during the seven Round Table Conferences organized by the Ministry, 150 action points pertaining to 18 dimensions of Panchayati Raj were identified.

2.38 State-wise status of activity mapping:

States which have completed Activity Mapping satisfactorily	Kerala, Karnataka and West Bengal
States which have undertaken limited Activity Mapping for a few subjects	Uttaranchal, Orissa, Haryana, Maharashtra, Gujarat, Manipur, Assam and Goa
States where Activity Mapping is in progress	Andhra Pradesh, Bihar, Chhattisgarh, Madhya Pradesh, Punjab, Rajasthan, Sikkim, Uttar Pradesh, Tripura, Arunachal Pradesh, Himachal Pradesh and Tamil Nadu.

2.39 When asked about the slow progress of Activity Mapping, the Ministry has replied as under :

“Since the Panchayati Raj is a State subject, the process of activity mapping is required to be undertaken by the State Governments. Most of the States have made considerable progress in this regard as submitted before the Committee earlier. However, most of the States have not given any firm indication as to when they would be likely to complete the process in respect of all the 29 subjects listed in Schedule-XI.”

2.40 The Ministry also mentions that they have taken several steps to hasten up the process as mentioned below:

- (a) Providing Technical Assistance;
- (b) Visits of the Ministers to States;
- (c) Reviewing interactions with States Governments;
- (d) The awards scheme instituted by the Ministry; and
- (e) The Panchayat Empowerment Incentive Scheme.

2.41 The Committee wanted to know the major obstacles being faced by Ministry in achieving the activity mapping.

The Ministry has listed out the following problems:—

- (a) While Panchayati Raj Legislations have devolved certain functions to Panchayats, these are normally stated out in broad terms. When so stated out they do not provide clarity as to the role separation between the three levels of Panchayats with respect to any particular devolved function.
- (b) Government orders, circulars and other scheme specific instructions relating to the roles of Panchayats in implementation often are not in consonance with legislative devolution of functions.
- (c) Activity Mapping ought to touch all levels of the Government and be strictly based on the principle of Subsidiarity and the assignment of activities should be followed by a matching transfer of funds pertaining to that activity to the Panchayats concerned and by the devolution of functionaries. However, scheme instructions result in overlap among the three levels of Panchayats in performance of functions. Scheme instructions and Government orders set up parallel bodies which compete in performing the same Activities as Panchayats.
- (d) Activity Mapping is not accompanied by the concomitant placement of funds pertaining to the activity concerned with the level of Panchayat assigned that activity. Therefore, mandates passed on to Panchayats end up being unfunded mandates.
- (e) In the absence of financial allocation not being in accordance with functional devolution, employees of line department continue to answer to the departmental hierarchy rather than be accountable to the Panchayat which is assigned the Activity concerned.

2.42 On the issue of devolution by way of executive order of the Ministry, the Ministry has stated:

“Since Panchayati Raj is a State subject, it is the States that have to operationalise in full measure the devolution of functions, funds and functionaries to Panchayati Raj Institutions. Such devolution

is expressed through legislative provisions by State Governments. The reforms which are agreed upon between the Central Government and the State Government concerned are only in furtherance of the provisions of States legislations. Under these circumstances, it is hoped that State Government will consider the empowerment of Panchayati Raj institutions as a progressive and sustained measure backed by a national consensus in that regard."

2.43 Ministry has further added that one of the resolution of Round Table 1 held at Kolkata States as follows:

"With a view to promoting a measure of irrevocability of devolved functions, devolution may be routed through legislative measures, or alternative, by providing a strong legislative framework for devolution through executive orders."

2.44 Ministry has also informed that wherever States have issued orders in respect of activity mapping, they are being pursued to give wide publicity to the same so that people, particularly elected representatives of Panchayats, are fully aware of their rights and responsibilities. It is hoped that with greater awareness of rights, duties and responsibilities of Panchayat members, the tendency of some States to diminish devolution of powers and responsibilities to the Panchayats would be treated with extreme caution.

2.45 The Committee find that the overall aim of Part IX is to endow the Panchayats with such powers and responsibilities as may be necessary to enable them to function successfully as institutions of self-government, as per Article 243G of the Constitution. State Legislatures have been empowered to endow Panchayats by law with such powers and authority as may be necessary to enable them to prepare plans for economic development and social justice and implement schemes for economic development and social justice, including those in relation to the matters contained in the Eleventh Schedule.

2.46 The Committee in their reports have repeatedly been expressing concern about the slow progress of devolution of funds, functions and functionaries to Panchayati Raj Institutions. Besides, the Committee feel that endowing Panchayats with certain functions is fruitful only if the Panchayats are equipped with trained functionaries and adequate finances are also made available to them. Thus devolution of functions has to be matched by devolution of

funds and functionaries. The erstwhile Committee on Urban and Rural Development in their 37th Report have reviewed the position in detail in this regard and found that only one State *viz.* Karnataka has transferred funds, functions and functionaries for all the 29 subjects enlisted in the Eleventh Schedule. Other States like Kerala and West Bengal are doing well. To have an exact idea of the work done with regard to devolution of funds, functions and functionaries, the Ministry should furnish to the Committee the latest status in this regard. The Committee further appreciate the work done by the Ministry to ensure the devolution in the true spirit of Article 243G of the Constitution, whereby a lot of work by way of high level interaction with the State Governments has been done by the Ministry in spite of this, there is not considerable improvement in the number of subjects devolved by the various State Governments as could be seen from the comparison of *Appendices I & II* (which indicate the status of devolution as on 15.03.2006 and 29.06.2005). There is improvement in the number of subjects devolved in the States of Gujarat and Maharashtra. But the devolution by some of the States such as Haryana where the number of functions has decreased from 16 to 10 and Madhya Pradesh where the number of subjects decreased from 25 to 23 is a major area of concern. The Committee find that one of the resolutions adopted in the Round Table Conference was that devolution could be routed through legislative measures or alternatively by providing a strong legislative framework for devolution through executive orders. The Committee feel that there is an urgent need to ensure that the various resolutions adopted in different Round Table Conferences where the State Governments are also represented are strictly implemented. The Ministry should motivate the State Governments as well as take some strict actions in this regard.

2.47 The erstwhile Committee on Urban and Rural Development in their 37th Report (13th Lok Sabha) had noted that a Task Force had been constituted by the Ministry to prepare an activity mapping with regard to responsibilities to be devolved to the three-tiers of Panchayats. The Committee had noted that State Governments/Union Territories administration had been advised to complete devolution of powers upon Panchayats by 31 March, 2002. Further it has been mentioned by the Ministry that a deadline for States to complete the activity mapping was set for 31 March, 2005 and later extended to 30 June, 2005. The current status of activity mapping indicates that only four States *i.e.* The States of Kerala, Karnataka, West Bengal and Manipur have managed to satisfactorily complete the task of activity mapping. Though the States of Gujarat, Haryana and

Chhattisgarh have achieved some progress in respect to activity mapping, yet a large number of States are lagging behind. While expressing their concern at the slow pace of activity mapping, the Committee urge the Government to impress upon the State Governments the need to complete this important task with a sense of urgency.

2.48 The Committee find that inspite of holding as many as 7 Round Table Conferences and adopting as many as 150 action points pertaining to 18 dimensions of Panchayati Raj unanimously at the conclusion of the last Round Table Conference in Jaipur, the way the Ministry has tried to respond to certain issues is far from satisfactory. At many places the Ministry has attributed the reasons for slow progress with regard to devolution of funds, functions and functionaries and activity mapping to the Panchayati Raj being a State subject. While appreciating the fact that various State Governments have to implement the provisions in pursuance of Article 243 G in their respective laws, the Committee wish to emphasise that implementation of Part IX of the Constitution is the responsibility of the Union Government. The Committee therefore recommend for more serious and concerted initiatives by the Ministry to give focused attention to the implementation of the various provisions of Part IX of the Constitution.

(vi) Role of Ministry in the 'Bharat Nirman Programme'

2.49 The Bharat Nirman programme seeks to place renewed emphasis in six identified key areas *viz.* assured irrigation, drinking water supply, rural roads, rural housing, and rural electrification and telephone connectivity. The strategy for implementation of Bharat Nirman would need to take into account the assignment of functions to Panchayats as stated in article 243G of the Constitution read along with the Eleventh Schedule of the Constitution. This would mean that in any strategy meant to implement programmes relating to these areas, a central role would have to be given to Panchayats, not as implementing agencies alone but as institutions of self-government.

2.50 When the Ministry was questioned regarding the actions it has initiated with regard to implementation of Bharat Nirman Programme, the Ministry have replied:

"Secretary, MoPR made a presentation to the National Committee on Rural Infrastructure chaired by the Prime Minister on 23 June, 2005, regarding the role that Panchayats could play in implementing Bharat Nirman. While accepting the Centrality of Panchayats in the implementation of Bharat Nirman in principle,

the National Committee decided that the feasibility of involvement of Panchayats in each of the Bharat Nirman components would be considered by a Group of Secretaries under the chairmanship of the Member Secretary, Planning Commission. Planning Commission requested MoPR to take up the issue with the Ministries concerned and report to the Group. MoPR, in consultation with the Ministries concerned with the six aspects of Bharat Nirman, worked out the details of the institutional structure proposed for involvement of Panchayats in respect of each item of Bharat Nirman.

Scheme specific formulations that emerged from the discussions with the Secretaries of Ministries concerned were discussed in the meeting of the group of Secretaries chaired by Member-Secretary, Planning Commission on 1st March 2006.

These matters would now be further considered by the National Committee on Rural Infrastructure."

2.51 The Committee note that the 'Bharat Nirman' Programme seeks to build an effective rural infrastructure in which the Ministry of Panchayati Raj is an important partner. The Ministry outlined the role it could play to the National Committee on Rural Infrastructure chaired by the Prime Minister. The Committee note that this body has duly recognized the significance of Panchayats in the implementation of the Bharat Nirman Programme. The National Committee on Rural Infrastructure has asked the Ministry of Panchayati Raj to discuss and receive the feedback regarding this aspect from other concerned Ministries. The Ministry accordingly in consultation with the concerned Ministries worked out the details of the institutional structure proposed for involvement of Panchayats in respect of each item in Bharat Nirman Scheme. Specific formulation that emerged from the discussion with the Ministries were discussed in the group of Secretaries chaired by Member Secretary, Planning Commission on 1 March, 2006. The outcome of these deliberations has been placed before the National Committee on Rural Infrastructure for consideration.

2.52 The Committee feel that since Bharat Nirman Programme seeks to revamp the entire rural sector infrastructure, there is an urgent need to provide a central role to Panchayats. The Committee therefore recommend that concrete steps should be taken by the Ministry to secure a central role for Panchayats in Bharat Nirman Programme. They would like the Ministry apprise the Committee about the follow up action in this regard.

(vii) Constitution of District Planning Committees

2.53 The State Governments, under Article 243ZD of the Constitution are required to constitute District Planning Committees

(DPCs) in each district. The main duty of DPCs is to facilitate the process of decentralised planning for each district as a whole. The Ministry had given a deadline of 31 October, 2005 for constituting DPC's in each State.

The status of constitution of DPCs is as under:

a. Not Constituted, Panchayat Elections yet to be held.

1. Jharkhand

b. DPCs not constituted and no legal provision exists for the same.

1. Gujarat
2. Arunachal Pradesh
3. Tripura
4. Orissa

c. DPCs not notified or constituted, even though legal provision exists.

Sl.No.	State	Remarks
1.	Andhra Pradesh	Ordinance issued in Sept. 05. Replaced now by legislation.
2.	Maharashtra	Legislation for DPCs was passed but has not been implemented.
3.	Uttar Pradesh	Legislation enacted in 1999 but not implemented.
4.	Uttaranchal	Has inherited UP Panchayati Raj Act. DPCs not notified.
5.	Punjab	Legislation has been enacted in Oct. 05.

d. Not re-constituted after fresh elections to Panchayats.

Sl.No.	State	Remarks
1.	Assam**	Election were held in January 2002.
2.	Haryana	Election were held in March 2005.
3.	Himachal Pradesh	Election were held in December 05.
4.	Karnataka	Election to the Taluk and Zilla Panchayat were concluded in December 2005. DPCs have not been re-constituted yet.

**Constituted only in 10 out of 27 districts.

(viii) Strategy for the Eleventh Plan

2.54 The Ministry of Panchayati Raj is approaching the Eleventh Five Year plan from two aspects namely:—

- (a) Schemes and programmes of the Ministry that it will operate during the period of the Plan; and
- (b) ensuring that the planning process for the Eleventh Plan is re-oriented so as to ensure that plans are built from level of each Gram Panchayat upwards in a participative manner.

2.55 The main thrust areas of the Eleventh Plan as envisaged by the Ministry will be on two schemes namely (a) Gram Swaraj which is aimed at holistic capacity building of Panchayats and (b) Panchayat Empowerment and Accountability Incentive Scheme which will reward States for undertaking reforms aimed at devolution as agreed upon in the Round Tables; and reward Panchayats on the basis of identified performance parameters with an emphasis on accountability to the Gram Sabha.

2.56 Further the Ministry of Panchayati Raj had set up an Expert Planning Group on grass root level planning under the Chairpersonship of Shri V. Ramachandran. The Planning Commission has also constituted a Working group on democratic decentralization chaired by Secretary Panchayati Raj.

2.57 The Committee find that the constitution of District Planning Committees is a mandatory provision of Part IX of the Constitution. Even after lapse of more than 14 years of the enactment of Part IX of the Constitution, in as many as 10 States *viz* Andhra Pradesh, Arunachal Pradesh, Gujarat, Jharkhand, Maharashtra, Orissa, Punjab, Tripura, Uttar Pradesh and Uttaranchal, DPCs have not been constituted. Besides in Assam and Manipur, the DPCs have not been constituted for all the districts. Not only that, the Committee are surprised to observe from the information provided by the Ministry that no legal provision with regard to constitution of DPCs exist in the States of Gujarat, Arunachal Pradesh, Tripura and Orissa. The Committee would like to stress that District Planning Committees are an important mechanism enshrined in Part IX of the Constitution to consolidate the plans prepared by Panchayats and Municipalities. As per strategy worked out for the 11th Plan it is proposed to reorient the planning process to ensure that plans are built from the level of each Gram Panchayat upwards in a participative manner. In view of this the Committee fail to understand how the objectives set by the

Ministry would be achieved in the absence of constitution of District Planning Committees by many of the State Governments. The Committee, therefore, strongly recommend to the Government to find out ways and means whereby State Governments could be impressed upon to implement the various provisions of Part IX of the Constitution so that the objective of decentralization as envisaged in the Constitution can be achieved.

(ix) Allocation to Panchayats by Twelfth Finance Commission

2.58 The Twelfth Finance Commission (TFC) has recommended grants amounting to Rs. 20,000 crore payable during 2005-2010 to augment the Consolidated funds of the States to supplement the resources of the Panchayati Raj Institutions (PRIs). The thrust areas identified by the TFC are:

- (a) The Grants for PRIs should be prioritised to improve the service delivery by the Panchayats in respect of Water Supply and Sanitation;
- (b) Panchayats need to be encouraged to take over water supply assets created under the Swajaldhara Programme and maintain them with the help of these grants; and
- (c) High priority needs to be assigned to create a database and maintenance of accounts at the grass root levels and amounts must be specifically earmarked for the same.

2.59 the TFC has also recommended the inter-se allocation among States based on the following weightages:

Sl.No.	Criterion	Weight (per cent)
(i)	Population	40
(ii)	Geographical Area	10
(iii)	Distance from highest per capita income	20
(iv)	Index of deprivation	10
(v)	Revenue efforts of which	
	(a) with respect to own revenue of states	10
	(b) with respect to GSDP	10

2.60 The details of State-wise allocations based on the above parameters are given in *Appendix III*.

2.61 Further, as informed by the Ministry the first installment of TFC Grant was due in July 2005 and it was contingent upon the State Governments to intimate details of the allocation of funds to Panchayats at all three levels as aggregated upon district level alone as a pre condition to the release of the first installment. The Ministry of Finance released the first installment to different States on different dates. At the stage of release of first and second installments, furnishing of the utilisation certificates is not a precondition. Utilisation certificates are required to be provided on a yearly basis. As per the guidelines, it is only from the second installment for the year 2006-07 that releases would be dependent on receipt of utilisation certificates. In view of this, details of utilisation of funds released so far are not available as of now. Details of the funds allocated under the Twelfth Finance Commission are given at *Appendix IV*. The main obstacle that the Ministry is encountering in the way of release of funds to the States is the delay by the States in furnishing the details of the allocation of these funds to the PRIs.

2.62 A monitoring committee has been set up under the Chairmanship of Secretary Panchayati Raj to supervise the monitoring of the releases of local body grants to Panchayats. The composition of the Committee is as under:

- | | | | |
|----|--|---|------------------|
| 1. | Secretary (Panchayati Raj) | — | Chairman |
| 2. | Joint Secretary (State Finances),
Ministry of Finance | — | Member |
| 3. | Financial Advisor (Panchayati Raj) | — | Member |
| 4. | Joint Secretary (Panchayati Raj) | — | Member Secretary |

2.63 The above Committee is required to monitor the mode of release of local body grants to Panchayats and to bring out the points for intervention by Government of India in Ministries of Panchayati Raj and Finance to ensure smooth and uninterrupted flow of funds to PRIs the Ministry was requested to furnish the details of the work undertaken under the TFC. In reply they stated:

“The Monitoring Committee in the Ministry of Panchayati Raj held its first meeting on 2nd September, 2005. The Ministry circulated the TFC guidelines and made a detailed presentation on the procedure for release of installments during the Meeting of the Committee of Chief Secretaries and Principal Secretaries of Panchayati Raj of States/UTs held on 9.09.2005.

Subsequently the Committee also met on 28.10.2005 and 21.02.2006 and deliberated on ways and means to ensure that all the State Governments provide the details on allocation and release of funds, which are prescribed as preconditions in the guidelines issued by the Ministry of Finance, so that all instalments are released to them as soon as they become due. The Ministry has also prepared software through the NIC, which enables States to ensure transfer of funds to Panchayats concerned without delay or diversion within the 15 days limit prescribed in the guidelines of Ministry of Finance. The software has already been provided to States. For wider dissemination of the guidelines as also to pursue the use of the software, a Video Conference was organized in New Delhi on 07.12.2005 in which the Finance Secretaries and Secretaries of Panchayati Raj Departments of various States were invited. The Ministry has also taken up the matter individually with all Chief Secretaries of States requesting them to forward the requisite information to the Ministry of Finance and to ensure that funds are released to the Panchayats. The Monitoring Committee is also regularly reviewing the matter.”

2.64 The Committee note that Rs. 20,000 crore payable during 2005-2010 has been recommended by the Twelfth Finance Commission to supplement the resources of the Panchayati Raj Institutions. Whereas one year has already passed since the grants were due, the Ministry is encountering obstacles in the way of release of funds as the States are delaying details of allocation of these funds at all three levels as aggregated up to district level as required in the guidelines. A Monitoring Committee has been set up to supervise the monitoring of the releases of local body grants to Panchayats. The said Committee is holding meetings. Besides the Ministry has also taken up the matter individually with all Chief Secretaries of States requesting them to forward the requisite information to the Ministry of Finance so as to ensure that funds are released to the local bodies.

The Committee would like the Ministry to further pursue with the State Governments so that the grants envisaged by the Twelfth Finance Commission could be released to supplement the resources of Panchayati Raj Institutions. The Committee further note that the first and second instalments of Twelfth Finance Commission outlay was released to the State Governments. The Ministry has also stated that the details of utilisation of funds is not available as of now. The Committee would like the Ministry to get the information from the State Governments and furnish to the Committee. Further the

Committee would also like to be apprised of the names of State Governments which are delaying the information with regard to the allocation of these funds at all three levels as aggregated up to the district level due to which the release of funds is being delayed by the State Governments.

CHAPTER III

SCHEME WISE ANALYSIS

A. Existing Schemes

Panchayat Development & Training

The Scheme of Panchayat Development and Training, which was implemented by the Ministry of Rural Development during the Ninth Plan, was transferred to the Ministry of Panchayati Raj when it was created in May 2004. It is a holistic programme, which includes:

- (a) Training of elected representatives and officials of Panchayati Raj Institutions.
- (b) Scheme on Awards to best Performing States and Panchayats.
- (c) Panchayat Development and Research
- (d) Conferences, Seminars, Workshops etc.
- (e) Information Technology
- (f) Information, Education and Communication.
- (g) Projects Assisted by UN Agencies
- (h) Management Cell

The component wise analysis of the scheme 'Panchayati Raj Development & Training' is detailed in succeeding paragraphs.

Training of elected representatives and officials of Panchayati Raj Institutions

3.2 The budget provision for training of elected representatives and officials of Panchayats for the year 2005-06 was Rs. 24.40 crore out of which Rs. 12.00 crore was earmarked for Grants-in-aid for training directly to the State Governments and Rs. 12.40 crore was earmarked for release to Autonomous Training Institutions in States/ NGOs. The Revised Estimates are Rs. 9.50 crore for release to State Governments and Rs. 9.90 for release to Institutions. Out of the total Rs. 19.40 crore allotted to the Ministry for provision of training the Ministry has utilized 19.36 crore which is more than 99 per cent. About

5.65 lakh people out of the total of 31 lakh functionaries have been provided training with the efforts of the Ministry, during 2005-06. Similarly during 2004-05, 6 lakh people were imparted training, and in 2003-04, 6.03 lakh people were imparted training. During 2005-06, the outlay for the training component of this scheme was Rs. 19.40 crore of which Rs. 19.36 had been utilised by the Ministry upto 31 March, 2006. This shows a utilisation percentage of 99.81 percent. As regards the allocation for 2006-07, the scheme has been merged with Gram Swaraj. Under this scheme, for the component of training and capacity building Rs. 30 crore has been earmarked. As regards the total number of Panchayati Raj functionaries, the tier wise data as given in the preceding part of the report indicate that there are 21,95,610 elected member of Panchayati Raj Institutions. However, in the annual report 2005-06 of the Ministry the number is given as 31 lakh.

3.3 The Committee find that out of an allocation of Rs. 19.40 crore for the scheme 'Panchayat Development and Training' during the year 2005-2006, Rs. 19.36 crore has already been utilised. This training involves the components of various schemes of different Ministries. Besides NIRD and SIRD have been identified as the main institutions for imparting training. For these institutions also the Department of Rural Development has certain specific allocations. Besides this, certain State Governments may also have some training schemes. If the allocation of all these schemes of different Ministries and State Governments are added together, the allocation for training may be immense. In view of this scenario, the Committee feel that the resource constraint for training is not the major area of concern. Rather there is an urgent need for having some coordinated approach with regard to providing training to Panchayati Raj functionaries and officials. While noting that training is the basic input for the successful implementation of different Centrally Sponsored Schemes, the Committee strongly recommend to the Ministry to find out ways how the funds allocated for training under various schemes of the different Ministries can be coordinated and apprise the Committee accordingly alongwith the mechanism for training of PRIs.

3.4 As indicated in a preceding para of the report, the data with regard to elected representatives of three-tiers of Panchayats when added together comes to 21,95,610. However, in the Annual Report (2005-2006) of the Ministry, the said data has been indicated as 31 lakh elected representatives. The Ministry may clarify the position with regard to the number of elected representatives of Panchayati Raj Institutions and inform the Committee.

Scheme on awards to best Panchayats

3.5 The allocation under this programme was Rs. 9.20 crore for 2005-06, which was fully utilised. This scheme was formulated for recognising States that implement the provisions of Part IX A of the Constitution in letter and spirit so as to enable Panchayats to function as institutions of local self Government.

3.6 The scheme of the award is:

First Prize	—	Rs. 5 crore
Second Prize	—	Rs. 3 crore
Third Prize	—	Rs. 1.20 crore

3.7 The State which is elected for the first prize, is allowed to use 30 per cent of the award amount for schemes to promote Panchayati Raj and the remaining amount would be used to award the best performing Panchayats in the State. The States that win the Second and Third Prize are allowed to keep 20 per cent of the award amount for promotion of Panchayati Raj and the rest would go to awarding the best performing Panchayats. The States can use their own share of the award money for the following purposes:

- Creation of State level training infrastructure.
- Creation of infrastructure for e-governance and distance learning education facilities.
- Construction of *Panchayat Ghars*.

3.8 On the recommendations of a Committee constituted for the purpose of selection of States for these awards, the States of Kerala, Karnataka and Sikkim are being given the First, Second and Third prizes respectively for the period 2005-2006. These States, in turn, would award the best performing Panchayats in their respective States.

3.9 The Committee are glad to note that the entire outlay of Rs. 9.20 crore for the scheme of giving awards to best panchayats was utilised. They also find that the States of Kerala, Karnataka and Sikkim have been awarded the First, Second and Third prizes respectively during the year 2005-2006. This is in recognition of their having achieved the parameters set for this award satisfactorily. The Committee recommend that greater publicity be given to this scheme so that Panchayats at all levels are encouraged to strive for these awards.

Panchayat Development and Research

3.10 Panchayat Development and Research had an outlay of Rs. 2 crore in 2005-06 and the Ministry utilized Rs. 1.91 crore during the year. The intention of the Ministry is to conduct research (including Action Research) concerning the role of PRIs in local self-governance and implementation of programmes of economic and social justice. When the Ministry was asked to state the action it had taken in this regard it stated:

“The Ministry has got conducted research studies on varied subjects such as status of implementation of Panchayati Raj Acts in various parts of the country, capacity building of PRI representatives, and generating awareness amongst various stakeholders in Panchayat areas as well as various gender issues relevant for effective functioning of PR system.”

3.11 As many as 54 proposals comprising Research Studies/ Seminars/Work Shops, Pre-Election Voters’ Awareness Campaigns/ Training were considered by the Training & Research advisory Committee during 2005-06 and 23 projects were finally approved. Regarding the implementation of these proposals the Ministry has informed.

“All the approved projects are under implementation/being implemented and have at least a year’s gestation period. While the reports of the outcome of the seminars/workshops conducted are awaited, the reports of study projects, which take comparatively longer time, are expected to be submitted to the Ministry after their due completion. Thereafter, the Ministry will undertake an impact assessment of such projects.”

3.12 The following thrust areas on which research studies are expected to prove beneficial on which the research would be done has been identified.

- (i) Fiscal devolution
- (ii) Financial accountability
- (iii) Impact of training programmes
- (iv) Conformity of laws State-wise to Panchayati Raj Legislation
- (v) Service Delivery Studies
- (vi) Implementation of PESA

- (vii) Implementation of the Right to Information
- (viii) Elections
- (ix) Planning by Panchayats
- (x) Rural Business Hubs.

3.13 The Committee note that under 'Panchayat Development and Research' out of an allocation of Rs. 2 crore for 2005-06, the Ministry has showed an utilisation of Rs. 1.91 crore. During the said period the Training and Research Advisory Committee of the Ministry is stated to have considered 54 proposals out of which 23 were approved. All the approved projects are at various stages of implementation. On receipt of the reports, the Ministry would undertake impact assessment studies. The Committee would like to be apprised about the follow up of these projects and also the outcome of the impact assessment study in due course. The Committee further find that the Ministry has identified certain thrust areas to prioritise studies. The Committee recommend that studies on the prioritised areas should be taken up at the earliest.

Conferences, Seminars, Workshops etc.

3.14 The Budget Estimates of 2005-06 for this component was Rs. 2 crore. The utilisation under this scheme was Rs. 1.3 crore which was about 67 per cent of total allocation. When asked the reasons for short fall the Ministry has stated:

"The number of Committee of Chief Secretary's meeting and the Council of State Ministers of Panchayati Raj and other conferences is not fixed. These meetings are organized as per the requirement. The meetings, which are organized, were quite purposeful and useful. The saving does not mean that the Ministry could not achieve its purpose".

3.15 In reply to a question the Ministry has outlined the following activities undertaken under the scheme during 2005-2006:

- (i) Meeting of the Council of State Ministers of Panchayati Raj was held on 5-6 August, 2005 at Kochi;
- (ii) Meetings of the Committee of Chief Secretaries of States and State Panchayati Raj Secretaries—four review meetings have been held so far on 11.04.2005, 29.6.2005, 9.9.2005 and 18.11.2005, respectively; and
- (iii) Conference on the 'State of the Panchayats and the Way Forward' held from 16-18 December, 2005 at New Delhi.

3.16 In addition to the above, several other conferences on issues ranging from promotion of Bio Diesel, implementation of Jan Kerosene Pariyojana and facilitation for implementation of Rural Business Hubs in different States have been held with a view to creating awareness about Panchayati Raj, its powers and responsibilities.

3.17 The Committee note that out of the allocation of Rs. 2 crore under the component of Conferences/Seminars/Workshops, Rs. 1.3 crore *i.e.* 67 per cent of the allocation was utilized during 2005-2006. The Committee also note that this amount was utilised in high level meetings and Conferences (represented by State Ministers of Panchayati Raj, Chief Secretaries of States and State Panchayati Raj Secretaries). Though Panchayats exist at the grass root level no interaction of the higher officials with the Panchayats appear to have taken place. Besides no workshop where the grass root level Panchayati Raj functionaries could represent were undertaken during this period. Since all actions of the Government are eventually implemented and aimed at the micro level, interaction between officials and grass root level functionaries should be more vigorous. The Committee therefore recommend that the Ministry should evolve a mechanism whereby they can have direct interaction with people at micro level at regular intervals of time.

Information Technology/Information, Education and Communication (IEC)

3.18 The Ministry has managed to achieve cent per cent utilisation of the outlay of Rs. 2 crore for IT during 2005-06. This Scheme was formulated to bring about transparency in the implementation of various developmental programmes by effective monitoring of flow of funds to PRIs as well as physical implementation of various programmes by initiatives through e-governance. Under this scheme the Ministry has supported the "Info Gram Scheme" of the Government of Goa which aims to provide comprehensive IT solutions, covering major activities of the Panchayats such as Water Supply, Public Health, Family Welfare, Sanitation, Creation and Maintenance of Roads.

3.19 The outlay of Rs. 1.5 crore for IEC was fully utilised during 2005-06. The objective of this scheme is to fill the gaps about awareness of the functions and powers of PRIs at various levels. Under the scheme several advertisements have been released through DAVP for spreading awareness about general sensitive issues among the elected representatives of PRIs, awareness of concept of Rural Business Hubs etc. Under this scheme the entire allocation were utilised in publicity campaigns and advertisements through DAVP and Doordarshan.

3.20 The Committee note that the outlay for IT and IEC was fully utilized during 2005-2006. The Committee would like to point out for such a vast network of PRIs as exists in India, e-governance is the best option for establishing an interface between the Central/ State Ministries and actual functionaries at Panchayat level. The Committee would like to recommend that in the present day scenario where IT has reached such a high degree of advancement the Ministry should take full advantage of it and promote its maximum use. This would not only lead to greater transparency but increase accountability as well.

3.21 The Committee note that under IEC the Ministry creates awareness of the powers and responsibilities of Panchayats. The Committee would like to point out that the dissemination of information is primary to effective governance. It is vital that people receive accurate information through various sources regarding the various developmental initiatives to ensure their success. The Committee would like to recommend that the Ministry should look beyond Doordarshan and DAVP for publicity purposes. They should also explore other interactive media for the same. The Ministry should encourage the use of local language and traditional media such as drama song and dance as it would create a greater impact among the masses.

Projects assisted by UN Agencies

3.22 A project 'Capacity Building of Elected Women Representatives and Official Functionaries of PRIs' is being undertaken with the assistance of UNDP in the districts of Muzaffarpur in Bihar, Rajnandgaon in Chhattisgarh, Rewari in Haryana, Palamu in Jharkhand, Gadchiroli in Maharashtra, Dewas in Madhya Pradesh, Angul in Orissa, Jodhpur in Rajasthan, Gazipur in Uttar Pradesh and Tehri in Uttaranchal. Out of the allocation of Rs. 5 crore during 2005-06, the Ministry has utilised 4.7 crore under the scheme. The Project is being implemented by NGOs. The Ministry and UNDP monitor it from time to time. Further the UNDP has funded a 'study on Jurisprudence of Panchayati Raj Institutions' being implemented by Rural Litigation and Entitlement Kendra (RLEK) and the Institute of Social Studies (ISS) New Delhi. The study was undertaken to analyse the State Panchayati Raj Acts, status of decentralisation and Progressive judgements related to Panchayats has been completed. The Task Force on Jurisprudence is currently examining the report. The Ministry with the assistance of UNFPA (United Nations Population Fund) is also implementing a project to create awareness about gender sensitization reproductive

health etc. by the Indira Gandhi Panchayati Raj & Gramin Vikas Sansthan, Rajasthan, Mahatma Gandhi State Institute of Rural Development, Madhya Pradesh and Yashwantrao Chavan Academy of Development Administration, Maharashtra.

3.23 The Committee note that out of the allocation of Rs. 5 crore under 'Projects Assisted by UN Agencies' the Ministry has managed to utilise Rs. 4.7 crore during 2005-2006. The Committee further note that the Ministry in collaboration with the UNDP is undertaking several projects with a view to improving the Panchayati Raj system. UNDP has also funded a study on jurisprudence of Panchayati Raj Institutions which is being implemented by Rural Litigation and Entitlement Kendra (RLEK) and the Institute of Social Studies (ISS), New Delhi. The Report of the study has been reviewed by the Ministry and the task force on Jurisprudence is examining the report. The Committee would like to be apprised of the main findings of the said study and the views of the task force therein. Further the Ministry with the assistance of UNFPA (United Nations Population Fund) is also assisting one study on gender sensitization and reproductive health etc. The Committee would also like to be apprised of the findings of the said study.

B. New Schemes

(i) Backward Regions Grants Fund

3.24 The Finance Minister in his Budget Speech (2006-2007) has announced the establishment of a Backward Regions Grant Fund (BRGF) with an initial allocation of Rs. 5,000 crore for 2006-2007 and an equal amount every year for the next four years. Out of this the Ministry of Panchayati Raj has been provided an outlay of Rs. 3,750 crore during 2006-07 and the remaining provision of Rs. 1,250 crore is meant for the Special Plans for Bihar and KBK districts of Orissa to be handled by Planning Commission. The Backward Regions Grant Fund would be implemented in 170 backward districts identified by an Inter-Ministerial Group based on certain socio-economic factors. Further, there is a proposal that the BRGF would be implemented in the 200 districts identified for coverage by the National Rural Employment Guarantee Scheme.

3.25 The Backward Regions Grants Fund has been initiated for putting in place programmes and policies with the joint efforts of the Centre and the States, which would remove barriers to growth, accelerate the development process and improve the quality of life of the people. The Scheme aims at focused and equitable development of

identified backward districts with a view to reducing imbalances and speeding up development. The main objectives of the scheme are to address the problems of low agricultural productivity, unemployment and to fill critical gaps in physical and social infrastructure. The Planning process for the programme will be by a participative bottom up process through the Panchayats at all levels with the draft development plans of the districts being consolidated by the District Planning Committees constituted in accordance with Article 243ZD of the Constitution. Panchayats at all levels will be central to the process of implementation of the schemes of economic development and social justice. There will be a high degree of peoples' participation through building organic linkages between Panchayati Raj Institutions, Self-Help Groups (SHGs), and community based organisations and non-governmental organisations. Programmes will be monitored for outcomes on poverty indicators and there will be a high degree of local accountability through social audit and implementation of the Right to Information Act.

3.26 The Committee inquired from the Ministry about the mechanism that would be followed for monitoring of this scheme as well as the *modus operandi* of disbursement of funds under the scheme. The Ministry in reply has stated that they have just begun the exercise to formulate operational guidelines and the capacity building framework for local planning. As an advance action the Ministry has constituted a Committee under the Chairmanship of Secretary, Panchayati Raj for drafting the guidelines for the Backward Regions Grant Fund.

3.27 The BRGF replaces the Rashtriya Sam Vikas Yojana (RSVY) which was under the Planning Commission. It is proposed to subsume the RSVY in the Backward Regions Grant Fund. The Backward Districts initiative under the RSVY has the same objectives as the BRGF and was implemented in 147 districts.

3.28 The RSVY was being implemented by the Ministry of Finance earlier. During 2005-06 against the release for Rs. 3,251 crore the expenditure by State Government was for Rs. 1,835 crore. Under the scheme each district was to be provided with Rs. 45 crore by yearly allocation of Rs. 15 crore. The scheme was approved in 2004-05 and the actual implementation was during 2005-06.

3.29 When questioned about the physical and financial achievements of RSVY the Ministry in reply stated:

"It is reported by Planning Commission that the schemes are at various stages of implementation and progress reports in physical

and financial terms are mandatory for release of further instalments. Complete picture in physical terms will be available only after a district receives the full amount of Rs.45 crore.”

3.30 The Committee note from the position as indicated above that Rashtriya Sam Vikas Yojana, a scheme meant for the upliftment of backward districts was approved in the year 2004-05 and was actually implemented during the year 2005-06. The scheme was under the administrative control of Planning Commission. During 2005-06 the releases for Rs. 3,257 crore were made to 147 districts identified as backward districts. The criteria for allocation to each district was Rs. 45 crore per district. The allocation was to be made at the rate of Rs. 15 crore per year. It seems from the data that the first instalment of Rs. 15 crore to 147 districts has been released by the Planning Commission under RSVY. Further the Committee note that RSVY now has been subsumed into ‘Backward Regions Grant Fund’ which is under the administrative control of Ministry of Panchayati Raj. Hon’ble Finance Minister in his Budget speech for the year 2006-07 has informed that Rs. 5,000 crore is being allocated for Backward Regions Grant Fund during the year 2006-07 and the amount would be released in the coming four years. The Ministry of Panchayati Raj has further clarified that out of Rs. 5,000 crore, Rs. 3,750 crore are under the Ministry of Panchayati Raj and the remaining provision of Rs. 1,250 crore is meant for the special plans for Bihar and KBK districts of Orissa to be handled by the Planning Commission. The Committee disapprove of the fragmented approach of the Government in handling one of the important schemes meant for the backward districts and shifting it from one Ministry to the other. The Committee would like to strongly recommend to the Government that the scheme should be transferred wholly to one Ministry.

3.31 Further with regard to the transfer of the scheme from Planning Commission to Ministry of Panchayati Raj the bigger concern is to monitor the funds allocated under the earlier scheme *i.e.* RSVY. It has been stated that Rs. 45 crore was to be released to each district under RSVY. Out of Rs. 45 crore, Rs. 15 crore has already been released and now under the new scheme *i.e.* Backward Regions Grant Fund the allocation will be made for five years. Besides the Committee also note that the Ministry of Panchayati Raj is formulating new mechanism and guidelines in the scheme Backward Regions Grant Fund. In this scenario, the Committee strongly recommend to the Department to find out some mechanism to coordinate the newly named scheme *i.e.* Backward Regions Grants

Fund with the allocations made under the earlier scheme i.e. RSVY so that the real objective of bringing the backward districts at par with the progressive districts by providing social and economic infrastructure is really achieved.

(ii) Rashtriya Gram Swaraj Yojana

3.32 'Gram Swaraj' is a Centrally Sponsored Scheme and has been launched with the objective to assist the States to improve the capacity of Panchayats and provide the necessary administrative and infrastructure support to them so that they can effectively perform the functions devolved and the schemes entrusted to them. This would be accomplished through action in the following vital areas *viz.*,

- Improving infrastructure at Panchayat level;
- Support the minimum staffing required for every Panchayat, including augmenting technical staff and competence;
- Training and Capacity Building elected representatives of Panchayats and Staff;
- E-Governance for all Panchayats;
- Building of Capacity at State and Panchayat level to manage issues consequent on devolution, particularly financial accountability of Panchayats.

3.33 This is a newly launched Scheme of the Ministry of Panchayati Raj with an initial outlay of Rs. 50.50 crore. The proposed allocation under the different components of the scheme for 2006-07 as approved by the Planning Commission is as under:

Sl.No.	Components	Allocation (Rs. in crore)
1.	Training and Capacity building	30.00
2.	Research Studies	2.00
3.	Information Technology	8.00
4.	Infrastructure Development	10.50
Total		50.50

3.34 The funding of the 'Gram Swaraj Scheme' would be on the pattern of 75 per cent of the funds being provided by the Central Government and 25 per cent by the State Governments. The funds

will be transferred to the Consolidated Funds of State Governments for onward transmission to the Panchayats following the same stipulations as prescribed for the devolution of Twelfth Finance Commission Grants. From the State level, the funds will be directly deposited into the Bank accounts of the Panchayat concerned, using the mechanism suggested by the Task Force of the Ministry of Panchayati Raj to study the feasibility of direct transfer of funds through Banks. The components of Training, Research, IT and Projects assisted by UN Agencies in the current year would get merged in this scheme from 2006-2007. The guidelines of this scheme are still in the stage of preparation. When asked about the method of monitoring of this scheme the Ministry replied.

“The implementation of the scheme would be monitored by officers in the Ministry with the Secretary and Minister overseeing the implementation”.

3.35 Capacity Building of Panchayats, which is integral to its effective functioning, is central to this scheme. This would be achieved by strengthening existing institutional arrangements and creating new institutional arrangement such as permanent State Finance Commission Cells in the Finance Departments as recommended by the Twelfth Finance Commission. When the Committee enquired on the efforts made by the Government on obtaining a preliminary database of capacity of Panchayats, the Ministry replied:

“The Ministry has circulated a format to the States for collecting the basic data of the capacity of each Panchayat. The responses from few States have been received. The matter will be taken up with the States during the next interaction in the meeting of Committee of Chief Secretaries”.

3.36 The Committee find that four schemes (i) Training and Capacity building (ii) Research Studies (iii) Information Technology and (iv) Infrastructure Development implemented by the Ministry have been brought under one scheme *i.e.* Rashtriya Gram Swaraj Yojana. The allocation during the year 2006-07 for this scheme is Rs. 50.50 crore. The Committee appreciate the objectives of the scheme according to which the real issues involved with the capacity building of Panchayats *i.e.* improving the infrastructure, augmenting technical staff and competence, training, e-governance would be handled by one scheme. Besides a format is being circulated to the States for collecting the basic data of the existing capacity of each Panchayat. The Committee would like to be informed of the progress made in the implementation of this scheme.

(iii) Panchayat Empowerment Incentive Scheme

3.37 The objective of the Panchayat Empowerment Incentive Scheme (PEIS) is to incentive State Governments to undertake reforms and devolve powers upon Panchayats, in accordance with the recommendations of the seven Round Tables of State Ministers of Panchayati Raj and also for Panchayats empowered by such reforms to effectively assume the responsibilities devolved upon them. Milestones for reforms will be identified, benchmarks standardized and releases will be made in accordance with the progress achieved by States against milestones and bench marks in the reform aspects identified.

3.38 The guidelines of this new scheme have been formulated and given in *Appendix V*. The Scheme was introduced at the Revised Estimate stage of 2005-06 with an outlay of Rs. 5 crore taken from the training component of the Budget Estimates 2005-06. For 2006-07 an allocation of Rs. 10 crore has been made for the implementation of this scheme. For 2005-06 the Ministry has identified seven Reforms Areas on which the weightage and pattern of release of funds for this Scheme would be based. The Reform areas identified are:

- (i) Signing of MoU with Union Government detailing completion of Activity Mapping of functions to be devolved to Panchayats and issue of government orders for the transfer of funds in accordance with devolved functions and activity mapping. It is presumed that legislation has already been passed;
- (ii) Deputing functionaries to the administrative control of Panchayats, so as to enable them to carry out the functions assigned to them through Activity Mapping. Issuing orders that subsequent recruitment and administrative control of employees will be by the Panchayats;
- (iii) Transferring funds in the State budget directly to the Panchayat accounts for the functions devolved to them and putting in place a transparent mechanism to transfer funds, monitor their use and make public information on funds allotted to Panchayats;
- (iv) Assigning taxing powers to Panchayats along with a mechanism to empower collection of taxes due;
- (v) Ensuring that each Village Panchayat has a Secretary, or framing rules to allow the Village Panchayat to recruit a Secretary;

- (vi) Assigning powers to the Gram Sabhas to approve plans, select beneficiaries, authorise utilisation certificates, be consulted for land alienation etc., and to ensure that the meetings are conducted with due procedure;
- (vii) Appointing DPCs and activating them as per 243ZD of the Constitution;

3.39 The weightages and the amount earmarked for achievements of each of the areas given above are furnished in the following table:

**Amounts earmarked for the Achievement of each
Milestone (for 2005-2006)**

Sl.No.	Reform Area	Incentive for state		Incentive for Panchayats	
		Percentage (%)	Amount (Rs. Lakhs)	Percentage (%)	Amount (Rs. Lakhs)
1.	Signing of MoU with Union Government	25	37.5	0	0.0
2.	Department functionaries to the administrative control of Panchayats	10	15.0	15	52.5
3.	Transferring funds in the state budget directly to the Panchayat accounts	25	37.5	0	0.0
4.	Assigning taxing powers to Panchyats along with a mechanism to empower collection of taxes due	5	7.5	20	70.0
5.	Ensuring that each Village Panchayat has a Secretary	10	15.0	10	35.0
6.	Assigning powers to The Gram Sabhas to select beneficiaries	10	15.0	30	105.0
7.	Appointing and activating DPC's	15	22.5	25	87.5
Total		100	150.0	100	350

3.40 When the Committee desired to know whether any achievement has been made under this scheme, the Ministry replied:

“For 2005-06, Seven Reform Areas were identified along with weightage and pattern of release assigned to these. Proposals were invited for the scheme of 2005-06 from all the States to whom part IX of the Constitution applies. Proposals were received from 8 States, namely, Chhattisgarh, Haryana, Karnataka, Kerala, Orissa, Sikkim, Uttar Pradesh and West Bengal. Based on the commitment of the States concerned to the reform measures in the form of an agreement/joint statement and the progress made by the States in the respective reform areas, an Empowered Committee headed by Secretary, Panchayati Raj assessed the proposals.”

3.41 It came out during the course of examination that this scheme seeks to secure the devolution of funds, functions and functionaries to Panchayats, which is the basic objective of the Seventy Third Constitution (Amendment) Act, 1992.

3.42 The Committee note that the Ministry has launched a new scheme viz. Panchayat Empowerment Incentives Scheme meant to reward the State Governments which are serious on the issue of implementation of various provisions of Part IX of the Constitution. Seven reform areas based on which the incentives will be provided to State Governments have been identified. The Committee are glad to observe that as many as 8 States namely Chhattisgarh, Haryana, Karnataka, Kerala, Orissa, Sikkim, Uttar Pradesh and West Bengal have come forward by putting proposals to the Ministry of Panchayati Raj. The Committee hope that the initiatives taken by the Ministry would motivate State Governments to really empower the Panchayati Raj Institutions.

(iv) Scheme for Media, Publicity and Advocacy

3.43 This is a new scheme of the Ministry with an outlay of Rs. 3 crore for 2006-07 and has the following major objectives:

- (a) To empower the community and PRIs with information and knowledge about their roles, rights and responsibilities, especially keeping the objectives of devolution as envisaged in the 73rd Constitutional Amendment Act. 1992 and the provisions of the Right to Information Act in view.

- (b) To disseminate information on innovative approaches and findings of research and impact evolution undertaken in the field of Panchayati Raj to a wide range of PRI stakeholders, including elected representatives, NGOs, Panchayat staff and the public.
- (c) To undertake advocacy to promote greater and more effective devolution of functions, funds and functionaries to Panchayats.

3.44 From 2006-07 this scheme would subsume the components of Information, Education and Communication, and Conferences, Seminars, Workshop etc. of the erstwhile 'Panchayat Development and Training' Scheme. The argument of the Government in favour of creating a separate scheme for media, publicity and advocacy is that earlier, these existed as individual aspects and now there will be a flow of funds under a comprehensive or holistic programme.

3.45 This scheme would be implemented through agencies like Prasar Bharati and its associated organisations. Moreover, the State Governments, their Media Resource Cells and through them Zonal Cultural Centres, administrative training institutes, and specialized Panchayati Raj training institutes, NGOs etc are also included in this scheme.

3.46 The guidelines of the scheme are yet to be formulated, however, a draft media policy has been formulated. This has been circulated to request responses and suggestions from the Ministry of Information and Broadcasting for the attainment of certain objectives.

3.47 The Ministry proposes to set up a Media Advisory Group comprising of a group of experts under the Chairmanship of the Minister of Panchayati Raj to monitor the implementation of the scheme for media, publicity and advocacy.

3.48 The Committee note that the 'Scheme for Media, Publicity and Advocacy' which has been newly launched includes components of the erstwhile Panchayat Development and Training Scheme. This scheme is intended to empower the community and PRIs with knowledge about their roles and responsibilities keeping in mind the tenets of the 73rd Constitution (Amendment) Act, 1992 and the Right to Information Act. Though guidelines of this scheme are yet to be finalised, the Government has drafted a media policy and the views of the Ministry of the Information and Broadcasting are being solicited. Further the Ministry proposes to set up a Media Advisory Group for monitoring this scheme. The Committee would like to recommend here that the guidelines of the scheme be finalised in the shortest possible time so that the pattern of allocation and

utilisation of the earmarked outlay can be done meaningfully. Further the Committee would like to be informed of the views of the Ministry of Information and Broadcasting on the media policy. The Committee note that this scheme is to be monitored by a Media Advisory Group headed by the Minister of Panchayati Raj. They would like to be apprised of the composition of the Media Advisory Group and any action taken by it.

C. Miscellaneous

(i) Public-Private Panchayat Partnership Initiatives (Rural Business Hubs)

3.49 The Ministry of Panchayati Raj in association with Confederation of Indian Industries (CII) had launched the initiative of Rural Business Hubs (RBHs) for facilitating and building linkage between Panchayats with private industries and businesses. A Rural Business Hubs Council has been set up with the Minister of Panchayati Raj as Chairman and Shri Sunil Kant Munjal past president CII as Co-Chairman for the purpose of overseeing the task of Business Hubs and reviewing action taken. The first meeting of the Council was held on 29 July, 2005. This initiative was initially limited to 9 States but has since been extended to all States/UTs covered by Part IX of the Constitution. The process of setting up of RBHs has already begun with the signing of three Memoranda of Understanding (MoU) in the States of Uttaranchal and Haryana. The first MoU under the RBH initiative was signed in Dehradun (Uttaranchal) for setting up of a Rural Business Hub for processing fruit grown in the Ramgarh Block and few other Blocks of Nainital District. Thereafter, three more MoUs have been finalised and signed to set up RBHs for Jatropha plantation and production of Bio-Diesel in Faridabad and Mewat Districts of Haryana as well as Dungarpur District of Rajasthan.

3.50 The Committee have been informed that the Ministry is making efforts to ensure the success of Rural Business Hubs with Public-Private Panchayat Partnership. This initiative will on the one hand enable better market access for locally available resources and skills and on the other hand it will involve Panchayats at all levels as facilitators, which would enhance their scope as well as bring about definite economic gains. The Committee hope that such efforts are continued further. The Committee would also like to be kept apprised of the progress regarding the new initiatives undertaken.

(ii) Jan Kerosene Pariyojana

Objectives

3.51 The Jan Kerosene Pariyojana has been launched with a view to bring about a system where the diversion of PDS supplied subsidised

kerosene to the black market and misuse through adulteration is minimized. The argument of the Ministry in favour of this scheme is that it would introduce a measure of transparency and public accountability by way of involvement of PRIs.

Role of Ministry of Petroleum and Natural Gas

3.52 The Jan Kerosene Pariyojana has been launched with the joint efforts of the Ministries of Petroleum and Natural Gas and Panchayati Raj. The role of the Ministry of Food and Civil Supplies is limited to the issuing of Guidelines to the State Ministries of Food and Civil Supplies for ensuring the linkages of local authorities of civil supply departments with the functionaries of Vigilance Committee and representatives of oil marketing companies.

Coverage and Mechanism

3.53 A pilot project has been launched in 548 blocks across several States in the country. Under this scheme the Vigilance Committees of the PRIs at all the three levels *i.e.*, village, block and district have been given the responsibility of monitoring and ensuring the proper distribution of the subsidized kerosene to the targeted sections of the society. Moreover, a massive awareness campaign through TV/Radio and Zonal Culture Centres (ZCCs) has been launched. The campaigns through ZCCs are carried out in the local language of the region.

3.54 The Committee note that the Jan Kerosene Pariyojana is a novel initiative launched with the joint efforts of the Ministry of Panchayati Raj and Ministry of Petroleum and Natural Gas with a view to minimise adulteration of subsidised kerosene and preventing diversion of PDS supply of kerosene to black market. The Ministry of Food and Civil Supplies is entrusted with the framing of guidelines. The pilot project of this initiative has been launched in about 458 blocks across the country. Further, awareness campaigns are being organised in various media in the local language to create greater impact. The Committee appreciate the efforts of the Government to secure a central role for Panchayats in such developmental initiatives. The Committee would like to be informed of the progress in respect to this project and whether the Government intends to cover the entire country by this scheme.

NEW DELHI;
17 May, 2006
27 Vaisakha, 1928 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

APPENDIX I

PROGRESS OF ACTIVITY MAPPING IN STATES/UNION TERRITORIES AS ON 15.3.2006

Sl. No.	State	Transfer of Subjects transferred through legislation	Latest position
1	2	3	4
1.	Andhra Pradesh	17 subjects	Committee constituted under Special Chief Secretary has submitted its formulation which is being considered by a Group of Ministers.
2.	Assam	29 subjects	Assam claims that it has done activity mapping more than 3 years back. However, This Activity mapping was in the form of a consolidated executive order, not in the matrix that MoPR have prepared. After the 7 RTs, Activity Mapping is being monitored by Additional Chief Secretary. It is reported by Secretary, PR, that about 8 departments have passed partial orders.
3.	Arunachal Pradesh	29 subjects	The Ministry is assisting the State through an NGO PRIA for conducting the Activity Mapping exercise.
4.	Bihar	25 subjects	Discussions towards activity mapping between PRIA and Government of Bihar have been held. Work is in progress.

1	2	3	4
5.	Chhattisgarh	29 subjects	Activity Mapping for 27 items has been prepared. However, the necessary executive orders in this regard are yet to be issued.
6.	Goa	6 subjects	18 functions have been devolved to village Panchayats and 6 to ZPs. However, these are not in terms of the items listed in the Eleventh Schedule, but in terms of actual civic functions.
7.	Gujarat	15 subjects	Activity Mapping has been done for 14 subjects. 5 subjects have been partially devolved.
8.	Haryana	10 subjects	Activity Mapping in respect of 10 subjects released on 17.2.2006 in the joint presence of the Chief Minister, Haryana and MPR.
9.	Himachal Pradesh	26 subjects	15 departments had issued delegation orders delegating powers to Panchayats in respect of their schemes.
10.	Karnataka	29 subjects	Activity Mapping completed in respect of all 29 items in August 2003. This was followed by another exercise of devolution of funds through the State Budget. A GO was issued in October, 2005. The Activity Mapping has been given full effect through Fiscal devolution in the budget of pertaining to 26 subjects completed with effect from 2005-06.

1	2	3	4
11.	Kerala	26 subjects	119 activity relating to 19 functions have been devolved earlier. In this respect a new activity Mapping matrix has been prepared, which is very detailed and unique, in the sense that it also covers Municipalities, as well as lists out the Activities in respect of each function that ought to be performed at the three levels.
12.	Madhya Pradesh	23 subjects	For 7 activities, Activity Mapping was prepared by an NGO, Samarthan. The Activity Mapping for the remaining subjects is being undertaken.
13.	Maharashtra	18 subjects	There has been no move on Activity Mapping after the Round Table.
14.	Manipur	22 functions	It is reported that activity Mapping of 22 subjects completed.
15.	Orissa	25 subjects	Activity mapping has been issued in October in respect of 9 subjects, in the presence of the Minister and the Chief Minister.
16.	Punjab	7 subjects	Draft Activity Mapping has been prepared for all departments in a detailed fashion. In certain sectors such as Health and Education, significant work has been undertaken. 1300 doctors and rural dispensaries have been

1	2	3	4
			handed over to ZPs. Existing doctors have been shifted to city hospitals and new recruitments will be at the ZP leve. 4000 primary schools are being transferred to the Panchayat Samiti and 10000 teachers being recruited at that level.
17.	Rajasthan	29 subjects	The Activity Mapping exercise was started for 18 departments and has now been completed for 12. Executives orders are to be issued in this regard.
18.	Sikkim	28 functions	Activity mapping has just started and is expected to be completed in a few months.
19.	Tamilnadu	29 subjects	Tamilnadu reports to have issued instructions for devolving all subjects to Panchayati Raj. GOs have been issued to devolve certain activities relating to the functions devolved.
20.	Tripura	29 subjects	In 1994 orders were issued devolving for 21 subjects. With respect of 8 subjects orders are awaited because of operational problems related to 6th Schedule. Activity Mapping exercise is on.
21.	Uttar Pradesh	12 subjects	Activity Mapping has been completed in respect of 32 departments as part of the recommendations of a Committee (Bholanath Tiwari Report). The report is being considered by the Government.

1	2	3	4
22.	Uttaranchal	14 subjects	Activity Mapping in respect of 9 departments completed and under consideration of the Government. GOs for devolution of 3 departments issued.
23.	West Bengal	29 subjects	Activity Mapping has been completed and orders issued in respect of 15 subjects on 7.11.2005.

APPENDIX II

THE STATEMENT INDICATING THE FUNDS FUNCTIONS AND FUNCTIONARIES DEVOLVED BY THE STATES/UNION TERRITORIES INDICATING LATEST POSITION UPTO 29 JUNE, 2005

State	Subjects transferred through legislation	Activity mapping undertaken	Latest position (29.6.2005)
1	2	3	4
Andhra Pradesh	17 Subjects	9 Subjects	Committee constituted under Special Chief Secretary has yet to meet to consider activity mapping.
Assam	29 Subjects	29 Subjects on 26.7.2002	Activity mapping not operationalised through executive orders and funds transfer.
Arunachal Pradesh	Nil	6 Subjects	—
Bihar	25 Subjects	20 Subjects	—
Chhattisgarh	29 Subjects	6 Subjects	Activity mapping for six completed and the remaining to be completed by October, 2005.
Goa	6 Subjects	18 Subjects	—
Gujarat	14 Subjects	14 Departments	Activity in respect of 5 subjects have been devolved partially. With respect to 10 functions, activities are yet to be devolved.
Haryana	16	16 Subjects	Draft Activity mapping prepared. Final decision of Government of Haryana awaited.

1	2	3	4
Himachal Pradesh	26 subjects	—	Preliminary discussions held draft activity mapping.
Jammu & Kashmir	—	—	—
Jharkhand			
Karnataka	29 Subjects	29 Subjects	Devolution of funds pertaining to 26 subjects completed with effect from 2005-06.
Kerala	26 Subjects	26 Subjects	United funds devolved in respect of devolved functions.
Maharashtra	19 Subjects	9 Departments	—
Madhya Pradesh	25 Subjects	7 Subjects	Draft Activity Mapping under consideration of Government.
Manipur	22 Subjects	22 Subjects	Activity Mapping of 22 subjects completed.
Orissa	25 Subjects	8 Subjects	Meeting of 11 Departments have been called and activity mapping of 8 Departments are in progress.
Pondicherry			
Punjab	7 Subjects	6	Draft Activity Mapping prepared. Final decision of Government awaited.
Rajasthan	29 Subjects	18 Subjects transferred	Activity Mapping is in progress.
Sikkim			
Tamil Nadu			
Tripura			
Uttar Pradesh	12 Subjects	10 Subjects	Activity Mapping is in progress.
Uttaranchal	14 Subjects	14 Subjects	Activity Mapping in respect of 9 departments completed and under consideration of the Government. GOs for devolution of 3 departments issued.

1	2	3	4
West Bengal	29 Subjects	29	Activity Mapping is completed, awaiting approval of Cabinet.
Dadar & Nagar Haveli	29 Subjects	29 Subjects	Activity Mapping is completed.
Daman & Diu	29 Subjects	29 Subjects	Activity Mapping is completed.
Andaman & Nicobar Islands			
Lakshadweep			
Chandigarh UT			

APPENDIX III

SHARES OF STATES IN ALLOCATION (2005-10) IN RESPECT OF TWELFTH FINANCE COMMISSION

Sl.No.	State	Panchayats		Municipalities	
		Per cent	(Rs. Crore)	Per cent	(Rs. Crore)
1.	Andhra Pradesh	7.935	1587.00	7.480	374.00
2.	Arunachal Pradesh	0.340	68.00	0.60	3.00
3.	Assam	2.630	526.00	1.100	55.00
4.	Bihar	8.120	1624.00	2.840	142.00
5.	Chhattisgarh	1.075	615.00	1.760	88.00
6.	Goa	0.090	18.00	0.240	12.00
7.	Gujarat	1.655	911.00	8.280	414.00
8.	Haryana	1.940	188.00	1.820	91.00
9.	Himachal Pradesh	0.735	147.00	0.160	8.00
10.	Jammu & Kashmir	1.405	281.00	0.760	38.00
11.	Jharkhand	2.410	482.00	1.960	98.00
12.	Karnataka	4.440	888.00	6.460	323.00
13.	Kerala	4.925	985.00	2.980	149.00
14.	Madhya Pradesh	8.315	1663.00	7.220	361.00
15.	Maharashtra	9.915	1983.00	15.820	791.00
16.	Manipur	0.230	46.00	0.180	9.00
17.	Meghalaya	0.250	50.00	0.160	8.00
18.	Mizoram	0.100	20.00	0.200	10.00
19.	Nagaland	0.200	40.00	0.120	6.00
20.	Orissa	4.015	803.00	2.080	104.00
21.	Punjab	1.620	324.00	3.420	171.00
22.	Rajasthan	6.150	1230.00	4.400	220.00
23.	Sikkim	0.065	13.00	0.020	1.00
24.	Tamil Nadu	4.350	870.00	11.440	572.00
25.	Tripura	0.285	57.00	0.160	8.00
26.	Uttar Pradesh	14.640	2928.00	10.340	517.00
27.	Uttaranchal	0.810	162.00	0.680	34.00
28.	West Bengal	6.355	1271.00	7.860	393.00
Total		100.000	20000.00	100.000	5000.00

APPENDIX IV

RELEASE OF INSTALMENTS OF TWELFTH FINANCE COMMISSION GRANTS TO PANCHAYATI RAJ INSTITUTIONS AS ON 15.03.2006

2005-06
Released
(Rs. in lakh)

Sl.No.	State	Total allocation	Amount of one instalment (6 monthly)	1st instalment	2nd instalment	
1	2	3	4	5	6	
1.	Andhra Pradesh	158700	15870	15870	15870	(1) Ist
2.	Arunachal Pradesh	6800	680	—	—	Instalment has not been released to
3.	Assam	52600	5260	5260	—	Arunachal Pradesh, Tripura.
4.	Bihar	162400	16240	16240	—	
5.	Chhattisgarh	61500	6150	6150	6150	
6.	Goa	1800	180	180	—	(2) 2nd
7.	Gujarat	93100	9310	9310	—	Instalment has been released to only 10 States so far.
8.	Haryana	38800	3880	3880	3880	
9.	Himachal Pradesh	14700	1470	1470	1470	
10.	Jammu & Kashmir	28100	2810	1761.97 **	—	
11.	Jharkhand	48200	4820	—	—	
12.	Karnataka	88800	8880	8880	—	
13.	Kerala	98500	9850	9850	9850	
14.	Madhya Pradesh	166300	16630	16630	16630	
15.	Maharashtra	198300	19830	19830	—	
16.	Manipur	4600	460	211.6 *	—	
17.	Meghalaya	5000	500	—	—	

1	2	3	4	5	6
18.	Mizoram	2000	200	200	—
19.	Nagaland	4000	400	400	
20.	Orissa	80300	8030	8030	8030
21.	Punjab	32400	3240	3240	—
22.	Rajasthan	123000	12300	12300	12300
23.	Sikkim	1300	130	130	—
24.	Tamil Nadu	87000	8700	8700	8700
25.	Tripura	5700	570	—	—
26.	Uttar Pradesh	292800	29280	29280	29280
27.	Uttaranchal	16200	1620	1620	—
28.	West Bengal	127100	12710	12710	—
Total		2000000	200000	190160	112160

* Excluding share of PRI Grants pertaining to Hill areas amounting to Rs. 248.40 lacs.

** After deducting Rs. 1048.03 lakhs being share of PRIs where elections have not been held. In Jammu and Kashmir and Jharkhand elections are yet to be held Meghalaya, Mizoram and Nagaland are not covered under Part IX of the Constitution.

APPENDIX V

PANCHAYAT EMPOWERMENT AND ACCOUNTABILITY INCENTIVE SCHEME-GUIDELINES

1. Background

1.1 It is widely recognized that the process of devolution upon Panchayats is incomplete and requires further facilitation by Central Government. State Governments will need to *inter-alia* move further on the path of devolving Functions, Functionaries and Finances to Panchayats and make Panchayats central to planning and implementing of plans for economic development and social justice on matters listed in the Eleventh Schedule of the Constitution, empower Gram Sabhas to ensure a transparent, responsive and accountable grass-roots democracy and ensure formulation of plans through the institution of District Planning Committees (DPCs). At the present stage of evolution of Panchayati Raj, the recommendations jointly agreed with regard to these at the seven round Tables of the State Ministers of Panchayati Raj represent the crucial areas where states need Central support.

2. Objective of the Scheme:

2.1 The Panchayat Empowerment and Accountability Incentive Scheme aims to provide incentives to the States to undertake reforms as set out in the recommendation of the Seven Round Tables of State Ministers of Panchayati Raj and to empower Panchayats as institutions of local self-government in accordance with the letter and spirit of Article 243G of the Constitution. It is proposed to support, encourage and facilitate States to devolve more functions, functionaries and finances to the Panchayats and to restructure the system of self-government at the Panchayat Level.

3. Fund Allocation:

3.1 The Scheme has an allocation of Rupees 5 crores during the financial year 2005-06. Drawal of funds from the Scheme will be entirely based on the pace of reform of Panchayati Raj in States.

4. Description of the Scheme:

4.1 The Panchayat Empowerment and Accountability Incentive Scheme aims to both incentives State Governments to devolve powers

upon Panchayats in accordance with the recommendations of the seven Round Tables as also for Panchayats empowered by such reforms to effectively assume the responsibilities devolved upon them. Releases of funds under the Scheme will be made in accordance with the progress achieved by States against milestones and bench marks in the reform aspects identified. The following areas (with weightage and pattern of release of funds indicated against each) have been identified as in Table given below.

Table 1

Sl.No.	Reform Area	Release for funds for State as per percentage indicated & purpose (Rs. 1.50 crores)	Release of funds for Panchayats as per percentage indicated & purpose (Rs. 3.50 crores)
1	2	3	4
1.	Signing of MOU with Union Government detailing completion of Activity Mapping of functions to be devolved to Panchayats and issue of government orders for the transfer of funds in accordance with devolved functions and activity mapping, (It is presumed that legislation has already been passed.)	25% to the State Government to be utilized for overseeing and coordinating activities mentioned from Sl.No. 1 to Sl.No. 7	
2.	Deputing functionaries to the administrative control of Panchayats, so as to enable them to carry out the functions assigned to them through Activity Mapping; Issuing orders that subsequent recruitment and administrative control of employees will be by the Panchayat	10% to the State Government to assist in measures needed for this.	15% to Panchayats for setting up Panchayat Secretariats and to meet office expensed to support them financially with regard to the administrative staff which has been placed under their control

1	2	3	4
3.	Transferring funds in the state budget directly to the Panchayat accounts for the functions devolved to them and putting in place a transparent mechanism to transfer funds, monitor their use and make public information on funds allotted to Panchayats	25% to the State Government for reforming Treasury and banking procedures relating to Panchayats	
4.	Assigning taxing powers to Panchayats alongwith a mechanism to empower collection of taxes due	5% to the State Government for capacity building and overseeing reform of tax mobilization by Panchayats	20% to Panchayats to assist them in strengthening the infrastructure and capacity to activate the mechanism to collect and account to taxes.
5.	Ensuring that each Village Panchayat has a Secretary, or framing rules to allow the Village Panchayat to recruit a Secretary	10% to the State Government for implementing steps to ensure a Secretary for each Gram Panchayat	25% to Panchayats to assist them partially for the services of a Panchayat Secretary.
6.	Assigning powers to the Gram Sabhas to approve plans, select beneficiaries, authorize utilization certificates, be consulted for land alienation etc., and to ensure that the meetings are conducted with due procedure.	10% to the State Government for strengthening Gram Sabhas	30% to Panchayats to assist them in appointing Village Secretaries and conducting Gram Sabha meetings with due procedure.
7.	Constituting DPCs and activating them as per 243ZD of the Constitution	15% to the State Government for Strengthening DPC's	10% to Panchayats for assisting them to draw up their plans for economic development and social justice, which will be consolidated by the DPCs.

4.3 The above percentages of allocation would translate into the following amounts earmarked for the achievement of each milestone proposed, as described in Table 2 below:

Sl.No.	Reform Area	Incentive for State		Incentive for Panchayats	
		Percentage	Amount (Rs. Lakhs)	Percentage	Amount (Rs. Lakhs)
1.	Signing of MoU with Union Government	25	37.5	0	0.0
2.	Deputing functionaries to the administrative control of Panchayats	10	15.0	15	52.5
3.	Transferring funds in the state budget directly to the Panchayat accounts	25	37.5	0	0.0
4.	Assigning taxing powers to Panchayats along with a mechanism to empower collection of taxes due	5	7.5	20	70.0
5.	Ensuring that each Village Panchayat has a Secretary	10	15.0	10	35.0
6.	Assigning powers to the Gram Sabhas to select beneficiaries	10	15.0	30	105.0
7.	Appointing and activating DPCs	15	22.5	25	87.5
Total		100	150.0	100	350.0

5. This is a demand driven scheme and the States which undertake to take the reform measures in the spirit of the Constitutional provisions, will be eligible for funding under the scheme.
6. The above identified milestones except signing of MoU need not be sequential steps and may be concurrent or may be undertaken in a different order by the States.
7. The States will be required to send their proposals with a time bound action plan to achieve the identified milestones. The States which have already achieved some of the milestones, will indicate the next steps proposed in the direction of empowerment of Panchayats.

8. Transfer of funds to States eligible to receive the incentive grants would be to the Consolidated fund of the State. In respect of funds that are to be transferred in turn to the Panchayats, the procedure of electronic transfer of funds proposed by the Ministry would be put in place, so as to ensure transfer of these funds to Panchayats within 15 days of their having been credited to the State, in the manner as prescribed in the guidelines issued by the Ministry of Finance in respect of local body grants recommended by the 12th Finance Commission.

9. Empowered Committee to monitor progress.

Funds will be released after assessing the proposal of each State by an Empowered Committee, the composition of which is described below:

- | | | |
|----|---|------------------|
| A. | Secretary, Ministry of Panchayati Raj. | Chairperson |
| B. | Advisor (RD & PR), Planning Commission. | Member |
| C. | Additional Secretary, Ministry of Panchayati Raj. | Member |
| D. | JS & FA, Ministry of Panchayati Raj | member |
| E. | Joint Secretary, Ministry of Panchayati Raj. | Member-Secretary |

APPENDIX VI

COMMITTEE ON RURAL DEVELOPMENT (2005-2006)

EXTRACTS OF THE MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE HELD ON WEDNESDAY, THE 22 MARCH, 2006

The Committee sat from 1500 hrs. to 1700 hrs. in Room No. G-074, Parliament Library Building, New Delhi.

PRESENT

Shri Kalyan Singh—*Chairman*

MEMBERS

Lok Sabha

2. Shri Hannan Mollah
3. Shri K.C. Palanisamy
4. Smt Tejaswini Seeramesh
5. Shri Mohan Singh
6. Shri Sita Ram Singh
7. Shri Bagun Sumbrai

Rajya Sabha

8. Prof. Alka Balram Kshatriya
9. Shri Penumalli Madhu
10. Shri Kalraj Mishra
11. Dr. Faguni Ram

SECRETARIAT

- | | | |
|-----------------------|---|-----------------------------|
| 1. Shri S.K. Sharma | — | <i>Additional Secretary</i> |
| 2. Shri P.K. Grover | — | <i>Joint Secretary</i> |
| 3. Smt. Sudesh Luthra | — | <i>Deputy Secretary</i> |
| 4. Shri A.K. Shah | — | <i>Under Secretary</i> |

***Not related with the Report.

Representatives of Ministry of Panchayati Raj

1. Shri B.S. Lalli, Secretary
2. Shri M.K.Khanna, Additional Secretary
3. Shri P.K. Sinha, Joint Secretary & FA
4. Shri P.D. Sudhakar, Joint Secretary
5. Ms. Aditi Mehta, Joint Secretary
6. Shri T.R. Raghunandan, Joint Secretary

3. ***

4. The Chairman welcomed the representatives of the Ministry of Panchayati Raj and drew their attention to the provisions of direction 55 (1) of the Directions by the Speaker.

5. The Secretary, Ministry of Panchayati Raj briefed the Committee about various highlights of the Demands for Grants (2006-2007) and various activities of the Ministry of Panchayati Raj through a power-point presentation. The main issues that came up during the course of briefing were reasons for under utilization of funds during 2005-2006, especially under the scheme of 'Panchayati Raj Development & Training', the methodology for implementation of new schemes viz. (i) Backward Regions Grants Fund and (ii) Gram Swaraj, steps initiated by the Ministry for bringing about devolution of functions, functionaries and finances to Panchayati Raj Institutions (PRIs) by respective State Government in the true spirit of Article 243 (G) read with Eleventh Schedule of the Constitution. The Secretary while explaining the position of the Ministry of Panchayati Raj on each of the aforesaid issues also responded to the various queries of the members of the Committee in this regard.

6. A verbatim record of the proceedings was kept.

7. *The Committee then adjourned.*

***Not related with the Report.

APPENDIX VII

COMMITTEE ON RURAL DEVELOPMENT (2005-2006)

MINUTES OF THE EIGHTEENTH SITTING OF THE COMMITTEE HELD ON THURSDAY, THE 13 APRIL, 2006.

The Committee sat from 1530 hrs. to 1700 hrs. in Committee Room 'D', Parliament House Annexe, New Delhi.

PRESENT

Shri Kalyan Singh—*Chairman*

MEMBERS

Lok Sabha

2. Shri Mohan Jena
3. Shri Dawa Narbula
4. Shri A.F. Golam Osmani
5. Shrimati Tejaswini Seeramesh
6. Shri P. Chalapathi Rao
7. Shri Nikhilananda Sar
8. Shri Mohan Singh
9. Shri Sita Ram Singh
10. Shri D.C. Srikantappa
11. Shri Bagun Sumbrai
12. Shri Mitrasen Yadav

Rajya Sabha

13. Prof. Alka Balram Kshatriya
14. Shri Penumalli Madhu
15. Dr. Chandan Mitra
16. Dr. Gyan Prakash Pilonia

SECRETARIAT

- | | | |
|-----------------------|---|-----------------------------|
| 1. Shri S.K. Sharma | — | <i>Additional Secretary</i> |
| 2. Shri P.K. Grover | — | <i>Joint Secretary</i> |
| 3. Smt. Sudesh Luthra | — | <i>Deputy Secretary</i> |
| 4. Shri A.K. Shah | — | <i>Under Secretary</i> |

Representatives of Ministry of Panchayati Raj

1. Smt. Meenakshi Dutta Ghosh, Secretary
2. Shri M.K.Khanna, Additional Secretary
3. Shri P.K. Sinha, JS & FA
4. Shri P.D. Sudhakar, Joint Secretary
5. Ms. Aditi Mehta, Joint Secretary
6. Shri T.R. Raghunandan, Joint Secretary

2. At the outset the Chairman welcomed the members to the sitting of the Committee convened for taking oral evidence of the representatives of Ministry of Panchayati Raj on Demands for Grants (2006-2007).

*[The representatives of the Ministry of Panchayati Raj
were then called in.]*

3. The Chairman welcomed the representatives of the Ministry of Panchayati Raj and drew their attention to the provisions of Direction 55 (1) of the 'Directions by the Speaker'.

4. The Committee then took oral evidence of the representatives of the Ministry of Panchayati Raj on Demands for Grants (2006-2007). The Secretary, Panchayati Raj, briefly explained to the Committee the overall position with regard to the allocation and utilization during the Ninth and Tenth Plan period. She also dealt with the issues relating to the implementation of the various provisions of Part IX of the Constitution and underlined the various efforts being made by the Ministry to implement the 150 recommendations made during the Seven Round Table Conferences organised by the Ministry. The Committee expressed their concerns on the slow progress of implementation of the 73rd Constitution Amendment Act, 1992 and activity mapping exercise being done in all States/UTs. The Secretary in reply stated that they were impressing upon the States to expedite the works relating to these two provisions.

5. The Committee then discussed in detail the various issues relating to the examination of Demands for Grants (2006-2007) of the Ministry of Panchayati Raj with special emphasis on the need for training of the representatives of PRIs and effective devolution of funds, functions and functionaries. Further, the issues relating to the newly introduced schemes of the Government were also discussed in detail. The allocations relating to the Eleventh and Twelfth Finance

Commission were discussed. The representatives of the Ministry of Panchayati Raj replied to the queries raised by the members and were asked to send any suggestions and replies for the points which could not be made available during the sitting.

6. A verbatim record of the proceeding has been kept.

The Committee then adjourned.

APPENDIX VIII

COMMITTEE ON RURAL DEVELOPMENT (2005-2006)

EXTRACTS OF THE MINUTES OF THE TWENTY FIRST SITTING OF THE COMMITTEE HELD ON TUESDAY, THE 9 MAY, 2006

The Committee sat from 1100 hrs. to 1300 hrs. in Committee Room 'E', Parliament House Annexe, New Delhi.

PRESENT

Shri Prabodh Panda—*In the Chair*

MEMBERS

Lok Sabha

2. Shri V. Kishore Chandra S. Deo
3. Shri Sandeep Dikshit
4. Shri Dawa Narbula
5. Shri Sita Ram Singh
6. Shri Bagun Sumbrai
7. Shri Mitrasen Yadav

Rajya Sabha

8. Kumari Nirmala Deshpande
9. Shri Penumalli Madhu
10. Dr. Gyan Prakash Pilonia

SECRETARIAT

- | | | |
|-----------------------|---|-----------------------------|
| 1. Shri S.K. Sharma | — | <i>Additional Secretary</i> |
| 2. Smt. Sudesh Luthra | — | <i>Deputy Secretary</i> |
| 3. Shri A.K. Shah | — | <i>Under Secretary</i> |

2. In the absence of Chairman, the Committee chose Shri Prabodh Panda, M.P. to act as Chairman for the sitting under Rule 258 (3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. At the outset, the Chairman, welcomed the members to the sitting of the Committee. The Committee then took up for consideration the draft Report on Demands for Grants (2006-2007) of the Ministry of Panchayati Raj and adopted the draft Report with slight modifications.

4. ***

5. The Committee then authorised the Chairman to finalise the aforesaid draft Reports on the basis of factual verification from the concerned Ministry and present the same to both the Houses of Parliament.

The Committee then adjourned.

***Not related with report.

APPENDIX IX

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS

Sl.No.	Para No.	Recommendations/Observations
1	2	3
1.	2.5	The Committee note that the primary objective of inserting direction 73A in the Directions by the Speaker was to make the Government more accountable for implementation of the various recommendations of the Committee. The Committee are concerned to note that even after elapse of around six months when the statement on Twelfth Report has fallen due and about three months when the Ministry was requested for making the revised statement in respect of Fourth Report, the statements are yet to be made by the Hon'ble Minister. The Committee find that the Ministry is taking the desired action to make the statements in the Second part of the Seventh Session. The Committee would like to recommend to the Ministry to ensure that the statements are made at the earliest during the Second part of the Seventh Session. The Committee further strongly recommend to the Ministry to ensure that the statements on each of the reports are made within the specified period <i>i.e.</i> six months after the presentation of the Report to Parliament as per direction 73A of the Directions by the Speaker, in future.
2.	2.9	The Committee note that the Ministry of Panchayati Raj was created on 27 May, 2004 to oversee the implementation of various provisions made under Part IX of the Constitution by way of the 73rd Constitution (Amendment) Act, 1992. The Committee further note that till 2005-2006 the Ministry of

1	2	3
		<p>Paanchayati Raj was administering only one scheme namely, 'Panchayat Development and training'. The detailed component-wise analysis of this scheme has been dealt with in the next chapter of this Report. The Committee while analysing the overall position of allocation and utilisation under the scheme as indicated above find that during 2004-05, <i>i.e.</i> the first year of the newly created Ministry, the Ministry was able to utilise only about 84 per cent of the total allocation even though the initial allocation made at the Budget Estimates stage was reduced to Rs. 10.24 crore at the Revised Estimate stage. The delay in the operationalisation of the account of the Ministry (which became functional only in November 2004) has been given as the reason for the low rate of utilisation.</p>
3.	2.10	<p>The Committee further note that during the year 2005-2006 the Ministry was allocated Rs. 50.44 crore out of which Rs. 50 crore was plan outlay and Rs. 44 lakh was non-plan outlay. The Revised Estimates remained unchanged at Rs. 50 crore. Out of this the total utilisation was to the tune of Rs. 48.71 crore. Thus there has been an overall utilisation of more than 97 percent. Except in the utilisation for the components of Conferences, Seminars, Workshops and for Management Cell (the detailed analysis of which has been done in the succeeding chapter of the Report), the Ministry has managed to utilise more than 95 per cent of outlay.</p>
4.	2.11	<p>The Committee find that huge added responsibilities have been entrusted to the Ministry by way of new schemes. The allocation of the Ministry has substantially been enhanced from Rs. 50.44 crore to Rs. 3825.73 crore during the year 2006-07. The Committee hope that the</p>

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		<p>initial teething problems involved with the setting up of the new Ministry would have been solved by now. They, therefore, recommend that the Ministry should now gear themselves up, to shoulder the added responsibilities.</p>
5.	2.17	<p>The Committee note that the National Common Minimum Programme (NCMP) of the UPA Government has given a prominent place to Panchayats and stressed on the need for devolution of funds, functions and functionaries to Panchayati Raj Institutions in the true spirit of article 243 G of the Constitution. The NCMP has stressed on activity mapping spelling out clearly the functional domain of the three tiers of the Panchayats <i>viz.</i> Gram Panchayat, Intermediate Panchayat and District Panchayat. Besides, it has also stressed that the transfer of functions should be matched by transfer of funds and functionaries. In this regard the initiative was taken by the Ministry of Panchayati Raj for creation of the data base of Panchayat Bank accounts so that the funds under Centrally Sponsored Scheme can be electronically transferred to Bank accounts of all 2,40,000 Panchayati Raj Institutions. To examine the feasibility in this regard a Committee was set up under the Chairmanship of Additional Secretary of the Ministry, which found that said electronic transfer of outlay was possible.</p> <p>As a further initiative some of the schemes particularly the wage employment and drinking water and sanitation schemes of the Ministry of Rural Development were initially selected. The initiative taken by the Ministry was not successful as the concerned Ministries have certain reservations and want to continue with the existing system of transfer of funds. Though</p>

the Ministry of Finance is agreeable in principle and has stressed that administrative arrangement and flow of funds should be in consonance, it has also shifted the onus of getting the various Ministries agree to the proposed way of transfer of funds on the Ministry of Panchayati Raj.

The Committee appreciate the initiatives taken by the Ministry to get the funds under different Central and Centrally Sponsored Schemes transferred electronically to the Bank accounts of Panchayats. However, the Committee feel that the said transfer of funds to Panchayats is feasible only in case of the schemes which are currently being implemented by the Panchayats. The Committee agree with the views expressed by the Ministry of Finance that administrative arrangements and flow of funds should be in consonance. Besides, another major area of concern is the need to empower the Panchayats for enabling them to shoulder the responsibilities of handling schemes for which huge outlays are being provided by the Central Government. In view of this, the Committee feel that the transfer of funds for implementation of various schemes should be done in phases. First of all the Ministry should ensure that the funds for the scheme, for which the PRIs are directly responsible for identification, execution and implementation, are transferred electronically to Bank accounts. Moreover the Ministry of Panchayati Raj has to work in tandem with the concerned Ministries. Thus the challenge is great to make the Ministries agreeable for which the Ministry has to work in mission mode.

The Committee further appreciate the initiatives of the Ministry to empower Gram Sabhas. While reviewing the Centrally Sponsored

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		schemes, it is being insisted that the Gram Sabhas should have a major role to play in selection of beneficiaries, works, monitoring of programmes and approving the utilisation certificate etc. Besides, during the visits to States by the Minister of Panchayati Raj also the role of Gram Sabhas is being emphasised. The Committee would like the Ministry to continue the said initiatives and keep the Committee informed about the further progress made with regard to implementation of Centrally Sponsored Scheme in this regard.
6.	2.18	The Committee further note that with regard to the electronic transfer of funds to PRIs in respect of Twelfth Finance Commission funds some progress has been made. A data base has been prepared by NIC and the system is being prepared for implementation at the State level onwards to Panchayats. The Committee would like the Ministry to continue the efforts more vigorously and keep the Committee informed about the results achieved in this regard.
7.	2.25	The Committee find from the data made available by the Ministry that at present there are 21,95,610 elected representatives spread over three tiers of Panchayats. The training of large number of representatives of Panchayati Raj Institutions alongwith a large number of Panchayati Raj functionaries is an immense challenge before the Ministry of Panchayati Raj. The review of the scheme related to Panchayati Raj Training of the Ministry of Panchayati Raj in the context of Demands for Grants (2006-2007) has been done in the succeeding chapter of the report. As regards the overall scenario, the Committee find that a lot still needs to be done in this regard.

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8.	2.26	<p>The Committee further observe that election of PRIs is a Constitutional process and every year a number of newly elected representatives may add to the persons requiring training making the task rather more difficult. In view of this scenario, there is an urgent need to have a regular system of training. In this direction certain initiatives are being taken by the Ministry. The Committee would recommend for early finalisation of the strategy for imparting training to such a large numbers of PRIs. The Committee may be kept apprised of the status of finalisation of the issue as stated above in due course.</p>
9.	2.27	<p>The Committee further find that at present the period of training imparted to PRIs is between 2-5 days. The Committee appreciate the fact that different days of training may be required for different levels of PRIs. For example for a newly elected representative, there is need of exhaustive training, but for an old representative who has the experience of holding such office, the training period may be for fewer days. Still the Committee are of the firm opinion that two to five days are insufficient to impart training which includes a lot of issues like transparency, accountability, PESA, Right to Information Act and the knowledge of the important Centrally Sponsored Schemes/Programmes. Even the Secretary, Panchayati Raj has also agreed that the said period of training is not adequate. The Committee therefore recommend that while deciding the module for training, it should be ensured that sufficient time period is allocated for a particular level of Panchayati Raj representative/functionary. While deciding the strategy for training, the Ministry may take into consideration the concerns of the Committee in this regard.</p>

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10.	2.28	Besides deciding the module of imparting training, an important issue which needs to be addressed critically is the infrastructure for training. Apart from the issues related to training which have been dealt with in the next part of the Report, there is an urgent need for accommodation and the requisite infrastructure for training. The Committee feel that the existing infrastructure available with Panchayats like <i>Panchayat Ghars</i> which can be utilised for the purpose is quite inadequate. There is an urgent need to collect the data base in this regard and augment the infrastructure.
11.	2.29	As regards, the issue of trainers, the Committee feel that NIRD and SIRD may not be equipped sufficiently to meet the need for a large number of trainers. The Ministry has informed that they have a system of training of tutors which can address the problem of paucity of trained tutors. The Committee would like to be informed about the details of the system indicating how the trainers are being tutored. Besides the data as to how many trainers could be tutored and the field to which these trained tutors belong may be furnished to the Committee to enable them to analyse the system.
12.	2.30	The Committee also note that satellite communication is being used by rural public to interact with their Panchayat Members in Karnataka. This is a laudable initiative as it provides a medium for people at the grassroots level to get a quick solution to their problems by specialised resource-persons. The Committee appreciate this initiative and recommend that the Ministry should frame the feasibility of undertaking similar exercise in all parts of the country. Moreover the Central Ministry can also be connected to this network and can interact

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		with all people at given intervals of time. The Committee are of the opinion that this medium can be used for twin purposes of interacting with PRI functionaries as also for imparting training. This would greatly reduce costs as well as tackle the problem of training.
13.	2.45	The Committee find that the overall aim of Part IX is to endow the Panchayats with such powers and responsibilities as may be necessary to enable them to function successfully as institutions of self-government, as per Article 243G of the Constitution. State Legislatures have been empowered to endow Panchayats by law with such powers and authority as may be necessary to enable them to prepare plans for economic development and social justice and implement schemes for economic development and social justice, including those in relation to the matters contained in the Eleventh Schedule.
14.	2.46	The Committee in their reports have repeatedly been expressing concern about the slow progress of devolution of funds, functions and functionaries to Panchayati Raj Institutions. Besides, the Committee feel that endowing Panchayats with certain functions is fruitful only if the Panchayats are equipped with trained functionaries and adequate finances are also made available to them. Thus devolution of functions has to be matched by devolution of funds and functionaries. The Committee in their 37th Report have reviewed the position in detail in this regard and found that only one State <i>viz.</i> Karnataka has transferred funds, functions and functionaries for all the 29 subjects enlisted in the Eleventh Schedule. Other States like Kerala and West Bengal are doing well. To have an exact idea of the work done with regard to devolution of funds,

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		<p>functions and functionaries, the Ministry should furnish to the Committee the latest status in this regard. The Committee further appreciate the work done by the Ministry to ensure the devolution in the true spirit of Article 243G of the Constitution, whereby a lot of work by way of high level interaction with the State governments has been done by the Ministry in spite of this, there is not considerable improvement in the number of subjects devolved by the various State Governments as could be seen from the comparison of <i>Appendices I & II</i> (which indicate the status of devolution as on 15.03.2006 and 29.06.2005). There is improvement in the number of subjects devolved in the States of Guajrat and Maharashtra. But the devolution by some of the States such as Haryana where the number of functions has decreased from 16 to 10 and Madhya Pradesh where the number of subjects decreased from 25 to 23 is a major area of concern. The Committee find that one of the resolutions adopted in the Round Table Conference was that devolution could be routed through legislative measures or alternatively by providing a strong legislative framework for devolution through executive orders. The Committee feel that there is an urgent need to ensure that the various resolutions adopted in different Round Table Conferences where the State Governments are also represented are strictly implemented. The Ministry should motivate the State Governments as well as take some strict actions in this regard.</p>
15.	2.47	<p>The erstwhile Committee on Urban and Rural Development in their 37th Report (13th Lok Sabha) had noted that a Task Force was constituted by the Ministry to prepare an activity mapping with regard to responsibilities to be devolved to the three-tiers of Panchayats.</p>

The Committee had noted that State Governments/Union Territories administration had been advised to complete devolution of powers upon Panchayats by 31 March, 2002. Further it has been mentioned by the Ministry that a deadline for States to complete the activity mapping was set for 31 March, 2005 and later extended to 30 June, 2005. The current status of activity mapping indicates that only four States *i.e.* The States of Kerala, Karnataka, West Bengal and Manipur have managed to satisfactorily complete the task of activity mapping. Though the States of Gujarat, Haryana and Chhattisgarh have achieved some progress in respect to activity mapping, yet a large number of States are lagging behind. While expressing their concern at the slow pace of activity mapping, the Committee urged the Government to impress upon the State Governments the need to complete this important task with a sense of urgency.

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The Committee find that inspite of holding as many as 7 Round Table Conferences and adopting as many as 150 action points pertaining to 18 dimensions of Panchayati Raj unanimously at the conclusion of the last Round Table Conference in Jaipur, the way the Ministry has tried to respond to certain issues is far from satisfactory. At many places the Ministry has attributed the reasons for slow progress with regard to devolution of funds, functions and functionaries and activity mapping to the Panchayati Raj being a State subject. While appreciating the fact that various State Governments have to implement the provisions in pursuance of Article 243 G in their respective laws, the Committee wish to emphasise that implementation of Part IX of the Constitution is the responsibility of the

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		Union Government. The Committee therefore recommend for more serious and concerted initiatives by the Ministry to give focused attention to the implementation of the various provisions of Part IX of the Constitution.
17.	2.51	The Committee note that the 'Bharat Nirman Programme' seeks to build an effective rural infrastructure in which the Ministry of Panchayati Raj is an important partner. The Ministry outlined the role it could play to the National Committee on Rural Infrastructure chaired by the Prime Minister. The Committee note that this body has duly recognized the significance of Panchayats in the implementation of the Bharat Nirman Programme. The Committee on Rural Infrastructure has asked the Ministry of Panchayati Raj to discuss and receive the feedback regarding this aspect from other concerned Ministries. The Ministry accordingly in consultation with the concerned Ministries worked out the details of the institutional structure proposed for involvement of Panchayats in respect of each item in Bharat Nirman Scheme. Specific formulation that emerged from the discussion with the Ministries were discussed in the group of Secretaries chaired by Member Secretary, Planning Commission on 1 March, 2006. The outcome of these deliberations has been placed before the National Committee on Rural Infrastructure for consideration.
18.	2.52	The Committee feel that since Bharat Nirman Programme seeks to revamp the entire rural sector infrastructure, there is an urgent need to provide a central role to Panchayats. The Committee therefore recommend that concrete steps should be taken by the Ministry to secure a central role for Panchayats in Bharat Nirman

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		Programme. They would like the Ministry apprise the Committee about the follow up action in this regard.
19.	2.57	<p>The Committee find that the constitution of District Planning Committees is a mandatory provision of Part IX of the Constitution. Even after elapse of more than 14 years of the enactment of Part IX of the Constitution, in as many as 10 States <i>viz</i> Andhra Pradesh, Arunachal Pradesh, Gujarat, Jharkhand, Maharashtra, Orissa, Punjab, Tripura, Uttar Pradesh and Uttaranchal, DPCs have not been constituted. Besides in Assam and Manipur, the DPCs have not been constituted for all the districts. Not only that, the Committee are surprised to observe from the information provided by the Ministry that no legal provision with regard to constitution of DPCs exist in the States of Gujarat, Arunachal Pradesh, Tripura and Orissa. The Committee would like to stress that District Palanning Committees are an important mechanism enshrined in Part IX of the Constitution to consolidate the plans prepared by Panchayats and Municipalities. As per strategy worked out for the 11th Plan it is proposed to reorient the planning process to ensure that plans are built from the level of each Gram Panchayat upwards in a participative manner. In view of this the Committee fail to understand how the objectives set by the Ministry would be achieved in the absence of constitution of District Planning Committees by many of the State Governments. The Committee, therefore, strongly recommend to the Government to find out ways and means whereby State Governments could be impressed upon to implement the various provisions of Part IX of the Constitution so that the objective of decentralization as envisaged in the Constitution can be achieved.</p>

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20.	2.64	<p>The Committee note that Rs. 20,000 crore payable during 2005–2010 has been recommended by the 12th Finance Commission to supplement the resources of the Panchayati Raj Institutions. Whereas one year has already passed since the grants were due, the Ministry is encountering obstacles in the way of release of funds as the States are delaying details of allocation of these funds at all three levels as aggregated up to district level as required in the guidelines. A Monitoring Committee has been set up to supervise the monitoring of the releases of local body grants to Panchayats. The said Committee is holding meetings. Besides the Ministry has also taken up the matter individually with all Chief Secretaries of States requesting them to forward the requisite information to the Ministry of Finance so as to ensure that funds are released to the local bodies.</p> <p>The Committee would like the Ministry to further pursue with the State governments so that the grants envisaged by the 12th Finance Commission could be released to supplement the resources of Panchayati Raj Institutions. The Committee further note that the first and second instalments of Twelfth Finance Commission outlay was released to the State Governments The Ministry has also stated that the details of utilisation of funds is not available as of now. The Committee would like the Ministry to get the information from the State Governments and furnish to the Committee. Further the Committee would also like to be apprised of the name of State Governments which are delaying the information with regard to the allocation of these funds at all three level as aggregated up to the district level due to which the release of funds is being delayed by the State Governments.</p>

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21.	3.3	<p>The Committee find that out of allocation of Rs. 19.40 crore for the scheme 'Panchayat Development and Training' during the year 2005-2006 Rs. 19.36 crore has already been utilised. This training involves the components of various schemes of the different Ministries. Besides NIRD and SIRD have been identified as the main institutions for imparting training. For these institutions also the Department of Rural Development has certain specific allocations. Besides this, certain State Governments may also have some training schemes. If the allocation of all these schemes of different Ministries and State Governments are added together, the allocation for training may be immense. In view of this scenario, the Committee feel that the resource constraint for training is not the major area of concern. Rather there is an urgent need for having some coordinated approach with regard to providing training to Panchayati Raj Institutions. While noting that training is the basic input for the successful implementation of different Centrally Sponsored Schemes, the Committee strongly recommend to the Ministry to find out ways and means how the funds allocated for training under various schemes of the different Ministries can be coordinated and apprise the Committee accordingly alongwith the mechanism for training to PRIs.</p>
22.	3.4	<p>As indicated in a preceding para of the report, the data with regard to elected representatives of three-tiers of Panchayats when added together comes to 21,95,610. However, in the Annual Report (2005-2006) of the Ministry, the said data has been indicated as 31 lakh elected representatives. The Ministry may clarify the position with regard to the number of elected representatives of Panchayati Raj Institutions and inform the Committee.</p>

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23.	3.9	<p>The Committee are glad to note that the entire outlay of Rs. 9.20 crore for the scheme of giving awards to best panchayats was utilised. They also find that the States of Kerala, Karnataka and Sikkim have been awarded the First, Second and Third prizes respectively during the year 2005-2006. This is in recognition of their having achieved the parameters set for this award satisfactorily. The Committee recommend that greater publicity be given to this scheme so that Panchayats at all levels are encouraged to strive for these awards.</p>
24.	3.13	<p>The Committee note that under 'Panchayat Development and Research' out of an allocation of Rs. 2 crore for 2005-06, the Ministry has showed an utilisation of Rs. 1.91 crore. During the said period the Training and Research Advisory Committee of the Ministry is stated to have considered 54 proposals out of which 23 were approved. All the approved projects are at various stages of implementation. On receipt of the reports, the Ministry would undertake impact assessment studies. The Committee would like to be apprised about the follow up of these projects and also the outcome of the impact assessment study in due course. The Committee further find that the Ministry has identified certain thrust areas to prioritise studies. The Committee recommend that studies on the prioritised areas should be taken up at the earliest.</p>
25.	3.17	<p>The Committee note that out of the allocation of Rs. 2 crore under the component of Conferences/Seminars/Workshops, Rs. 1.3 crore <i>i.e.</i> 67 per cent of the allocation was utilized during 2005-2006. The Committee also note that this amount was utilised in high level meetings and Conferences (represented by State Ministers of Panchayati Raj, Chief Secretaries of States</p>

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		and State Panchayati Raj Secretaries). Though Panchayats exist at the grass root level no interaction of the higher officials with the Panchayats appear to have taken place. Besides no workshop where the grass root level Panchayati Raj functionaries could represent were undertaken during this period. Since all actions of the Government are eventually implemented and aimed at the micro level, interaction between officials and grass root level functionaries should be more vigorous. The Committee therefore recommend that the Ministry should evolve a mechanism whereby they can have direct inter-action with people at micro level at regular intervals of time.
26.	3.20	The Committee note that the outlay for IT and IEC was fully utilized during 2005-2006. The Committee would like to point out for such a vast network of PRIs as exists in India, e-governance is the best option for establishing an interface between the Central/State Ministries and actual functionaries at Panchayat level. The Committee would like to recommend that in the present day scenario where IT has reached such a high degree of advancement the Ministry should take full advantage of it and promote its maximum use. This would not only lead to greater transparency but increase accountability as well.
27.	3.21	The Committee note that under IEC the Ministry creates awareness of the powers and responsibilities of Panchayats. The Committee would like to point out that the dissemination of information is primary to effective governance. It is vital that people receive accurate information through various sources regarding the various developmental initiatives to ensure their success. The Committee would like to recommend that the Ministry should

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		look beyond Doordarshan and DAVP for publicity purposes. They should also explore other interactive media for the same. The Ministry should encourage the use of local language and traditional media such as drama, song and dance as it would create a grater impact among the masses.
28.	3.23	The Committee note that out of the allocation of Rs. 5 crore under 'Projects Assisted by UN agencies' the Ministry has managed to utilise Rs. 4.7 crore during 2005-2006. The Committee further note that the Ministry in collaboration with the UNDP is undertaking several projects with a view to improving the Panchayati Raj system. UNDP has also funded a study on jurisprudence of Panchayati Raj Institutions which is being implemented by Rural Litigation and Entitlement Kendra (RLEK) and the Institute of Social Studies (ISS) New Delhi. The Report of the study has been reviewed by the Ministry and the task force on Jurisprudence is examining the report. The Committee would like to be apprised of the main findings of the said study and the views of the task force therein. Further the Ministry with the assistance of UNDP is also assisting one study on gender sensitization and reproductive health etc. The Committee would also like to be apprised of the findings of the said study.
29.	3.30	The Committee note from the position as indicated above that Rashtriya Sam Vikas Yojana, a scheme meant for the upliftment of backward districts was approved in the year 2004-05 and was actually implemented during the year 2005-06. The scheme was under the administrative control of Planning Commission. During 2005-06 the releases for Rs. 3,257 crore were made to 147 districts identified as backward districts. The criteria for allocation

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		<p>to each district was Rs. 45 crore per district. The allocation was to be made at the rate of Rs. 15 crore per year. It seems from the data that the first instalment of Rs. 15 crore to 147 districts has been released by the Planning Commission under RSVY. Further the Committee note that RSVY now has been subsumed into 'Backward Regions Grant Fund' which is under the administrative control of Ministry of Panchayati Raj. Hon'ble Finance Minister in his Budget speech for the year 2006-07 has informed that Rs. 5,000 crore is being allocated for Backward Regions Grant Fund during the year 2006-07 and the amount would be released in the coming four years. The Ministry of Panchayati Raj has further clarified that out of Rs. 5,000 crore, Rs. 3,750 crore are under the Ministry of Panchayati Raj and the remaining provision of Rs. 1,250 crore is meant for the special plans for Bihar and KBK districts of Orissa to be handled by the Planning Commission. The Committee disapprove of the fragmented approach of the Government in handling one of the important schemes meant for the backward districts and shifting it from one Ministry to the other. The Committee would like to strongly recommend to the Government that the scheme should be transferred wholly to one Ministry.</p>
30.	3.31	<p>Further with regard to the transfer of the scheme from Planning Commission to Ministry of Panchayati Raj the bigger concern is to monitor the funds allocated under the earlier scheme <i>i.e.</i> RSVY. It has been stated that Rs. 45 crore was to be released to each district under RSVY. Out of Rs. 45 crore, Rs. 15 crore has already been released and now under the new scheme <i>i.e.</i> Backward Regions Grant Fund the allocation will be made for five years. Besides the Committee also note that the Ministry of</p>

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		<p>Panchayati Raj is formulating new mechanism and guidelines in the scheme Backward Regions Grant Fund. In this scenario, the Committee strongly recommend to the Department to find out some mechanism to coordinate the newly named scheme <i>i.e.</i> Backward Regions Grant Fund with the allocations made under the earlier scheme <i>i.e.</i> RSVY so that the real objective of bringing the backward districts at par with the progressive districts by providing social and economic infrastructure is really achieved.</p>
31.	3.36	<p>The Committee find that four schemes: (i) Training and Capacity Building, (ii) Research Studies, (iii) Information Technology, and (iv) Infrastructure Development implemented by the Ministry have been brought under one scheme <i>i.e.</i> Rashtriya Gram Swaraj Yojana. The allocation during the year 2006-07 for this scheme is Rs. 50.50 crore. The Committee appreciate the objectives of the scheme according to which the real issues involved with the capacity building of Panchayats <i>i.e.</i> improving the infrastructure, augmenting technical staff and competence, training, e-governance would be handled by one scheme. Besides a format is being circulated to the States for collecting the basic data of the existing capacity of each Panchayat. The Committee would like to be informed of the progress made in the implementation of this scheme.</p>
32.	3.42	<p>The Committee note that the Ministry has launched a new scheme <i>viz.</i> Panchayat Empowerment Incentives Scheme meant to reward the State Governments which are serious on the issue of implementation of various provisions of Part IX of the Constitution. Seven reform areas based on which the incentives will be provided to State</p>

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		<p>Governments have been identified. The Committee are glad to observe that as many as 8 States namely Chhattisgarh, Haryana, Karnataka, Kerala, Orissa, Sikkim, Uttar Pradesh and West Bengal have come forward by putting proposals to the Ministry of Panchayati Raj. The Committee hope that the initiatives taken by the Ministry would motivate State Governments to really empower the Panchayati Raj Institutions.</p>
33.	3.48	<p>The Committee note that the 'Scheme for Media, Publicity and Advocacy' which has been newly launched includes components of the erstwhile Panchayat Development and Training Scheme. This scheme is intended to empower the community and PRIs with knowledge about their roles and responsibilities keeping in mind the tents of the 73rd Constitution (Amendment) Act, 1992 and the Right to Information Act. Though guidelines of this scheme are yet to be finalised, the Government has drafted a media policy and the views of the Ministry of the Information and Broadcasting are being solicited. Further the Ministry proposes to set up a Media Advisory Group for monitoring this scheme. The Committee would like to recommend here that the guidelines of the scheme be finalised in the shortest possible time so that the pattern of allocation and utilisation of the earmarked outlay can be done meaningfully. Further the Committee would like to be informed of the views of the Ministry of Information and Broadcasting on the media policy. The Committee note that this scheme is to be monitored by a Media Advisory Group headed by the Minister of Panchayati Raj. They would like to be apprised of the composition of the Media Advisory Group and any action taken by it.</p>

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34.	3.50	<p>The Committee have been informed that the Ministry is making efforts to ensure the success of Rural Business Hubs with Public Private Panchayat Partnership. This initiative will on the one hand enable better market access for locally available resources and skills and on the other hand it will involve Panchayats at all levels as facilitators, which would enhance their scope as well as bring about definite economic gains. The Committee hope that such efforts are continued further. The Committee would also like to be kept apprised of the progress regarding the new initiatives undertaken.</p>
35.	3.54	<p>The Committee note that the Jan Kerosene Pariyojana is a novel initiative launched with the joint efforts of the Ministry of Panchayati Raj and Ministry of Petroleum and Natural Gas with a view to minimise adulteration of subsidised kerosene and preventing diversion of PDS supply of kerosene to black market. The Ministry of Food and Civil Supplies is entrusted with the framing of guidelines. The pilot project of this initiative has been launched in about 458 blocks across the country. Further, awareness campaigns are being organised in various media in the local language to create greater impact. The Committee appreciate the efforts of the Government to secure a central role for Panchayats in such developmental initiatives. The Committee would like to be informed of the progress in respect to this project and whether the Government intends to cover the entire country by this scheme.</p>