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**STANDING COMMITTEE ON  
RURAL DEVELOPMENT  
(2007-2008)**

**FOURTEENTH LOK SABHA**

**MINISTRY OF PANCHAYATI RAJ**

**DEMANDS FOR GRANTS  
(2007-2008)**

*[Action taken by the Government on the recommendations contained  
in the Thirtieth Report of the Standing Committee on  
Rural Development (Fourteenth Lok Sabha)]*

**THIRTY-FOURTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

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(2007-2008)

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*Presented to Lok Sabha on .....*

*Laid in Rajya Sabha on .....*



LOK SABHA SECRETARIAT  
NEW DELHI

*March, 2008/Phalguna, 1929 (Saka)*

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COMPOSITION OF THE STANDING COMMITTEE ON  
RURAL DEVELOPMENT (2007-2008)

Shri Kalyan Singh — *Chairman*

MEMBERS

*Lok Sabha*

2. Shri Mani Charenamei
3. Shri V. Kishore Chandra S. Deo
4. Shri Sandeep Dikshit
5. Shri George Fernandes
6. Shrimati Kiran Maheshwari\*
7. Shri Zora Singh Mann
8. Shri Hannan Mollah
9. Shri D. Narbula
10. Shri A. F. G. Osmani
11. Shri T. Madhusudan Reddy
12. Adv. Renge Patil Tukaram Ganpatrao
13. Shrimati Tejaswini Gowda
14. Shrimati Jyotirmoyee Sikdar
15. Shri Sita Ram Singh
16. Shri D.C. Srikantappa
17. Shri Bagun Sumbrui
18. Shri Tarit Baran Topdar#
19. Shri Chandramani Tripathi
20. Shri Beni Prasad Verma
21. Shri Dharmendra Yadav

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\*Hon'ble Speaker has changed the nomination of Shrimati Kiran Maheshwari, MP (LS) from Standing Committee on Water Resources to Standing Committee on Rural Development *w.e.f.* 30 August, 2007, *vide* Lok Sabha Bulletin Part II, Para No. 4022 dated August 30, 2007.

#Hon'ble Speaker has changed the nomination of Shri Tarit Baran Topdar, MP (LS) from Standing Committee on Energy to Standing Committee on Rural Development *w.e.f.* 12 December, 2007 as intimated *vide* Lok Sabha Bulletin Part II, Para No. 4366 dated 12 December, 2007.

*Rajya Sabha*

22. Shri Balihari Babu
23. Shri Jayantilal Barot
24. Kumari Nirmala Deshpande
25. Shri Pyarelal Khandelwal
26. Dr. Chandan Mitra
27. Dr. Ram Prakash
28. Shri P.R. Rajan
29. Shri Bhagwati Singh
30. Ms. Sushila Tiriya
31. Shrimati Kanimozhi@

SECRETARIAT

1. Shri S.K. Sharma — *Additional Secretary*
2. Shri P.K. Grover — *Joint Secretary*
3. Shrimati Sudesh Luthra — *Director*
4. Shri Hoti Lal — *Deputy Secretary Grade-II*

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@Hon'ble Chairman, Rajya Sabha nominated Shrimati Kanimozhi, MP, (RS) to Standing Committee on Rural Development *w.e.f.* 15 September, 2007 *vide* Lok Sabha Bulletin Part-II, Para No. 4096, dated 19 September, 2007.

## INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2007-2008), having been authorised by the Committee to submit the Report on their behalf present the Thirty-fourth Report on the action taken by the Government on the recommendations contained in the Thirtieth Report of the Standing Committee on Rural Development (Fourteenth Lok Sabha) on Demands for Grants (2007-2008) of the Ministry of Panchayati Raj.

2. The Thirtieth Report was presented to Lok Sabha on 14 May, 2007. The replies of the Government to all the recommendations contained in the Report were received on 16 November, 2007.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 25 February, 2008.

4. An analysis of the action taken by the Government on the recommendations contained in the Thirtieth Report (Fourteenth Lok Sabha) of the Committee is given in Appendix-III.

NEW DELHI;  
4 March, 2008  

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14 Phalgun, 1929 (Saka)

KALYAN SINGH,  
*Chairman,*  
*Standing Committee on*  
*Rural Development.*

## CHAPTER I

### REPORT

This Report of the Committee on Rural Development (2007-08) deals with the action taken by the Government on the recommendations contained in their Thirtieth Report on Demands for Grants (2007-08) of the Ministry of Panchayati Raj which was presented to Lok Sabha on 14 May, 2007.

2. Action taken replies have been received from the Government in respect of all the 27 recommendations which have been categorised as follows:

(i) Recommendations which have been accepted by the Government:

Para Nos.: 2.4, 2.11, 2.15, 2.16, 2.17, 2.18, 2.25, 2.26, 2.36, 2.44, 2.47, 2.71, 2.76, 3.14, 3.15, 3.16, 3.30 and 3.31

(ii) Recommendations which the Committee do not desire to pursue in view of Government's replies:

-Nil-

(iii) Recommendations in respect of which replies of the Government have not been accepted by the Committee:

Para Nos.: 2.35, 2.56 and 2.57

(iv) Recommendations in respect of which final replies of the Government are still awaited:

Para Nos.: 2.45, 2.46, 2.62, 2.66, 2.70 and 3.35

**3. The Committee would like the Ministry of Panchayati Raj to expedite the actions proposed on the recommendations to which interim replies have been given and intimate the Committee within three months of the presentation of the Report.**

4. The Committee will now deal with action taken by the Government on some of these recommendations in the succeeding paragraphs.



**A. Need for permanent mechanism for training in Panchayati Raj Institutions (PRIs) functionaries**

**Recommendation (Serial No. 1, Para No. 2.26)**

5. The Committee in their original report had recommended as under:

“The Committee while noting that efforts are being made to work out a detailed training module observe that the Ministry has not done much on finding out the quantum of task ahead for the Ministry in this regard. Even after the passage of full two years since the Ministry was created, efforts have not been made to know the data of PRIs and functionaries who could be trained so far by the efforts being made through Union Government and the State Governments. Since efforts are being made in this regard by various quarters as admitted by the Ministry, there is an urgent need to coordinate with the various agencies involved in the task of training of PRIs and know how much of PRIs and functionaries could already be trained and the task ahead so as to address the issue in a more focused manner. The Committee would like the Ministry to get the information from the State Governments in this regard and the Committee be kept apprised. Since the training of PRIs is a continuous process, the Ministry should evolve a permanent mechanism so as to have the first hand knowledge of the status of training of PRIs through the Ministry’s training scheme and the efforts being made by other quarters, *i.e.* the other Ministries of Union Government/State Government, various training institutions etc.”

6. The Ministry of Panchayati Raj in their action taken replies stated as follows:

“The Panchayati Raj model in India supports the world’s biggest endeavour in grassroots governance which has taken place in India. The 73rd Constitutional Amendment, adopted in 1992, established a solid legal base for participation of the rural poor in local (district, sub-district and village level) Government institutions. Some 2.38 lakh Panchayats (village councils) representing about 6.00 lakh villages have been constituted and about three million rural people, a third of whom, by law have to be women, elected to Panchayat bodies. The Ministry of Panchayati Raj has provided assistance to State Governments and

Union Territories for capacity building of Panchayati Raj Institutions.

The assistance is provided for imparting training to newly elected Panchayat members, the majority of them semi or even illiterate and unprepared for the responsibility of local governance. Preparing the Panchayat members, especially the women among them, for their new roles as local decision-makers, calls for education and training on a massive scale, for which adopted training methods and tools are needed. During the financial year 2006-07, the grant of Rs. 24.50 crore was released to twelve State Governments/UTs and Rs. 2.11 crore for four North Eastern States for training of elected representatives and Rural Development Functionaries of Panchayati Raj Institutions. The total number of 18.57 lakh participants were proposed for training during the year 2006-07 by all the States. The letters have been sent to State Governments and State Institute of Rural Development (SIRD) for the submission of Progress cum Financial Report of training of elected representatives of PRIs.”

**7. The Committee have persistently been emphasizing on training of elected representatives and functionaries of Panchayati Raj Institutions in the respective Reports and in the present recommendation had desired the data with regard to number of such PRI representatives and functionaries who could be trained and the task ahead, so as to make a proper planning in this regard. The Committee had also recommended evolution of permanent mechanism for the training of these representatives and functionaries. Instead of taking action as suggested by the Committee, the Ministry has furnished data with regard to PRIs and the grants released to States. The information does not address the issue raised in the recommendation. The Committee disapprove the way the Ministry has reacted to the recommendation.**

The Committee again emphasize that training is the basic input for capacity building of Panchayati Raj Institutions. Proper planning for time bound training to PRIs cannot be made without having the present status of training. Besides, there is an urgent need to have some regular mechanism for training keeping in view the fact that the representatives keep changing after each election. The Committee, therefore, reiterate their earlier recommendation and urge the Ministry to take the desired action and apprise the Committee accordingly.

## **B. Ensuring centrality of Panchayats in implementation of Centrally Sponsored Schemes**

### **Recommendation (Serial No. 2, Para No. 2.35)**

8. The Committee in their original report had recommended as under:

“The Committee while reviewing the efforts being made by the Ministry of Panchayati Raj in ensuring the centrality of Panchayats in various Centrally Sponsored Schemes run by different Ministries/Departments of Union Government had observed (refer *para 7* of 26th Report) that not much progress has been made in this regard. While examining the Demands for Grants of the current year, the Ministry has furnished the details of the initiatives taken by the Ministry in this regard. The Committee find that a Group of Ministers for strengthening of Panchayati Raj Institutions was constituted by the Cabinet Secretariat *vide* its order dated 6 May, 2005. As per the decision taken by the Government, all the prioritised Ministries were required to undertake Activity Mapping to pursue the aforesaid agenda of the Ministry. A workshop was also held on 24 April, 2006. In spite of best of the efforts made by the Ministry, not much has been done in this regard. Only five Ministries *viz.* (i) Ministry of Health and Family Welfare (ii) Ministry of Agriculture (iii) Ministry of Social Justice and Empowerment (iv) Department of Food and Public Distribution (v) Ministry of Youth Affairs and Sports have completed the exercise of activity mapping. The Ministry is pursuing with the remaining Ministries to undertake Activity Mapping. The resistance from various Ministries/Departments has been cited as one of the reasons for the slow progress. The Committee find that the major concern of the various Ministries as stated by the Ministry of Panchayati Raj itself is general lack of confidence in the ability of Panchayats to manage their own affairs in an efficient manner. The Committee observes that the challenge of making various Ministries/Departments agreeable in this regard is great for the Ministry of Panchayati Raj. The Committee feel that perhaps the lack of confidence in the ability of PRIs in handling the various Centrally Sponsored Schemes for which crores of rupees are annually being spent for Social Sector Schemes of the various Ministries/Departments of Union Government is due to the various issues related to capacity building of Panchayats. With the existing position where the Panchayats has hardly any staff and technical

expertise, the concerns of the Ministries are somewhat genuine. The Ministry of Panchayati Raj should first of all endeavour to empower PRIs through the various components of Gram Swaraj Scheme, the analysis of which has been done in the subsequent part of the report. The adequate allocation for the aforesaid programme should be provided by the Planning Commission. Besides, the Ministry has to prove the qualitative impact in the schemes run by PRIs. For example under National Rural Employment Guarantee Scheme, 50 percent of the projects shall be implemented by PRIs. The effectiveness of PRIs in handling the part of NREGA can prove the ability of PRIs in handling these schemes. If there are qualitative differences between the projects run by PRIs and other implementing agencies, the Ministry has the reason enough to convince the Central Ministries to transfer these schemes.”

9. The Ministry of Panchayati Raj in their action taken replies stated as follows:

“The persistent efforts of the Ministry of Panchayati Raj with Central Ministries have not resulted in commensurate success in the modifications of Centrally Sponsored Scheme guidelines, with the exception of a few schemes such as the National Rural Employment Guarantee Programme. In order to ensure that the matter is taken up at the highest level, on the request of the Ministry, a Committee, with Secretary (Panchayati Raj) and Secretary (Coordination), Cabinet Secretariat as co-chairs, has been constituted on the direction of the Cabinet Secretary to review the major Centrally Sponsored Schemes of the different Ministries of Government of India with a view to according centrality to the Panchayats in the implementation of these schemes. Ministry-wise discussions are under way by the Committee. The Committee has so far discussed the schemes of the Ministries of Women and Child Development, Human Resource Development (Department of School Education and Literacy), Social Justice and Empowerment, Agriculture (Department of Agriculture & Cooperation and Department of Animal Husbandry, Dairying and Fisheries), Food and Public Distribution, Water Resources, Environment & Forests and Rural Development (Department of Rural Development and Department of Land Resources). At the third meeting of the Council of Ministers of Panchayati Raj convened on 17-18 August, 2007 at Thiruvananthapuram, Kerala, under the Chairmanship of the Union Minister of Panchayati Raj, the Council in its conclusions, stated as follows:

“The Council of Ministers resolves that since Ministry of Panchayati Raj has been meticulously mapping the progress achieved across States, inclusive of the impediments they are encountering in moving ahead, and there is now an enormous amount of State specific data compiled, and further since the dialogue with Central Ministries in respect of Centrally Sponsored Schemes is nearing completion through a Committee lodged in the Cabinet Secretariat, it would be appropriate that Chairman and Deputy Chairman of the Planning Commission be requested to convene a meeting of the National Development Council, chaired by Hon’ble Prime Minister on Panchayati Raj and Decentralized Planning”.

Further, the Ministry of Panchayati Raj is making all out sincere efforts towards capacity building of the elected representatives and other functionaries of PRIs for enhancing effectiveness of their participation in implementation of the various schemes.”

**10. The Committee in their earlier recommendation had reviewed the position with regard to ensuring the centrality of Panchayats in various Centrally sponsored Schemes run by different Ministries/ Departments of Union Government in tune with Article 243G read with the Eleventh Schedule of the Constitution. The Committee while noting the resistance of various Ministries in transferring the implementation of various schemes to Panchayati Raj Institutions, had emphatically stated that the onus in this regard lies with the Ministry of Panchayati Raj. The Ministry has intimated that the matter has been taken up at the highest level and a Committee has been constituted on the direction of the Cabinet Secretary to review the major Centrally Sponsored Schemes of the different Ministries of Government of India.**

The Committee while noting the initiatives being taken at the highest level would again like to reiterate their earlier observation. The Ministry has to focus on effective implementation of the schemes actually being implemented by Panchayati Raj Institutions. If there is any qualitative difference between the projects run by PRIs and other implementing agencies, there is no reason for not transferring projects to PRIs by various Ministries. The Committee would like the Ministry to take the desired action in this regard and inform the Committee accordingly.

**C. Slow progress of devolution of Functions, functionaries and finances**

**Recommendation (Serial Nos. 3 & 4,  
Para Nos. 2.44 & 2.47)**

11. The Committee in their original report had recommended as under:

“The Committee find that the Ministry of Panchayati Raj was created to give focused attention to the implementation of Part IX of the Constitution the main component of which is effective devolution of the 3Fs *i.e.* functions, functionaries and finances. Further, the enactment of the Seventy third Constitution (Amendment) Act, 1992 was aimed at providing Constitutional status to local self-governments *i.e.* Panchayats. In this regard Article 243 G explicitly states that the State Governments may by law endow the Panchayats with such powers so as to enable them to function as institutions of self-Government.

The Committee note that the need for empowerment at grass root level in rural areas is the reason for creation of an exclusive Ministry of Panchayati Raj. In this context devolution of functions, functionaries and finances should have been accorded primacy by the Ministry and efforts made to that effect. However, the perusal of the comparative progress of devolution over the past two years (*i.e.* since June, 2005) as indicated in the Appendices II and III reveal that *status quo* has been maintained. Only in the States of Gujarat and Haryana there has been improvement in the number of subjects devolved. However, this is the status of transfer of subjects through legislation. The Ministry has not provided the information regarding the actual devolution of functions, functionaries and finances to Panchayats as has been requested by the Committee repeatedly in their earlier reports. The information that the Ministry has provided is incomplete and a true picture of devolution does not emerge from it. The Committee observe that simply transferring subjects to Panchayats will not result in real empowerment unless concomitant funds and functionaries are also made available to Panchayats. The Committee, therefore, desire that the aforesaid information be furnished by the Ministry to enable the Committee to analyse the position of devolution and comment further.”

*Recommendation (Para No.2.44)*

“The Committee note that Activity Mapping has been undertaken by the Ministry to identify subjects to be devolved to the appropriate tier of the Panchayats. The Committee, further, note that only four States *viz.* Kerala, Karnataka, Sikkim and West Bengal have completed this exercise. Haryana and Orissa have undertaken Activity Mapping for a limited number of subjects. The Ministry has set a deadline of 31 May, 2007 to States for completion of this exercise.

The Committee are concerned at the slow progress of Activity Mapping. It is a matter of great concern that only 6 States have managed to achieve some degree of progress in respect of Activity Mapping. The Committee are disheartened to find that the large majority of States have not yet completed this exercise. The deadline for completion of Activity Mapping which was set for 1 April, 2006 has now been extended to 31 May, 2007. The Committee note that since only the successful completion of Activity Mapping will ensure true devolution this exercise needs to be undertaken much more seriously by States and emphasized by the Central Ministry. The Committee hope that the Ministry will ensure that Activity Mapping in respect of all States would be completed within the designated deadline. The Committee urge the Ministry to take appropriate steps to that effect and inform them accordingly.”

*Recommendation (Para No. 2.47)*

12. The Ministry of Panchayati Raj in their action taken replies stated as follows:

#### **Devolution of Functions**

“The status on devolution of functions as derived from the State Panchayati Raj Acts and Activity Mapping or as reported by States is given at **Appendix-I**. The Ministry of Panchayati Raj is undertaking an exercise on the analysis of State Legislations *vis-a-vis* activity mapping where undertaken, to ascertain whether there has been substantive devolution or is merely a lip service to the Panchayati Raj.

#### **Devolution of Finances**

Devolution of functions needs to be followed by effective devolution of finances and financial powers. The next step in getting an effective financial system going is to ensure that

financial devolution matches the activity mapping. The financial devolution to Panchayats has the following aspects:

**(i) Creation of Panchayat Sector in the Budget Window**

In order to ensure that there is clarity in the determination of fund flows to Panchayats, it is essential that a Panchayat Sector Budget Window be created in the budget of State Governments. This requirement can be met in two ways—first, each Department could create separate line items in their budgets for Panchayats, earmarking allocations pertaining to responsibilities devolved and schemes entrusted to Panchayats. Departments can thus directly send their funds to Panchayats in accordance with these earmarked budget line items. Alternatively all such earmarked funds pertaining to different Departments could be consolidated by the Finance Departments and sent to Panchayats in regular instalments. The system of creating a Panchayat Sector Window in the budgets of States has been adopted by several States, namely, Karnataka, Kerala, Maharashtra, Gujarat, M.P., Chhattisgarh and Rajasthan. However, the efficacy of the system varies differently from State-to-State. The current status of States in respect of having a separate Panchayat sector window for channelising funds to Panchayats is given below. States can be divided into four categories based on the extent of mismatch between functional and fiscal devolution as follows:

**Category 1:** The States having a separate budget window for Panchayats, with funds devolved to Panchayats with relatively less mismatch (Also, these are relatively better investigated States) are Kerala and Karnataka.

**Category 2:** The States of Chhattisgarh, Maharashtra, Rajasthan, Madhya Pradesh and Gujarat are having a separate budget window for Panchayats, but with degrees of mismatch between functional and financial devolution. In these States, activity mapping, as defined by the Ministry has also not happened, even though there are orders and legislative provisions devolving functions to Panchayats:

**Category 3:** States with no budget window for Panchayats. Funds are mostly devolved only in the budget of the Department of Panchayati Raj. Though other Departments might give money to the Panchayats, there is no budgetary classification system under



which all such funds are placed in one document. Category 3 States may be divided into four sub-categories, as follows:

**Category 3(a):** The States of West Bengal, Haryana, Orissa, Sikkim, Andhra Pradesh, Himachal Pradesh and Assam have expressed keenness to undertake a separation of Panchayat allocations into a separate budget window, including through the Statements of conclusions signed between the Union Minister for Panchayati Raj and the Chief Minister of the State concerned.

**Category 3(b):** The States of Bihar, Uttarakhand, Tripura, Goa, Manipur, Arunachal Pradesh, Tamil Nadu, Punjab, Uttar Pradesh and Jharkhand are yet to take action in this regard:

**(ii) Devolution of untied funds:**

The key to effective performance by Panchayats also lies in the devolution of adequate untied funds to them, so that they can perform their assigned public services. The main sources of untied funds to Panchayats are:

- (a) Tax and non-tax revenues raised from the sources assigned to them; and
- (b) Block unconditional transfers provided by the States and Central Government by way of share in taxes or through block grants.

**(a) Own Revenue of Panchayats**

An essential trigger for strengthening Panchayats is to enable and empower them to enhance their own revenues. Requiring Panchayats to mobilise their own revenues strengthens the link between revenue and expenditure decisions of Panchayats, which is extremely important to promote both efficiency and accountability in the provision of services by them. For ensuring effective revenue mobilization by Panchayats, there is a need to re-orient the legal and policy regime with a view to giving Panchayats more tax handles to widen their revenue base, as also ensure that the taxation powers currently given are effectively operationalized. Meeting the challenge of accelerating revenue mobilization by Panchayats will require effective and close coordination between the Panchayats and the State Government as taxation powers of Panchayats are governed by the State Panchayati Raj Act and the Rules made thereunder.

The Ministry of Panchayati Raj organized a National Seminar on Panchayat Level Resource Mobilization and Efficient Fiscal Transfer on

6-7 July 2007. The important recommendations emerging from the seminar which have been referred to the State Governments for follow-up action are as follows:

**(b) Grants of the Twelfth Finance Commission**

The Twelfth Finance Commission has recommended a transfer of Rs. 20,000 crore to Panchayats from the Central Government for the period 2005-10 (Rs. 4000 crore per year). The Ministry of Panchayati Raj has worked out special arrangements with the Ministry of Finance to ensure close monitoring of the transfer of these grants to Panchayats. The guidelines issued by the Finance Ministry stipulate that the amount shall be transferred to the Panchayats within 15 days of their release to the State Governments. States are to pay the Panchayats interest at the RBI rate in case of delays, for the delayed period.

There is a need to considerably increase the absolute amounts devolved to the Panchayats by the Central Finance Commission as also to retain its primarily untied character. The Ministry of Panchayati Raj aims to ensure that the 13th Finance Commission carries forward the process of devolution of untied non-plan grants and is taking preparatory steps in this regard. In pursuance of a decision taken in the third meeting of the Council of Ministers held in August 2007 at Thiruvananthapuram, the Ministry of Panchayati Raj is taking steps to constitute a separate sub-Committee of State Ministers, chaired by the Finance Minister of Kerala, Professor Thomas Isaac, to prepare detailed recommendations in this regard that could be placed before the 13th Finance Commission when it is constituted.

**(iii) Transfer of Centrally Sponsored Scheme allocations to Panchayats:**

Central funds constitute the bulk of the funding through Centrally Sponsored Schemes and for that reason, there is scope for the Central Government to influence the process of strengthening of Panchayats. Several steps have been taken in this regard since the Ministry was created.

Central Ministries/Departments and the Planning Commission have been engaged in an exercise to rationalize policies in Centrally Sponsored Schemes dealing with matters listed in the Eleventh Schedule of the Constitution. Ministry of Panchayati Raj have also reviewed CSS pertaining to subjects mentioned in the Eleventh Schedule of the Constitution and to other social and economic development policies with a view to ensuring that the modifications made or proposed to be made in Scheme guidelines conform to the letter and spirit of

Part IX of the Constitution. Twenty Ministries were prioritized by Ministry of Panchayati Raj. It was decided that since the bulk of CSS funding was in Ministries of Human Resource Development, Rural Development, Health and Family Welfare, Agriculture, Power and Environment and Forests, each of these Ministries be requested to undertake an activity mapping delineating what was to be done at the Central, State and Panchayat levels. Ministry of Panchayati Raj has been corresponding with all the Ministries. Though replies have been received from 14 Ministries/Departments, only Ministry of Health and Family Welfare, Social Justice and Empowerment and Youth Affairs & Sports have done some level of activity mapping. The exercise of ensuring the centrality of Panchayats in the implementation of Bharat Nirman has also been pursued by the Ministry of Panchayati Raj.

As intimated against the reply of Para 2.35, a Committee of the Cabinet Secretariat has been constituted to review the major Centrally Sponsored Schemes of the different Ministries of Government of India with a view to affording centrality to the Panchayats in the implementation of these schemes.

#### **Devolution of Functionaries**

Effective Panchayati Raj requires that functionaries of Government work are placed under the elected leadership. During the Round Table Conferences it was agreed that the devolution of functionaries to Panchayats would be based on the mapping of activities related to the devolved functions. The progress in this aspect varies from State to State and cannot be considered as satisfactory at this stage. The States of Kerala, Karnataka, West Bengal and Maharashtra have given considerable control to Panchayats over the functionaries. In some of the States, devolution of functionaries is prescribed in Government notifications, activity mapping orders, etc. Some of the States have placed State Government officials under the Panchayats on deputation. These functionaries have limited tenure under the Panchayats and for disciplinary and other service matters are accountable to their superiors in the State Departments.

The status of devolution of functionaries as reported by different States is as follows:

Sl. No.	State	Devolution of Functionaries
1	2	3
1.	Andhra Pradesh	Only General staff given, departmental staff answer to departments

1	2	3
2.	Assam	Activity Mapping Notification issued by the State provides for devolution of functionaries matching to the devolution of functions to Panchayats
3.	Arunachal Pradesh	Only skeleton staff given
4.	Bihar	Only General staff given, departmental staff answer to departments
5.	Chhattisgarh	Sahayak Gram Panchayat Adhikari, Gram Panchayat Adhikari, Clerical and Class IV cadres of Education Tribal Health and 7-8 other departments declared as dying cadres and new recruitment to these cadres is undertaken directly by the Panchayats. Chhattisgarh has been particularly successful in recruitment of new Shiksha Karmis at the level of the Janpad Panchayats. More than 30,000 teachers have been so recruited into local level cadres
6.	Goa	Village Panchayats can appoint employees other than Secretary or Gram Sevak using Panchayat funds. In ZPs, CEO and Adhyaksha of ZP have full control over ZP staff
7.	Gujarat	2.2 lakh employees devolved to Panchayats, mainly on deputation from State Government to Panchayat level post, covering 11 Departments.
8.	Haryana	Activity mapping of Feb 2006 devolves staff through deemed deputation in respect of 3 Departments
9.	Himachal Pradesh	Staff is with State Government Panchayats are appointing authority for 6 types of employees of group C&D category. In addition, Panchayats can report on physical attendance in respect of 2 categories of people

1	2	3
10.	Jharkhand	No elections held to Panchayats
11.	Karnataka	Staff of all Departments for which functional devolution undertaken, devolved to Panchayats on deputation. GPs can appoint Panchayat staff, except Panchayat secretary. All transfers within the district done by committee headed by CEO of ZP
12.	Kerala	Staff of 14 Departments transferred to Panchayats, with disciplinary control and career review (through CRs) transferred to them
13.	Madhya Pradesh	All Class III village level functionaries converted into dying cadres and fresh recruitments undertaken by Panchayats. These include Panchayat secretaries, primary school teachers, anganwadi workers etc.
14.	Maharashtra	All Group III and IV Panchayat level functionaries to be appointed by Zilla Panchayats. New amendment in 2003 brings all village level officials under the Village Panchayats
15.	Manipur	Staff of the Government are posted to Panchayats and continue under the control and superintendence of the Government
16.	Orissa	Officials of Departments are to report to Panchayats in respect of transferred schemes. Panchayats do not make any appointments of their own
17.	Punjab	Seven Departments propose to delegate powers of supervision to Panchayats. In Health Department, the powers of outsourcing the running of PHCs has been devolved to Panchayats. Recently. In education department, powers of

1	2	3
		recruitment of teachers has been given to Panchayats
18.	Rajasthan	Officials of 8 Departments placed with each Panchayat through deputation from Government
19.	Sikkim	Staff on deputation from the Government. Panchayat secretary elected by the members. Draft Panchayati Raj service rules prepared by the State and are under examination by line Departments.
20.	Tamil Nadu	At GP level, part-time clerks can be appointed by the Panchayat President. ZPs and Block Panchayats have no control over line Department staff
21.	Tripura	Staff in respect of 21 Departments deputed to Panchayats from the Government, with Panchayats exercising powers of payment of salaries, grant of leave, writing of CRs and disciplinary action
22.	Uttar Pradesh	GPs have power of verification of attendance of all village level workers. Village level functionaries of some Departments were transferred to Gram Panchayats in 1999, but they were subsequently withdrawn.
23.	Uttaranchal	In January 2005, executive orders were issued transferring powers of seeking information and supervision over employees of 14 Departments to Panchayats.
24.	West Bengal	EO of the ZP made appointing authority for all posts except group D posts at GP level, for which EO of Panchayat samiti is the appointing authority. This has been done by the WB Panchayat amendment Act 2006. Each GP has 6 sanctioned posts.

*Reply to Recommendation (Para No. 2.44)*

“As per the information available with the Ministry, eight States, namely Karnataka, Kerala, Sikkim, West Bengal, Haryana, Orissa, Assam and Tripura have done the Activity Mapping. In seven States, namely, Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Manipur, Punjab, Rajasthan and Uttarakhand have completed the basic ground level work but final approval to Activity Mapping is awaited. The Panchayati Raj Legislations of Maharashtra, Gujarat and Goa have provisions for devolution to Panchayats. The recommendations of the Committee have been noted and will be taken up with the States appropriately.”

*Reply to Recommendation (Para No. 2.47)*

**13. Pursuant to the recommendation of the Committee to indicate the exact status of devolution of funds, functions and functionaries to Panchayati Raj Institutions in various States and Union territory Administrations, the Ministry has furnished a detailed information whereby the overall position in this regard has been indicated. A statement indicating the transfer of subjects through legislation as well as subjects covered under activity mapping has also been furnished. The Committee note from the aforesaid statement that in case of Arunachal Pradesh nothing has been indicated about the transfer of subjects whereas three subjects have been said to be covered under activity mapping. In Tamil Nadu and Uttar Pradesh, no information has been furnished about the activity mapping. Besides, the aforesaid information has been furnished for twenty-four States. The Committee would like that the remaining information in case of the States where the information has been partially furnished should be obtained. Besides, in case of four States where no information of transfer of subjects and activity mapping has been given should also be collected from the States and furnished for the information of the Committee. Similar information with regard to UT Administrations should also be collected and furnished.**

The Committee further would like the Ministry to have a clear status of number of subjects transferred as well as the corresponding number of functions and functionaries transferred from the various States and UT Administrations. The aforesaid information can be reviewed on an yearly basis so as to have up-to-date information about the status of implementation of Part IX of the Constitution.

#### **D. Reversal of subjects**

##### **Recommendation Serial No. 5 (Para No. 2.45)**

14. The Committee in their original report had recommended as under:

“The Committee find that in addition to the slow progress with respect to devolution there is also the negative trend of reversal of subjects devolved. In the States of Madhya Pradesh (from 25 to 23 subjects) and in Maharashtra (from 19 to 18 subjects) there has been reversal of subjects. Further, the Ministry has informed that State Governments effect reversals by issuing notifications withdrawing these subjects. The Committee find that under Article 243G State Governments transfer subjects to Panchayats by law. The subjects are being transferred in pursuance of Article 243G of the Constitution. However, the States withdraw these subjects using only notifications. This is a serious offence and the Committee has taken strong exception to such activities being carried out by the State Governments, which are not in the true spirit of the Constitution. The Committee, therefore, recommend to the Government that suitable corrective steps should be taken so that States are not allowed to by-pass the Constitutional provisions. The Committee would like to be informed of the action taken in this regard.”

*Recommendation (Para No. 2.45)*

15. The Ministry of Panchayati Raj in their action taken replies stated as follows:

“The Ministry in the past has taken serious note to all the instances that came to notice regarding the reversal of subjects or any adverse impact on devolution in any aspect. The Ministry has time and again taken up such issues at appropriate levels of governance for neutralization of impacts of such negative moves. In an attempt to amend the State Panchayati Raj Act, the Karnataka Legislature recently passed an Amendment Bill with the move of curtaining the powers of the Gram Sabha (in selection of beneficiaries in some schemes). The Ministry on getting notice of such move of the State Government took the matter at the highest level of governance in the State and the Centre at the level of the Cabinet Secretariat and the Prime Minister’s Office. Following persistent efforts of the Central Government, Civil Society Organisations and the elected representatives of the PRIs,



etc., the State Government had to withdraw the Amendment Bill without it getting assent of the Governor.

As far as the States of Madhya Pradesh is concerned, different orders issued by the State Government from time to time provide for devolution of functions pertaining to 25 matters of the Eleventh Schedule. Out of these 25 matters, pertaining to 22 Departments, funds and functionaries have also been devolved to Panchayats in respect of 19 matters. In Maharashtra the State Panchayati Raj Act provides for transfer of 18 subjects and the State orders also affected devolution of 18 functions to Panchayats. The recommendations of the Committee regarding treating reversal of subjects of devolution as by passing the Constitutional provisions have been noted and will be taken up with the States at appropriate platforms."

*Reply to Recommendation (Para No. 2.45)*

**16. The Committee in the earlier recommendation had expressed serious concern over the trend of reversal of subjects devolved to Panchayati Raj Institutions by some of the States. The Ministry has assured that they will take up the matter with the States at appropriate platform. The Committee would like to be informed about the concrete action taken as well as the response of the State Governments in this regard.**

**E. Incorrect data regarding devolution**

**Recommendation Serial No. 6 (Para No. 2.46)**

17. The Committee in their original report had recommended as under:

"Further, the Committee find that States often resort to reporting of incorrect data regarding devolution. When requested, they simply inform the Central Ministry of the number of subjects devolved through legislation while withholding information about the actual devolution of functions, functionaries and finances to Panchayats. This prevents the true picture from emerging. The Committee strongly object to such practice by the State Governments and recommend that the Union Ministry take urgent and strong steps to impress upon States not to resort to such practices as it confuses the true picture of devolution."

*Recommendation (Para No. 2.46)*

18. The Ministry of Panchayati Raj in their action taken replies stated as follows:

“As stated earlier the Ministry has started a comprehensive exercise of analyzing devolution of functions, funds and functionaries undertaken by them in the Panchayati Raj legislations, executive orders, rules, etc. issued by the States. The State specific reports of devolution prepared in this manner is proposed to be forwarded to the States for comments and for ensuring factual accuracy of data collected. At the time of forwarding the reports, the points raised by the Committee shall be placed before the respective State Governments. The Committee will be kept apprised of this development.”

*Reply to Recommendation (Para No. 2.46)*

**19. The Committee find that their concerns with regard to incorrect data regarding devolution being furnished by some of the State Governments are being addressed by getting the factual accuracy of data collected from various State Governments. The Committee would like the Ministry to pursue further with the State Governments and inform the Committee about the exact position in this regard.**

#### **F. Constitution of District Planning Committees (DPCs)**

##### **Recommendation (Serial Nos. 7 and 8, Para Nos. 2.56 and 2.57)**

20. The Committee in their original report had recommended as under:

“The Committee note that progress on constitution of District Planning Committees (DPCs) in different States is far from satisfactory even though it is one of the mandatory provisions given under Part IX of the Constitution of India by enactment of Seventy-third Constitution Amendment Act, 1992. The Committee find that Constitution enjoins that DPCs are to be constituted in all States and Union territories (except Meghalaya, Mizoram, Nagaland, J&K the hill areas of Manipur, the hill areas of the district of Darjeeling for which Darjeeling Gorkha Hill Council exists, the NCT of Delhi and six scheduled areas) with a view to consolidate plans prepared by Panchayats into draft development plans for the districts. The Committee note with dismay that only in 14 States *viz.* Assam, Bihar, Chhattisgarh, Goa,

Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Manipur, Orissa, Rajasthan, Sikkim, Tamil Nadu and West Bengal and 4 Union territories of Andaman & Nicobar, Dadra & Nagar Haveli, Daman & Diu and Lakshadweep DPCs have been constituted in all districts. The Ministry of Panchayati Raj has further informed that constitution of DPCs in Haryana, Punjab, Uttar Pradesh, Uttarakhand, Andhra Pradesh and Gujarat are at various stages. The district-wise position of constitution of DPCs in the remaining States have not been made available to the Committee. The Ministry has informed that details are being obtained from States about the precise details when DPCs were first constituted in each of the States after the enactment of the Seventy-third Constitution Amendment Act. The Committee feel that the year-wise status of constitution of DPCs need to be maintained by the Ministry of Panchayati Raj to have an idea of the status of implementation of various provisions of the Constitution particularly the mandatory ones, of which constitution of DPCs is one. The Committee may be informed of the position as received from the various States/UTs.”

*Recommendation (Para No. 2.56)*

“The Committee have been expressing strong concern over the non-constitution of DPCs in their various reports. During the course of examination of Demands for Grants (2007-08), the Committee have been informed that certain strong decisions have been taken by the Ministry to put pressure on the States/UTs to constitute DPCs expeditiously. In this regard, Backward Region Grant Fund (BRGF) guidelines stipulates that the release of funds would be contingent upon States constituting DPCs and the district plan being applied by the DPCs. The Committee are pleased to note that as a result of this, at least four States, Bihar, Andhra Pradesh, Haryana and Punjab have taken concrete steps to establish DPCs. The Committee hope that DPCs would be constituted in all the districts of every State with the firm resolve of the Ministry and adopting certain harsh measures mechanism so as to achieve the objectives of preparing real and effective plans with a bottom up approach which reflect the reality of grassroot level.”

*Recommendation (Para No. 2.57)*

21. The Ministry of Panchayati Raj in their action taken replies stated as follows:

“The DPCs have been constituted in 14 States. Details are given below:

1. Chhattisgarh
2. Himachal Pradesh
3. Karnataka
4. Kerala
5. Madhya Pradesh
6. Manipur
7. Rajasthan
8. Sikkim
9. Tamil Nadu
10. West Bengal
11. Assam
12. Orissa
13. Goa
14. Bihar

Andhra Pradesh and Haryana have completed elections to the DPCs from amongst the members of ZPs and Municipalities. However, formal constitution is still pending as nominated members are to be appointed.

The directions of the Committee have been noted. All the States have been requested to send district wise constitution of DPCs.”

*Reply to Recommendation (Para No. 2.56)*

“The Ministry has so far strictly enforced the precondition of constitution of DPCs and approval/consolidation of the district plans by the DPC for releasing Developmental Grants to the States. Even the State of Jharkhand (where Panchayats are not in existence) has been pursued for constitution of DPCs with the members of Municipalities in order to be eligible for Developmental Grant under the BRGF.”

*Reply to Recommendation (Para No. 2.57)*

22. The Committee are disappointed to note that there is no progress with regard to constitution of DPCs in various States/Union Territory Administrations even after resorting to strict measures by the Ministry of Panchayati Raj, whereby grants under Backward Region Grant Fund (BRGF) had been made contingent upon States constituting DPCs. The information provided by the Ministry indicates that only in fourteen States, DPCs have been constituted. Further it has not been clarified whether DPCs have been constituted in all the districts of the aforesaid States.

The Committee while examining Demands for Grants had been informed that with the strict measures taken by the Ministry, the constitution of DPCs in Haryana, Punjab, Uttar Pradesh, Uttarakhand, Andhra Pradesh and Gujarat was at various stages. Even after the passage of more than eight months, the DPCs could not be constituted in the aforesaid States. While expressing concern over the sorry state of affairs with regard to constitution of DPCs in various States, the Committee strongly recommend to the Ministry to pursue further with the States and Union Territory Administrations so that DPCs are constituted within a stipulated timeframe. Besides the Committee would also like that the district-wise information with regard to constitution of DPCs should be collected from the States and the Committee be informed accordingly.

#### G. Implementation of PESA by State Governments

##### Recommendation (Serial No. 9, Para No. 2.62)

23. The Committee in their original report had recommended as under:

“Panchayat Extension to Scheduled Area Act (PESA), 1996 is being implemented in areas falling under the Fifth Schedule of the Constitution. Fifth Schedule areas are in nine States *viz.* Andhra Pradesh, Chhattisgarh, Gujarat, Maharashtra, Himachal Pradesh, Jharkhand, Madhya Pradesh, Gujarat and Rajasthan. The Committee find from the information provided by the Ministry that all States have enacted the requisite compliance legislation by amending their respective Panchayati Raj Acts. However certain gaps continue to exist. Most States are also yet to amend the subject laws like those relating to money lending, forest, excise etc. In this connection the Ministry has entrusted the task of formulation of appropriate amendments in the concerned State Laws to the Indian Law Institute, Delhi. The amendments to the

State laws as proposed by the Indian Law Institute which run into hundreds, have been sent to the respective State Governments. As regards the achievements, only Gujarat has been able to amend a local Statute relating to agriculture. The Committee strongly recommend to the Ministry to follow up vigorously with the various State Governments to carry on the amendments to the various local laws expeditiously so as to enable the implementation of amended Acts/Laws in letter and spirit.”

24. The Ministry of Panchayati Raj in their action taken replies stated as follows:

“The Ministry of Law & Justice (Department of Legal Affairs) has identified four Central Acts where modifications are to be carried out to bring them in consonance with PESA. They have been requested to intimate action taken and progress made by the Department of Legal Affairs in this regard.

During the Third Round Table of Ministers of Panchayati Raj at Raipur on 23-24 September, 2004 with respect to PESA, it was *inter-alia* decided to take steps to implement in a time-bound framework of the provisions of PESA in respect of the rights of the Gram Sabhas in the Fifth Schedule Areas. In a subsequent consultation with the PESA States, Secretary, Ministry of Panchayati Raj decided to constitute three sub- Committees for suggesting remedial action, wherever required on various issues related to the PESA Act. Therefore, Ministry of Panchayati Raj had constituted three sub-Committees, namely one chaired by Shri. B.D. Sharma, on ‘Model guidelines to vest Gram Sabhas with powers as envisaged in PESA’, Shri Raghav Chandra on ‘Land Alienation, Displacement, Rehabilitation & Relief’ and Shri A.K. Sharma on ‘Minor Forest Produce’ to look into these issues. The three sub-Committees had submitted their reports and recommendations. The same have been forwarded to the PESA States for perusal and comments. Meanwhile, the recommendations of the above said sub-Committees are being examined in the Ministry. The Himachal Pradesh Government has furnished its comments on the Shri Raghav Chandra Committee report. The State Governments were reminded at the highest level for seeking State’s comments.

Most PESA States are also yet to amend the subject laws, such as those relating to money lending, the ownership of minor forest

produce, planning and management of minor water bodies, prevention of alienation of tribal lands etc. Therefore, there is need to enact the conformity provisions in the States laws for effective implementation of PESA Act in the States. The exercise of drafting conformity legislation for all State specific subject laws was entrusted to the Indian Law Institute (ILI), to undertake a study of local laws of the Scheduled States to bring them in conformity with the provisions of PESA, 1996. The Indian Law Institute had submitted its report on 19 April, 2006. The same had been forwarded to the PESA States on 8 May, 2006 for perusal/comments. The Government of Rajasthan and Madhya Pradesh had intimated the action taken by them with regard to the ILI recommendations. Meanwhile, separate letters have been issued to Madhya Pradesh, Rajasthan and Gujarat Governments to expedite the process with respect to the remaining laws. The rest of the PESA States have also been reminded at the highest levels of Ministry of Panchayati Raj to expedite the process.

The Ministry of Panchayati Raj is mandated to dialogue with States on all issues relating to the Panchayats (Extension to the Scheduled Areas) Act (PESA)-1996. In this regard, Ministry of Panchayati Raj had forwarded a detailed questionnaire seeking the field level status of the PESA implementation in all the PESA States and also seeking information about problems being faced by the States in implementing the PESA Act. All the States except, Maharashtra and Orissa have submitted their reports.

A letter regarding holding a Needs Assessment Consultation Workshop along with a concept note had been forwarded to all the PESA States on 1 February, 2007. The Ministry of Panchayati Raj is in the process of finalising the dates in the States."

**25. The Committee appreciate the efforts being made by the Ministry of Panchayati Raj for the effective implementation of the provisions made under Panchayat Extension to Scheduled Area Act (PESA), 1996 in Fifth Schedule States. To expedite compliance legislation by various Fifth Schedule States, the Ministry has entrusted the task of formulation of appropriate amendments in the concerned State laws to the Indian Law Institute, Delhi. The Committee note the further progress made in this regard from the action taken reply. It has been stated that the Ministry of Law and Justice (Department of Legal Affairs) has identified four Central Acts where modifications are to be carried out to bring them in consonance with PESA. The Committee would like to be apprised**

about the name of the legislations which need amendments in this regard.

Further, the exercise of drafting confirmatory legislation for all State specific laws was entrusted to the Indian Law Institute. The Committee note that Indian Law Institute has already submitted the report and the same has been forwarded to PESA States for perusal and comments. The Government of Rajasthan and Madhya Pradesh have intimated the action taken by them with regard to the Indian Law Institute recommendations. The Committee would like the Ministry to pursue further with the remaining States so that concrete action with regard to bringing confirmatory laws is taken expeditiously. The Committee may be kept apprised about the follow-up action in this regard.

In addition to what has been stated above, the Committee note that the Ministry has constituted three sub-Committees for suggesting remedial action wherever required on various issues related to PESA Act. The aforesaid Committees have already submitted the reports. The Committee would like to be informed about the details of the recommendations made by these Committees as well as the status of implementation of the recommendations.



## CHAPTER II

### RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Serial No. 1, Para No. 2.4)**

The Committee wish to point out that the primary objective of inserting direction 73A in the 'Directions by the Speaker' was to make the Government more accountable for implementation of various recommendations of the Committee. The Committee are constrained to note that even after lapse of around five months when the statement on Twenty-First Report had fallen due, the statement is yet to be made by the Hon'ble Minister. The Ministry proposes to lay the statement during the current session of Parliament. The Committee recommend to the Ministry to ensure that the statement is made at the earliest during the second part of the Budget Session of Parliament commencing from 26 April, 2007. The Committee, further, strongly recommend to the Ministry to ensure that the statements in respect of each of the report 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, Lok Sabha, in future.

#### **Reply of the Government**

The Hon'ble Minister of Panchayati Raj had given a notice for 6.9.2007 and 13.9.2007 for making statement to the Rajya Sabha and Lok Sabha respectively. The Hon'ble Minister made a statement in Rajya Sabha on 6.9.2007. However, the Minister could not make statement in the Lok Sabha on 13.9.2007 due to adjournment of the House.

It is again proposed to make statement in the Lok Sabha during the Winter Session—2007 of Parliament.

[Ministry of Panchayati Raj, O.M. No. G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

#### **Recommendation (Serial No. 2, Para No. 2.11)**

The Committee note that although the Ministry of Panchayati Raj was created as far back as 2004-2005, yet adequate allocation was

made available to the Ministry only from 2006-2007 onwards to carry out its functions for meaningful achievement during Tenth Plan (2002-2007) period. For instance the Budget allocations of the Ministry during 2004-2005, 2005-2006 were Rs. 30.60 crore and Rs. 50 crore respectively. The Budget Estimates for 2006-2007 were significantly enhanced to Rs. 3,825 crore. However the Committee are constrained to note that whatever Budget allocations were made available to the Ministry were drastically reduced at Revised Estimates stage during annual plans of 2004-2005 and 2006-2007 of Tenth Plan period. For instance the Budget Estimates of Rs. 30.60 crore and Rs. 3,825 crore during 2004-2005 and 2006-2007 were drastically reduced to the level of Rs. 10.60 crore and Rs. 2,000 crore respectively. Even the reduced allocation of Rs. 10.60 crore during 2004-05 could not be utilised fully by the Ministry and resulted in underspending of Rs. 1.15 crore *i.e.* around 15 per cent of the allocated outlay. Delay in creation of posts and accommodation for the Ministry based on the recommendations of Group of Ministers has been attributed to be the reason for under-utilisation of Budget allocation during 2004-2005 and delay in transfer of the scheme of 'Backward Regions Grants Fund' to Ministry of Panchayati Raj has led to the reduction in Budget Estimates of Rs. 3,825 crore to the level of Rs. 2,000 crore at Revised Estimates stage during 2006-2007. While appreciating the fact that the year 2004-2005 was the first year of the working of the newly constituted Ministry and the year 2006-07 was the year when bulk of the outlay of the Ministry was allocated for Backward Region Grant Fund (BRFG), the scheme which was transferred from the Ministry of Finance to the Ministry of Panchayati Raj in August, 2006, the Committee observe that reduction in outlay at Revised Estimates stage retards the overall performance of the Ministry during a plan period particularly when there is a challenging task of strengthening of Panchayati Raj Institutions (PRIs) and training of over 14 lakh PRI functionaries is yet to be accomplished. The Committee, therefore, recommend that all out efforts should be made to ensure that the allocations made during a year are fully utilised. Since the cut at Revised Estimates stage during the aforesaid two years was because of gross underspending due to the reasons as explained above, the Ministry has to work hard to convince the Planning Commission not to resort to cut at Revised Estimates stage.

#### **Reply of the Government**

The recommendations of the Committee have been noted. The reduction in Plan allocations during 2006-07 was mainly due to the outstanding unspent balance lying with the States in the Rashtriya Sam Vikas Yojana. Due to this reason, the bulk of Plan allocations

under BRGF could not be released to the States. The Ministry is fully geared towards utilizing its Plan allocations during the current financial year, especially under the Backward Regions Grant Fund. Towards this end, the Ministry had organized four workshops in different regions for groups of States to assist them in formulation of capacity building plans. The response has been very encouraging. However, the major constraint in the releases under BRGF is timely utilization of the funds by the State Governments/Districts Authorities which is the limiting condition for further releases to be made.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

### **Recommendation (Serial No. 3, Para No. 2.15)**

The Committee appreciate the concerns of the Planning Commission as highlighted in the Approach Paper to the Eleventh Plan (2007-2012) regarding need to empower Panchayati Raj Institutions (PRIs). In this context the Committee also appreciate that though some headway has been made in this regard, yet the task ahead is very challenging before the Ministry of Panchayati Raj during the Eleventh Plan period. The Committee find that the focused areas during the Eleventh Plan would be implementation of programmes like Panchayat Mahila Shakti Abhiyan and Panchayat Yuva Khel Abhiyan, Centrally Sponsored Schemes routed through Panchayati Raj Institutions (PRIs), Devolutions of Functions, Functionaries and Finances and capacity building of Panchayats through the schemes 'Gram Swaraj and Backward Region Grant Fund'. Besides, the Ministry of Panchayati Raj has proposed a legislation, Nyaya Panchayat Bill which will further enhance the activities of the Panchayats. The detailed analysis of the proposed legislation has been made in the succeeding part of the Report.

The Committee, however, feel that although the main focus areas have been identified by the Ministry of Panchayati Raj for the Eleventh Plan Period, the trends of allocation of outlay to the Ministry during Tenth Plan and the first year of the Eleventh Plan raise doubts about the practicability and execution of these objectives. The Ministry has been allocated far lesser than the proposed allocation during the last two years of the Tenth Plan, which were the first two years of the newly created Ministry. During 2005-06, the allocation provided *i.e.*, Rs. 50 crore was less than half of the projected outlay *i.e.*, Rs. 105 crore. Later, during 2006-07 the Ministry was allocated only Rs. 75 crore against the proposed allocation of Rs. 2,000 crore. However, in the later half of the year Rs. 3750 crore were allocated to the Ministry by

way of transfer of BRGF from the Ministry of Finance to Ministry of Panchayati Raj 2007-08 is the first year of Eleventh Plan and the trends of allocation to different Ministries would indicate the thrust of the Government on different programmes and the set priorities. In this context, the Ministry had proposed the outlay of Rs. 15,789 crore which include Rs. 5,789 crore for Gram Swaraj, Rs. 5,000 crore each for Panchayat Empowerment and Accountability Incentive Scheme and Backward Regions Grant Fund. Against the aforesaid proposed allocation, the outlay earmarked is just Rs. 4,770 crore. The substantial part of the allocation *i.e.*, Rs. 4,670 crore is for Backward Regions Grant Fund, thus leaving only Rs. 100 crore for the various activities of the Ministry relating to the capacity building of the Panchayats.

#### **Reply of the Government**

The comments of the Committee being in the nature of statement of facts, no reply is called for.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

#### **Recommendation (Serial No. 4, Para No. 2.16)**

The Committee find that the Ministry of Panchayati Raj has bold objectives of ensuring centrality of Panchayats in various Centrally Sponsored Schemes run by various Ministries/Departments of the Union Government along with the mandate of decentralization. The proposed Nyaya Panchayat Legislation would further enhance the responsibilities of Panchayats to a great extent. All these objectives can be achieved only when each Panchayat has a Secretariat to assist the Panchayat members in handling these responsibilities. Besides, the financial capacity is another area to be taken care of. The Ministry's Gram Swaraj Scheme intends to achieve the objective of capacity building of Panchayats but with the meagre outlay, the bold objectives cannot be realised. The Committee are of the firm opinion that adequate resources should be allocated to the Ministry of Panchayati Raj so that the Panchayats can shoulder the enhanced responsibilities which the Constitution has bestowed upon them which the Ministry is rightfully trying to transfer to Panchayats. The Eleventh Plan allocation should be made keeping in view the task ahead of the Ministry of Panchayati Raj. Keeping in view the aforesaid observation, the allocation for the year 2007-08 should be enhanced specifically when the first year of the Eleventh Plan would set the priority of the Government.

While recommending for higher outlay, the Committee strongly recommend to the Ministry to ensure that the allocation is meaningfully utilised and does not result in huge underspending or unspent balances with the implementing agencies. The utilisation capacity need to be enhanced to effectively utilise the higher allocation.

### **Reply of the Government**

The recommendations of the Committee have been noted. The Ministry has forwarded its proposals for the Eleventh Plan period to the Planning Commission requesting for enhanced allocations to equip Panchayats to shoulder the enhanced responsibilities bestowed by the Constitution upon them. The allocations are yet to be finalised by the Planning Commission. The comments of the Committee would be conveyed to the Planning Commission for suitable action.

The recommendations of the Committee regarding meaningful utilization of the outlays has also been noted. All out efforts are being made by the Ministry to utilize the Plan allocations during the current year especially under the Backward Regions Grant Fund. Towards this end, the Ministry had organised four workshops in different regions for groups of States to assist them in formulation of capacity building plans. The response has been very encouraging. However, the major constraint in the releases under BRGF is timely utilization of the funds by the State Governments/District Authorities which is the limiting condition for further releases to be made.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C ,  
Dated 16 Nov. 2007]

### **Recommendation (Serial No. 5, Para No. 2.17)**

The Committee further find that at present different schemes relating to the subjects enshrined under Eleventh Schedule of the Constitution are being implemented by the various Ministries/ Departments of Union Government. The annual allocations for these schemes are approximately between Rs. 55,000 crore to Rs. 72,000 crore. The Panchayats can play an important role in effective implementation of these schemes. Besides, Panchayats can help in the realistic planning process as envisaged in the Approach Paper to Eleventh Plan. The Government can think of allocating a small fraction of the outlay of these schemes say one percent or so for empowerment of Panchayats. The Committee would like that the concerns of the Committee in this regard should be duly communicated to the Ministry of Finance/ Planning Commission.

### **Reply of the Government**

The recommendations of the Committee have been noted. These will be duly communicated to the Ministry of Finance/Planning Commission for further suitable action.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

### **Recommendation (Serial No. 6, Para No. 2.18)**

The Committee further feel that though much is being planned by the Ministry of Panchayati Raj to endow Panchayats with the responsibilities in the true spirit of article 243G of the Constitution, it is high time to have some mechanism to fix accountability on the respective three tiers of Panchayats. The Committee recommend to the Ministry to evolve some mechanism in this regard so that the maximum outlay meant for the poorest of the poor reaches the intended beneficiaries and there are least chances of corruption and malpractices.

### **Reply of the Government**

The Ministry of Panchayati Raj since the First Round Table Conference of July, 2004, has constantly persuaded the States to establish and strengthen Gram Sabhas, in pursuance of Article 243 A, and Sabhas below the Gram level (such as Ward Sabhas, Mahila Sabhas, etc.). Gram Sabhas are important institutions that can conduct social audit and thereby ensure accountability of Gram Panchayats. The States are being taken up at regular intervals for ensuring empowerment of the Gram Sabhas by according them powers related to:

- (i) Approval of plans and programmes for economic development and social justice.
- (ii) Identification of beneficiaries.
- (iii) Authorization regarding issuance of utilization certificates of funds allocated for the plans programmes of the Panchayat.

Regarding the Backward Regions Grant Fund Programme of the Ministry, as per the Guidelines, the Panchayats are required to take the following steps for ensuring accountability towards utilization of funds received under the Programme:

- (i) Panchayats and Municipalities are responsible for maintenance of accounts of the funds. The accounts are

consolidated by the District Panchayats and presented to audit. The States are required to develop capacities of Panchayats for handling this kind of accounting work by providing adequate manpower and resources.

- (ii) Regular physical and financial audit of the works under the programme is required to be carried out. The audit report along with the action taken report on the audit paras are required to be submitted along with the proposal for release of second installments of funds.
- (iii) There will be a review Committee, constituted by DPC, for reviewing progress under the scheme.
- (iv) There will be quality-monitoring system, instituted for carrying out inspection of works.
- (v) The states are required to issue guidelines on social audit by Gram or Ward Sabhas.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C ,  
Dated 16 Nov. 2007]

#### **Recommendation (Serial No. 7, Para No. 2.25)**

The Ministry of Panchayati Raj is working hard on evolving a National Training Framework for providing training to PRIs and functionaries. The National Training Design prepared by NIRD was deliberated upon with a group of NGOs and others who were involved at grass-root level development and the Ministry is working towards the National Capability Building Framework that was aimed at building effective and sustainable capabilities of all stakeholders in Panchayati Raj, particularly, elected representatives, office bearers, Chairpersons of Standing Committees and officials connected with subjects devolved to Panchayats under State legislations.

#### **Reply of the Government**

The Ministry of Panchayati Raj has prepared a National Capability Building Framework (NCBF) for Panchayati Raj Elected Representatives and Functionaries to be adopted as a national policy document. The Ministry requested suggestions and feedback on various aspects of the Framework from members of Decentralization and other Communities of Solution Exchange.

The document evoked widespread interest and members responded with great enthusiasm. They organized workshops inviting elected

representatives of PRIs, academic institutions, social activists and other stakeholders for wider consultation to provide valuable inputs towards improving the NCBF to serve the interest of decentralization. They opined that the NCBF provides a healthy environment for undertaking capacity building and training of various stakeholders associated with Panchayati Raj.

Members saw the document as a unique and challenging attempt to encompass various aspects of training so far not given adequate thrust while making the PRIs as Local Governments in the absolute sense. Pointing out that the NCBF will have to be tailored to local conditions depending on the conditions in the state, they labeled the NCBF draft as a realistic, genuine, radical attempt made towards capacity building of PR functionaries. Respondents acknowledged that the document's strength was in its design format, which blended the philosophical outlook with a pragmatic programme for capacity building. They offered suggestions and comments to further strengthen and fine-tune the National Capability Building Framework (NCBF) for Panchayati Raj Elected Representatives and Functionaries.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

**Recommendation (Serial No. 8, Para No. 2.26)**

The Committee while noting that efforts are being made to work out a detailed training module observes that the Ministry has not done much on finding out the quantum of task ahead for the Ministry in this regard. Even after the passage of full two years since the Ministry was created, efforts have not been made to know the data of PRIs and functionaries who could be trained so far by the efforts being made through Union Government and the State Governments. Since efforts are being made in this regard by various quarters as admitted by the Ministry, there is an urgent need to coordinate with the various agencies involved in task of training of PRIs and know how much of PRIs and functionaries could already be trained and the task ahead so as to address the issue in a more focused manner. The Committee would like the Ministry to get the information from the State Governments in this regard and the Committee be kept apprised. Since the training of PRIs is a continuous process, the Ministry should evolve a permanent mechanism so as to have the first hand knowledge of the status of training of PRIs through the Ministry's training scheme and the efforts being made by other quarters, *i.e.* the other Ministries of Union Government/State Government, various training institutions etc.



### **Reply of the Government**

The Panchayati Raj model in India supports the world's biggest endeavor in grassroots governance which has taken place in India. The 73rd Constitutional Amendment, adopted in 1992, established a solid legal base for participation of the rural poor in local (district, sub-district and village level) government institutions. Some 2.38 lakh Panchayats (village councils) representing about 6.00 lakh villages have been constituted and about three million rural people, a third of whom, by law have to be women, elected to Panchayat bodies. The Ministry of Panchayati Raj has provided assistance to State Governments and Union Territories for capacity building of Panchayati Raj Institutions.

The assistance is provided for imparting training to newly elected Panchayat members, the majority of them semi- or even illiterate and unprepared for the responsibility of local governance. Preparing the Panchayat members, especially the women among them, for their new roles as local decision-makers, calls for education and training on a massive scale, for which adopted training methods and tools are needed.

During the financial year 2006-2007, the grant of Rs.24.50 crore was released to twelve State Governments/UTs and Rs.2.11 crore for four North Eastern States for training of elected representatives and Rural Development Functionaries of Panchayati Raj Institutions. The total numbers of 18.65 lakh participants were proposed for training during the year 2006-07 by all the States.

The letters has been sent to State Governments and State Institute of Rural Development (SIRD) for the submission of Progress cum Financial Report of training of elected representatives of PRIs.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

### **Comments of the Committee**

(Please *see* Paragraph No. 7 of Chapter-I of the Report)

#### **Recommendation (Serial No. 10, Para No. 2.36)**

The Committee further note that the position of PRIs may vary from State to State. In some States the PRIs may be strong and able to discharge the great responsibility entrusted to these institutions. In such States, PRIs should be encouraged to take on these added

responsibilities. However, in some States, PRIs may not be empowered enough to take the challenges envisaged under the Constitution. In such States, the Ministry should ensure that the Panchayats are empowered to such a level that they would be in a position to discharge the various responsibilities efficiently. Besides, all the desired initiatives should be taken to address the concerns of the Committee as expressed above. The Committee should also be kept apprised in this regard.

### **Reply of the Government**

The recommendations of the Committee have been noted for compliance. The Committee would be apprised of the developments in this regard in future.

However, the Ministry has been giving emphasis on the capacity building of the elected representatives by giving support to the State Governments for training of the elected representatives. The Ministry has a Scheme titled Panchayat Accountability Empowerment and Incentive Scheme to encourage and incentivise states to effect devolution to the PRIs. Moreover, the Ministry has established a system for continuous consultation and dialogue with the State Governments through forums such as the Council of Ministers, Committee of Chief Secretaries and Secretaries (Panchayati Raj) of the State Governments and regular video conferencing with the State Governments.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

### **Recommendation (Serial No. 11, Para No. 2.44)**

The Committee find that the Ministry of Panchayati Raj was created to give focused attention to the implementation of Part IX of the Constitution the main component of which is effective devolution of the 3Fs i.e. functions, functionaries and finances. Further, the enactment of the Seventy third Constitution (Amendment) Act, 1992 was aimed at providing Constitutional status to local self-governments *i.e.* Panchayats. In this regard Article 243 G explicitly states that the State Governments may by law endow the Panchayats with such powers so as to enable them to function as institutions of self-Government.

The Committee note that the need for empowerment at grass root level in rural areas is the reason for creation of an exclusive Ministry of Panchayati Raj. In this context devolution of functions, functionaries and finances should have been accorded primacy by the Ministry and

efforts made to that effect. However, the perusal of the comparative progress of devolution over the past two years (*i.e.* since June, 2005) as indicated in the Appendices II and III reveal that status quo has been maintained. Only in the States of Gujarat and Haryana there has been improvement in the number of subjects devolved. However, this is the status of transfer of subjects through legislation. The Ministry has not provided the information regarding the actual devolution of functions, functionaries and finances to Panchayats as has been requested by the Committee repeatedly in their earlier reports. The information that the Ministry has provided is incomplete and a true picture of devolution does not emerge from it. The Committee observe that simply transferring subjects to Panchayats will not result in real empowerment unless concomitant funds and functionaries are also made available to Panchayats. The Committee, therefore, desire that the aforesaid information be furnished by the Ministry to enable the Committee to analyse the position of devolution and comment further.

### **Reply of the Government**

#### **Devolution of Functions**

The status on devolution of functions as derived from the State Panchayati Raj Acts and Activity Mapping or as reported by States is given at **Annexe-I**. The Ministry of Panchayati Raj is undertaking an exercise on the analysis of State Legislations *vis-a-vis* activity mapping where undertaken, to ascertain whether there has been substantive devolution or is merely a lip service to the Panchayati Raj.

#### **Devolution of Finances**

Devolution of functions needs to be followed by effective devolution of finances and financial powers. The next step in getting an effective financial system going is to ensure that financial devolution matches the Activity Mapping. The financial devolution to Panchayats has the following aspects:

##### **(i) Creation of Panchayat Sector in the Budget Window**

In order to ensure that there is clarity in the determination of fund flows to Panchayats, it is essential that a Panchayat Sector budget Window be created in the budget of State Governments. This requirement can be met in two ways – first, each Department could create separate line items in their budgets for Panchayats, earmarking allocations pertaining to responsibilities devolved and schemes entrusted to Panchayats. Departments can thus directly send their funds to

Panchayats in accordance with these ear-marked budget line items. Alternatively all such earmarked funds pertaining to different departments could be consolidated by the Finance Departments and sent to Panchayats in regular installments. The system of creating a Panchayat Sector window in the budgets of States has been adopted by several States, namely, Karnataka, Kerala, Maharashtra, Gujarat, M.P., Chhattisgarh and Rajasthan. However, the efficacy of the system varies differently from State to State. The current status of States in respect of having a separate Panchayat sector window for channelising funds to Panchayats is given below. States can be divided into 4 categories based on the extent of mismatch between functional and fiscal devolution as follows :

**Category 1:** The States having a separate budget window for Panchayats, with funds devolved to Panchayats with relatively less mismatch (Also, these are relatively better investigated States) are Kerala and Karnataka.

**Category 2:** The States of Chhattisgarh, Maharashtra, Rajasthan, Madhya Pradesh and Gujarat are having a separate budget window for Panchayats, but with degrees of mismatch between functional and financial devolution. In these States, Activity Mapping, as defined by the Ministry has also not happened, even though there are orders and legislative provisions devolving functions to Panchayats:

**Category 3:** States with no budget window for Panchayats. Funds are mostly devolved only in the budget of the Department of Panchayati Raj. Though other departments might give money to the Panchayats, there is no budgetary classification system under which all such funds are placed in one document. Category 3 States may be divided into four sub-categories, as follows:

**Category 3(a):** The States of West Bengal, Haryana, Orissa, Sikkim, Andhra Pradesh, Himachal Pradesh and Assam have expressed keenness to undertake a separation of Panchayat allocations into a separate budget window, including through the Statements of conclusions signed between the Union Minister for Panchayati Raj and the Chief Minister of the State concerned.

**Category 3(b):** The States of Bihar, Uttarakhand, Tripura, Goa, Manipur, Arunachal Pradesh, Tamil Nadu, Punjab, Uttar Pradesh and Jharkhand are yet to take action in this regard:

**(ii) Devolution of untied funds:**

The key to effective performance by Panchayats also lies in the devolution of adequate untied funds to them, so that they can perform

their assigned public services. The main sources of untied funds to Panchayats are:

- (c) Tax and non-tax revenues raised from the sources assigned to them; and
- (d) Block unconditional transfers provided by the States and Central Government by way of share in taxes or through block grants.

#### **(a) Own Revenue of Panchayats**

An essential trigger for strengthening Panchayats is to enable and empower them to enhance their own revenues. Requiring Panchayats to mobilise their own revenues strengthens the link between revenue and expenditure decisions of Panchayats, which is extremely important to promote both efficiency and accountability in the provision of services by them. For ensuring effective revenue mobilization by Panchayats, there is a need to re-orient the legal and policy regime with a view to giving Panchayats more tax handles to widen their revenue base, as also ensure that the taxation powers currently given are effectively operationalized. Meeting the challenge of accelerating revenue mobilization by Panchayats will require effective and close coordination between the Panchayats and the State Government as taxation powers of Panchayats are governed by the State Panchayati Raj Act and the Rules made thereunder.

The Ministry of Panchayati Raj organized a National Seminar on Panchayat Level Resource Mobilization and Efficient Fiscal Transfer on 6-7 July 2007. The important recommendations emerging from the seminar are as follows: The recommendations of the National Seminar have been referred to the State Governments for follow-up action.

#### **(b) Grants of the Twelfth Finance Commission**

The Twelfth Finance Commission has recommended a transfer of Rs. 20,000 crore to Panchayats from the Central Government for the period 2005-10 (Rs. 4000 crore per year). The Ministry of Panchayati Raj has worked out special arrangements with the Ministry of Finance to ensure close monitoring of the transfer of these grants to Panchayats. The guidelines issued by the Finance Ministry stipulate that the amount shall be transferred to the Panchayats within 15 days of their release to the State Governments. States are to pay the Panchayats interest at the RBI rate in case of delays, for the delayed period.

There is a need to considerably increase the absolute amounts devolved to the Panchayats by the Central Finance Commission as also to retain its primarily untied character. The Ministry of Panchayati Raj aims to ensure that the 13th Finance Commission carries forward the process of devolution of untied non-plan grants and is taking preparatory steps in this regard. In pursuance of a decision taken in the Third meeting of the Council of Ministers held in August 2007 at Thiruvananthapuram, the Ministry of Panchayati Raj is taking steps to constitute a separate sub-Committee of State Ministers, chaired by the Finance Minister of Kerala, Professor Thomas Isaac, to prepare detailed recommendations in this regard that could be placed before the 13th Finance Commission when it is constituted.

**(iii) Transfer of Centrally Sponsored Scheme allocations to Panchayats:**

Central funds constitute the bulk of the funding through Centrally Sponsored Schemes and for that reason, there is scope for the Central Government to influence the process of strengthening of Panchayats. Several steps have been taken in this regard since the Ministry was created.

Central Ministries/Departments and the Planning Commission have been engaged in an exercise to rationalize policies in Centrally Sponsored Schemes dealing with matters listed in the Eleventh Schedule of the Constitution. Ministry of Panchayati Raj have also reviewed CSS pertaining to subjects mentioned in the Eleventh Schedule of the Constitution and to other social and economic development policies with a view to ensuring that the modifications made or proposed to be made in Scheme guidelines conform to the letter and spirit of Part IX of the Constitution. Twenty Ministries were prioritized by Ministry of Panchayati Raj. It was decided that since the bulk of CSS funding was in Ministries of Human Resource Development, Rural Development, Health and Family Welfare, Agriculture, Power and Environment and Forests, each of these Ministries be requested to undertake an Activity Mapping delineating what was to be done at the Central, State and Panchayat levels. Ministry of Panchayati Raj has been corresponding with all the Ministries. Though replies have been received from 14 Ministries/departments, only Ministry of Health and Family Welfare, Social Justice and Empowerment and Youth Affairs & Sports have done some level of activity mapping. The exercise of ensuring the centrality of Panchayats in the implementation of Bharat Nirman has also been pursued by the Ministry of Panchayati Raj.

As intimated against the reply of Para 2.35, a Committee of the Cabinet Secretariat has been constituted to review the major Centrally Sponsored Schemes of the different Ministries of Government of India with a view to affording centrality to the Panchayats in the implementation of these schemes.

### **Devolution of Functionaries**

Effective Panchayati Raj requires that functionaries of government work are placed under the elected leadership. During the Round Table Conferences it was agreed that the devolution of functionaries to Panchayats would be based on the mapping of activities related to the devolved functions. The progress in this aspect varies from State to State and cannot be considered as satisfactory at this stage. The States of Kerala, Karnataka, West Bengal and Maharashtra have given considerable control to Panchayats over the functionaries. In some of the States, devolution of functionaries is prescribed in Govt. notifications, activity mapping orders, etc., Some of the States have placed State Govt. officials under the Panchayats on deputation. These functionaries have limited tenure under the Panchayats and for disciplinary and other service matters are accountable to their superiors in the State Departments.

The status of devolution of functionaries as reported by different States is as follows:

Sl.No.	State	Devolution of Functionaries
1	2	3
1.	Andhra Pradesh	Only General staff given, departmental staff answer to departments.
2.	Assam	Activity Mapping Notification issued by the State provides for devolution of functionaries matching to the devolution of functions to Panchayats.
3.	Arunachal Pradesh	Only skeleton staff given.
4.	Bihar	Only General staff given, departmental staff answer to departments.
5.	Chhattisgarh	Sahayak Gram Panchayat Adhikari, Gram Panchayat Adhikari, Clerical and Class IV cadres of Education Tribal

1	2	3
		Health and 7-8 other departments declared as dying cadres and new recruitment to these cadres is undertaken directly by the Panchayats. Chhattisgarh has been particularly successful in recruitment of new Shiksha Karmis at the level of the Janpad Panchayats. More than 30,000 teachers have been so recruited into local level cadres.
6.	Goa	Village Panchayats can appoint employees other than Secretary or Gram Sevak using Panchayat funds. In ZPs, CEO and Adhyaksha of ZP have full control over ZP staff.
7.	Gujarat	2.2 lakh employees devolved to Panchayats, mainly on deputation from State Govt. to Panchayat level post, covering 11 departments.
8.	Haryana	Activity mapping of Feb. 2006 devolves staff through deemed deputation in respect of 3 departments.
9.	Himachal Pradesh	Staff is with State Govt. Panchayats are appointing authority for 6 types of employees of group C&D category. In addition, Panchayats can report on physical attendance in respect of 2 categories of people.
10.	Jharkhand	No elections held to Panchayats.
11.	Karnataka	Staff of all departments for which functional devolution undertaken, devolved to Panchayats on deputation. GPs can appoint Panchayat staff, except Panchayat Secretary. All transfers within the district done by Committee headed by CEO of ZP.



1	2	3
12.	Kerala	Staff of 14 departments transferred to Panchayats, with disciplinary control and career review (through CRs) transferred to them.
13.	Madhya Pradesh	All Class III village level functionaries converted into dying cadres and fresh recruitments undertaken by Panchayats. These include Panchayat Secretaries, primary school teachers, anganwadi workers etc.
14.	Maharashtra	All Group III and IV Panchayat level functionaries to be appointed by Zila Panchayats. New amendment in 2003 brings all village level officials under the Village Panchayats.
15.	Manipur	Staff of the Government are posted to Panchayats and continue under the control and superintendence of the Government.
16.	Orissa	Officials of departments are to report to Panchayats in respect of transferred schemes. Panchayats do not make any appointments of their own.
17.	Punjab	Seven departments propose to delegate powers of supervision to Panchayats. In Health Department, the powers of outsourcing the running of PHCs has been devolved to Panchayats. Recently. In Education Department, powers of recruitment of teachers has been given to Panchayats.
18.	Rajasthan	Officials of 8 Departments placed with each Panchayat through deputation from Government.
19.	Sikkim	Staff on deputation from the Government. Panchayat Secretary elected by the members. Draft

1	2	3
		Panchayati Raj service rules prepared by the State and is under examination by line departments.
20.	Tamil Nadu	At GP level, part-time clerks can be appointed by the Panchayat president. ZPs and Block Panchayats have no control over line department staff.
21.	Tripura	Staff in respect of 21 departments deputed to Panchayats from the Government, with Panchayats exercising powers of payment of salaries, grant of leave, writing of CRs and disciplinary action.
22.	Uttar Pradesh	GPs have power of verification of attendance of all village level workers. Village level functionaries of some departments were transferred to Gram Panchayats in 1999, but they were subsequently withdrawn.
23.	Uttaranchal	In January 2005, executive orders were issued transferring powers of seeking information and supervision over employees of 14 departments to Panchayats.
24.	West Bengal	EO of the ZP made appointing authority for all posts except group D posts at GP level, for which EO of Panchayat samiti is the appointing authority. This has been done by the WB Panchayat amendment Act 2006. Each GP has 6 sanctioned posts.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

#### **Comments of the Committee**

(Please see Paragraph No. 13 of Chapter-I of the Report)

### **Recommendation (Serial No. 14, Para No. 2.47)**

The Committee note that Activity Mapping has been undertaken by the Ministry to identify subjects to be devolved to the appropriate tier of the Panchayats. The Committee, further, note that only four States *viz.* Kerala, Karnataka, Sikkim and West Bengal have completed this exercise. Haryana and Orissa have undertaken Activity Mapping for a limited number of subjects. The Ministry has set a deadline of 31 May, 2007 to States for completion of this exercise.

The Committee are concerned at the slow progress of Activity Mapping. It is a matter of great concern that only 6 States have managed to achieve some degree of progress in respect of Activity Mapping. The Committee are disheartened to find that the large majority of States have not yet completed this exercise. The deadline for completion of Activity Mapping which was set for 1 April, 2006 has now been extended to 31 May, 2007. The Committee note that since only the successful completion of Activity Mapping will ensure true devolution this exercise needs to be undertaken much more seriously by States and emphasized by the Central Ministry. The Committee hope that the Ministry will ensure that Activity Mapping in respect of all States would be completed within the designated deadline. The Committee urge the Ministry to take appropriate steps to that effect and inform them accordingly.

### **Reply of the Government**

As per the information available with the Ministry, eight States, namely Karnataka, Kerala, Sikkim, West Bengal, Haryana, Orissa, Assam and Tripura have done the Activity Mapping. In seven states, namely, Andhra Pradesh, Chhattisgarh, Himachal Pradesh, Manipur, Punjab, Rajasthan and Uttarakhand have completed the basic ground level work but final approval to Activity Mapping is awaited. The Panchayati Raj Legislations of Maharashtra, Gujarat and Goa have provisions for devolution to Panchayats. The recommendations of the Committee have been noted and will be taken up with the States appropriately.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

### **Comments of the Committee**

(Please see Paragraph No. 13 of Chapter-I of the Report)

### **Recommendation (Serial No. 20, Para No. 2.71)**

From the figures of allocation *vis.-a-vis.* releases of 1st and 2nd installment of Twelfth Finance Commission of Grants to PRIs in different States during 2005-2006 and 2006-2007, the Committee find that many States have not even received their second installment during 2005-2006. The States of Arunachal Pradesh, Assam, Goa, Sikkim and Tripura have not been released the second instalment during 2005-06. As regards, the status of allocation during 2006-07, the Committee note that first installment has not been allocated to five States *viz.* Arunachal Pradesh, Assam, Goa, Sikkim and Uttar Pradesh. With regard to releases as many as eleven States have not furnished the information with regard to releases made to PRIs. The Committee would like the specific reasons with regard to the installments not being released during the year 2005-06 and 2006-07 and the States not reporting about the releases to PRIs. The Committee would also like that the position of expenditure out of the released amount to PRIs also needs to be monitored. The Committee would like to be informed about the utilisation position in this regard so as to analyse the position and comment further.

### **Reply of the Government**

As per guidelines, issued by Ministry of Finance the local bodies grants are to be released in two equal installments in July and January every year. The States have to mandatorily transfer the grants released by the Centre to the PRIs within 15 days of the same being credited to the States Account. The State Governments are required to submit the following documents for release of the next installment of TFC grants:-

- Certificate from State Finance Secretary of the State Government certifying that the TFC grants has been released to PRIs within 15 days of the same being credited in the Account of State Government.
- Allocation details upto Gram Panchayat level alongwith soft copy.
- A detailed report along with dates and amount released to each PRIs.
- State Finance Secretary would also be required to provide a certificate every year of the percentage of grants spent on schemes of water supply and sanitation by the PRIs.
- From 2nd installment of 2006-07, Utilization Certificate of previous installments.

The release of 2nd installment of TFC grants during the year 2005-06 could not be made to Arunachal Pradesh, Sikkim and Tripura due to non-submission of required information.

In case of Goa, the second installment of Rs. 77 lakhs for the year 2006-07 has been released adjusting the 2nd installment for the year 2005-06 and 1st and 2nd installments for the year 2006-07 against the unspent grants of Eleventh Finance Commission of Rs. 463 lakhs available with State.

In case of Sikkim, the installments have not been released, as there has been substantial delay in releasing the grants to PRIs. The State Government has agreed to pay the penal interest but at a lower rate. As the issue is yet to be settled, no further releases have been made.

In case of Assam, 2nd installment of TFC grants for the year 2005-06 and 1st installment for the year 2006-07 have been released on 22/6/2007.

Seventeen States *i.e.* Andhra Pradesh, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Mizoram, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh, Uttaranchal, Goa, Manipur & West Bengal have secured both the installments of TFC grants during the year 2006-07 and seven States *i.e.* Bihar, Jammu & Kashmir, Maharashtra, Meghalaya, Nagaland, Punjab & Assam have secured 1st installment during the year 2006-07. Himachal Pradesh, Tamil Nadu, Orissa and Uttar Pradesh have also secured 1st installment during the year 2007-08.

The position about utilization of the grants is also being monitored by the Review Committee in the Ministry of Panchayati Raj.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

#### **Recommendation (Serial No. 21, Para No. 2.76)**

The Committee find that the concept of Rural Business Hubs (RBHs) was mooted by Hon'ble Prime Minister in June, 2004 as an initiative towards increasing rural income through the platform of public-private-Panchayat-partnership. As regards the progress during the year 2006-07, 14 States have set up RBH councils. An RBH Executive Committee co-chaired by Secretary, Panchayati Raj and Ms. Laxmi Ventaktesh, Chairperson of Bhartiya Yuva Shakti Trust has been constituted to chalk out action plans. The Committee strongly

recommend to the Ministry to initiate all the desired actions so that the idea of establishing Rural Business Hubs can be translated into reality.

### **Reply of the Government**

Ministry of Panchayati Raj had been working with Confederation of Indian Industry (CII) and has already succeeded in facilitating the signing of around 100 MoUs between Panchayats and Private Companies covering various industries *viz.* agro-food processing, bio-diesel, decentralized power generation and distribution, textiles, carpet weaving, blue pottery, dairy farming, brick-making, rural IT centres etc.

Recently, the RBH Centre Sector Scheme has been approved by the Government with an allocation of Rs. 24.90 crore for the period 2007 to 2012 and Rs. 2 crore for the present financial year. The first meeting of the Empowered Committee on RBH has been held to select a few RBHs that are to be directly funded by the Ministry in addition to this, the Ministry has also written to all the State Governments to access the Backward Regions Grant Fund (BRGF) in 250 districts for professional facilitators to held plan and implement RBHs, held in capacity building for sectorally focused training programmes and also for filling critical minor gaps in infrastructure which could help facilitate the development of the RBH.

It is hoped that these new and focused interventions of the last few months would further accelerate the initiatives already taken and result in visible and quantifiable results in the RBH programme.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

### **Recommendation (Serial No. 22, Para No. 2.76)**

The Committee note that Rashtriya Sam Vikas Yojana, a scheme meant for the upliftment of backward districts was approved in the year 2004-2005 and was actually implemented during the year 2005-2006. The scheme was under the administrative control of Planning Commission. Rs. 5,000 crore were allocated for RSVY during the year 2005-2006. In August, 2006 RSVY was subsumed into Backward Region Grant Fund and transferred to the Ministry of Panchayati Raj. While transferring the aforesaid scheme, the Planning Commission retained Rs. 1,250 crore meant for the special plans for Bihar and KBK districts of Orissa to be handled separately by the Planning

Commission. The Standing Committee expressed concern over the fragmented approach in implementation of the programme and desired further details of the two segments of the erstwhile RSVY.

The Ministry during the course of oral evidence of Demands for Grants 2007-2008 has submitted that the objective of the special plan for Bihar and KBK districts of Orissa are to provide initial infrastructure at the regional level and are not limited to a single district. It is the considered view of the Planning Commission that these special plans are regional plans with inter-districts schemes and need to be discussed and approved as part of the Annual Plans of these States and needs to be handled by the Planning Commission. The Committee find from the information furnished by the Ministry that views of the Planning Commission for retaining the part of the scheme for Bihar and KBK districts of Orissa have been furnished. However the Ministry has not furnished its own views keeping in view the comments of the Committee in their earlier report. The Committee would like to be apprised of the comments of the Ministry on the formula of dividing the scheme in the light of the specific reasons furnished by the Planning Commission alongwith the details of the component of the two schemes, RSVY and Backward Regions Grant Fund so as to review the position and comment in this regard.

#### **Reply of the Government**

The Backward Regions Grant Fund Programme (BRGF) was approved in the financial year 2006-07. The Programme has three components, namely, Special Plan for Bihar, Special Plan for the KBK districts of Orissa and the district component covered by the Backward Districts Initiative of the Rashtriya Sam Vikas Yojana (RSVY) subsumed into the Backward Regions Grant Fund Programme from 2006-07. Special plans for Bihar and the KBK districts of Orissa are handled by the Planning Commission. The district component is the responsibility of this Ministry.

The Special Plans for Bihar and KBK districts of Orissa were funded under the RSVY @ Rs. 1000 crore per annum and Rs. 250 crore per annum. During the Eleventh Plan period, from the BRGF allocations Rs. 1000 crore per annum will continue to be made available for the Special Plan for Bihar. For the KBK districts, the total allocation of Rs. 250 crore will be protected during the Eleventh Plan from the BRGF allocations. For the KBK districts of Orissa, Rs. 130 crore will be released as Special Plan by the Planning Commission and Rs. 120 crore will be provided by the Ministry of Panchayati Raj as developmental grant under the district component of the BRGF.

The allocation under the district component of BRGF consists of three funding windows (a) Balance amount of RSVY entitlements to districts, (b) funds for capacity building of Panchayati Raj Institutions, and (c) an untied developmental grant. Total entitlements of 147 districts under the district component of the RSVY were Rs. 6624.30 crore @ Rs. 45 crore per district (Rs. 9.30 crore was the entitlement of NABARD). According to the extant policy, the districts covered under the Rashtriya Sam Vikas Yojana are allowed to complete their allocation of Rs. 45 crore per district under the BRGF as the RSVY Component. The allocations for the capacity building has been Rs. 250 crore per annum during 2006-07 and 2007-08 @ Rs. 1.0 crore per annum. The outlay for the developmental grant under the BRGF during 2006-07 was Rs. 3750 crore and the same is Rs. 4670 crore for 2007-08.

Regarding the fragmented approach, the Ministry opines that the objective of the special plan for Bihar and KBK districts of Orissa has been to provide initial infrastructure at the regional level having inter district ramifications, *e.g.*, the Million Shallow Tube well Programme, renovation and modernization of Barauni and Muzaffarpur Thermal Stations, Development of State Highways, development of horticulture, etc. in Bihar and programmes of drought proofing, livelihood support, connectivity, health, education, etc. in KBK districts of Orissa. Because of their regional nature, these plans need to be discussed and approved as part of the Annual Plans of the concerned States and handled by the Planning Commission.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

#### **Recommendation (Serial No. 23, Para No. 3.15)**

The Committee find that a laudable scheme of Backward Regions Grant Fund (BRGF) has been transferred to Ministry of Panchayati Raj to address regional imbalances in development by way of inflow of funds for supplementing and converging existing developmental inflows into identified 250 most backward districts across the country. The Committee find that the scheme has been in operation since 2006-07 with a budget allocation of Rs. 3,750 crore subsequently revised to the level of Rs. 1,925 crore at the Revised Estimates stage. The Committee's examination has revealed that since there was an unspent balance of over Rs. 1,000 crore till December, 2006 under Rashtriya Sam Vikas Yojana (RSVY) with different State Governments the budget estimates were drastically reduced at revised estimate. In the Committee's view



the reduction of budget outlay reflects failure on the part of different State Governments to utilise available funds under RSVY a scheme that was merged to the existing scheme. Thus the Committee feel that the Ministry of Panchayati Raj also on their part had not interacted with different State Governments to impress upon them the need to utilise the funds available under RSVY. In the Committee's opinion revising the budget outlay on the ground that considerable amount was left with the State Governments under previous scheme does not augur well with over all utilisation of funds on the part of the Ministry of Panchayati Raj. The Committee therefore recommend the Ministry to make all out efforts to ensure that the budget outlays are not reduced at revised estimates level particularly when the task before the Ministry during the Eleventh Plan period is huge. The Committee strongly recommend to the Government to monitor the BRGF effectively with the various mechanism so as to ensure the meaningful utilization of the resources allocated to different backward districts under BRGF.

#### **Reply of the Government**

The transfer of the programme from the Planning Commission to this Ministry was approved by the Cabinet on 10.8.2006. The subsequent procedural formalities led the actual transfer of the programme in the month of September, 2006. The BRGF was launched by the Prime Minister at Barpeta, Assam, on 18.1.2007.

Releases to districts under RSVY are made in fixed installments of Rs. 7.5 crore each. A total of Rs. 45 crore in six installments must be released to each district. Districts claiming a new installment must submit documents indicating the following status:—

1. Should have spent 60% of the last installment.
2. Should have spent all earlier installments.
3. Utilisation Certificate(s) for amounts released a year back.

The developmental grant can be released only against the participative district plan consolidated/approved by the DPCs and approved by the State level High Power Committee. A RSVY district is eligible to developmental grant only when it completes all of its RSVY installments.

The aforesaid constraints resulted in the States submitting a limited proposals to the Ministry for release of funds under the BRGF and the Ministry fore sighting this recommended for reduction of the BRGF allocations to Rs. 1925 crore at RE stage. The Ministry following constant persuasion of and interaction with the States was able to

utilize almost the entire allocations of Rs. 1925 crore under the programme in 2006-07.

The Ministry is making sincere efforts for ensuring that the amount of Rs. 4670 crore allocated in 2007-08 is utilized completely and effectively.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

**Recommendation (Serial No. 24, Para No. 3.16)**

The Committee find that the scheme of Backward Regions Grant Fund envisages disbursement of funds of fixed amount of Rs. 10 crore per annum to every district. 50 per cent of the balance allocation will be on the basis of share of population of the districts in total population of all backward districts and remaining 50 per cent on the basis of area of the district in total area of all backward districts. The Committee have been informed that programmes under this scheme will be selected through people's participation particularly through Gram Sabhas by way of preparation of participatory plans to be prepared in each Panchayat which will take into account flow of funds from all sources like Centrally Sponsored Schemes, National Rural Employment Guarantee Scheme etc.

The Committee further find that BRGF funds will primarily be used to build capacity in planning, implementation, monitoring, accounting and improving accountability and transparency and could also include arrangements for contracting and outsourcing. Besides substantial untied grants would be allocated under BRGF to Panchayats to address critically gaps in integrated development. The Committee while noting the laudable objectives of the scheme emphasize on strict monitoring of the programme particularly when the programme has various components. The expenditure position for the capability building funds to Panchayats and to local bodies and untied grants should be monitored separately. Further the Committee feel that in order to have judicious utilization of the funds, there is a need for proper monitoring by an independent agency outside the jurisdiction of concerned District Rural Development Agency (DRDA) and State Governments. The Committee would like that their concerns should be adequately addressed by the Ministry and strategies evolved for proper implementation of the programme so as to achieve the set objectives. The Committee further recommend that the position of expenditure in different districts alongwith the position of physical

achievements should be reflected in the Outcome Budget of next year *i.e.* 2008-09 so as to make an assessment of the performance of the scheme in various districts. The Committee further note that the type of work to be undertaken in various backward districts under the aforesaid schemes include rural electrification, type of appropriate technology options by Panchayats for drinking water supply in hilly and tribal areas, augmenting Indira Awaas Yojana etc. The Committee find that the aforesaid works are being undertaken by the respective Centrally Sponsored Schemes of the Union Government. Besides there may be State schemes to address the aforesaid issues. The Committee feel that there is an urgent need for proper co-ordination with the respective schemes of Union Government and State Governments. The Ministry should evolve a mechanism to address to the aforesaid observation of the Committee.

#### **Reply of the Government**

Regarding the monitoring mechanism under the BRGF and reflection of physical achievements against the expenditure in the Outcome Budget 2008-09, the Ministry has noted the recommendations of the Committee.

One of the objectives of the BRGF is aimed at fulfillment of infrastructural gaps for ensuring effective utilization of funds canalized through the CSSs and the schemes of the State Governments. The Ministry has well recognized the need of ensuring proper alignment of BRGF with the CSSs of different Central Ministries and the schemes of the State Governments. The Ministry has attempted to build networking with the senior officials of the level of Joint Secretary and above in the Central Ministries and sensitizing them with the objectives of the BRGF and effective coordination between different schemes. In furtherance of these objectives, the Ministry recently had invited senior officials of the key Central Ministries to attend the National Workshop on BRGF, held on 13-14 October, 2007.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

#### **Recommendation (Serial No. 25, Para No. 3.30)**

The Committee find that Rashtriya Gram Swaraj Yojana (RGSY) is the largest scheme being implemented by the Ministry of Panchayati Raj in terms of components it addresses, issues like training and capacity building of elected representatives and officials of Panchayats, e-governance for all the Panchayats, improving infrastructure at

Panchayat level, Rural Business Hubs etc. However the Committee note with constraint that a total of Rs. 50.50 crore were allocated for this large scheme during 2006-07 which rose to Rs. 67.90 crore during 2007-08. In view of the extent of the Rashtriya Gram Swaraj Yojana, in Committee's opinion there is a need to increase the allocations under the scheme for carrying out its functions in revised estimates level of the current year itself and also during remaining four years of the Eleventh Plan. The Committee also desire that for this proposals for Eleventh Plan be worked out expeditiously by the Ministry of Panchayati Raj.

### **Reply of Government**

Suggestions of the Committee have been noted. The recommendations would be duly conveyed to the Planning Commission for suitable action. In the meanwhile, the Eleventh Plan proposal for the scheme has been sent to the Planning Commission but the allocation is yet to be finalized.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

### **Recommendation (Serial No. 26, Para No. 3.31)**

The Gram Swaraj Scheme is intended to achieve the vital objective of capacity building of Panchayats. However, the Committee are of the opinion that to enable the Ministry effectively shoulder this immense task the allocation should be adequate. Therefore, the allocation of the Eleventh Plan has to be made keeping in view the task ahead of the Ministry. The component-wise analysis of the scheme is given below:—

- (i) The Committee are constrained to note that under the 'Capacity Building' component under RGSY a small amount of Rs. 30 crore was provided during 2006-07 which was reduced to Rs. 24.50 crore at Revised estimates level and the same has been fully utilised. Against this allocation around 3 lakh elected representatives and officials of PRIs have been trained. The Committee find that during 2007-08 an allocation of Rs. 33 crore has been made. In view of the foregoing the Committee recommend that in the light of huge number of around 14 lakh PRIs functionaries and officials yet to be trained the allocation under Training and Capacity Building be suitably enhanced.

- (ii) The Committee also find that during the last four years *viz.* 2003-04, 2004-05, 2005-06 and 2006-07 a total of 20.68 lakh elected representatives of PRI and their officials were imparted training. The Committee are unable to comprehend that if 20.68 lakh have been actually trained so far then the only 10 lakhs are yet to be trained. The Committee urge that State-wise data of number of trained and untrained PRI functionaries State-wise be indicated in Outcome Budget of the Ministry so that Committee can arrive at meaningful conclusion and have a clear picture on the issue.
- (iii) The Committee are glad to note that Ministry of Panchayati Raj has come forward with a 'National Capacity Building Framework' (NCBF) with the objectives like enabling elected PRIs functionaries to update their knowledge, orienting key officials associated with devolved functions to function in a better way as technical advisors and trainers, improving the functioning of Gram Sabhas etc. The Committee also find that aforesaid NCBF also addresses the issue of Capacity Building of PRIs before handing over the responsibilities of subjects to be devolved to them. Here the Committee would suggest that on this issue there is a need for devolution of subjects to PRIs in States where these are already strong enough to shoulder the responsibilities like Kerala and West Bengal, whereas in States like Uttar Pradesh, where PRIs are very weak there is a need to build up their capacity first. The Committee feel that this issue should be examined in detail.
- (iv) The Committee find that another component of 'Rashtriya Gram Swaraj Yojana' (RGSY) of infrastructure development envisaging assistance to States for construction of '*Panchayat Ghars*' to enable Gram Panchayats to function in a better way has also not been given sufficient allocation. In Committee's opinion there are lakhs of Gram Panchayats across different States in the country requiring such assistance. However the Committee find that a meagre amount of Rs. 10 crore has been allocated for this component during 2006-07 and 2007-08. In view of the foregoing, in Committee's opinion the allocation under this component has to be enhanced after obtaining estimates from different States. Further, the Committee desire that the information with regard to physical performance of the scheme be furnished to the Committee.

- (v) The Committee note with dismay that like other components of 'Training Capacity Building' and 'Infrastructure Developments', of Rashtriya Gram Swaraj Yojana the component of Information Technology is also fund starved. In this connection the Committee find that a meagre amount of Rs. 8 crore during 2006-07 and Rs. 10 crore during 2007-08 has been given for this component. In view of the proposed requirement of Information Technology of Gram Panchayats across the country in Committee's opinion funds should be suitably enhanced.
- (vi) As regards two components of 'Research Studies' and 'Media Publicity and Advocacy' under Rashtriya Gram Swaraj Yojana the Committee are constrained to note that allocation under both the components has not been fully utilised during 2006-07. In this connection the Committee find that against allocation of Rs. 2 crore on Research Studies the utilisation was only Rs. 0.86 crore. Similarly on media publicity and advocacy against the allocation of Rs. 3 crore utilisation was only Rs. 2.65 crore. The Committee however find that during 2007-08 equal amount has been restored for Research Studies whereas higher allocation of Rs. 6.90 crore has been made for Media Publicity and Advocacy. The Committee desire that the higher allocation made be meaningfully utilized by the Ministry.

The action taken reply addressing each of the issues indicated above separately should be furnished to the Committee.

#### **Reply of Government**

- (i) Suggestions of the Committee have been noted. The recommendations would be duly conveyed to the Planning Commission for suitable action. In the meanwhile, the Eleventh Plan proposal for the scheme has been sent to the Planning Commission but the allocation is yet to be finalized.
- (ii) The recommendations of the Committee have been noted for compliance.
- (iii) The recommendations of the Committee have been noted for compliance.
- (iv) The recommendations of the Committee have been noted for compliance. The Ministry is in the process of compiling

information from all the States based on which a comprehensive scheme would be formulated.

- (v) The recommendations of the Committee have been noted for compliance.
- (vi) The recommendations of the Committee have been noted for compliance. It may, however, be clarified that during 2006-7, the expenditure under "Research Studies" was to the tune of Rs. 1.64 crore which was 82% and in "Media, Publicity & Advocacy", expenditure was Rs. 2.41 crore which was 80.33%.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

**CHAPTER III**

RECOMMENDATIONS WHICH THE COMMITTEE DO NOT  
DESIRE TO PURSUE IN VIEW OF THE  
GOVERNMENT'S REPLIES

-NIL-



## CHAPTER IV

### RECOMMENDATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE GOVERNMENT

#### **Recommendation (Serial No. 9, Para No. 2.35)**

The Committee while reviewing the efforts being made by the Ministry of Panchayati Raj in ensuring the centrality of Panchayats in various Centrally Sponsored Schemes run by different Ministries/ Departments of Union Government had observed (refer *para 7* of 26th report) that not much progress has been made in this regard. While examining the Demands for Grants of the current year, the Ministry has furnished the details of the initiatives taken by the Ministry in this regard. The Committee find that a Group of Ministers for strengthening of Panchayati Raj Institutions was constituted by the Cabinet Secretariat *vide* its order dated 6 May, 2005. As per the decision taken by the Government, all the prioritised Ministries were required to undertake Activity Mapping to pursue the aforesaid agenda of the Ministry. A workshop was also held on 24 April, 2006. In spite of best of the efforts made by the Ministry, not much has been done in this regard. Only five Ministries *viz.* (i) Ministry of Health and Family Welfare, (ii) Ministry of Agriculture, (iii) Ministry of Social Justice and Empowerment, (iv) Department of Food and Public Distribution, (v) Ministry of Youth Affairs and Sports have completed the exercise of activity mapping. The Ministry is pursuing with the remaining Ministries to undertake Activity Mapping. The resistance from various Ministries/Departments has been cited as one of the reasons for the slow progress. The Committee find that the major concern of the various Ministries as stated by the Ministry of Panchayati Raj itself is general lack of confidence in the ability of Panchayats to manage their own affairs in an efficient manner. The Committee observes that the challenge of making various Ministries/Departments agreeable in this regard is great for the Ministry of Panchayati Raj. The Committee feel that perhaps the lack of confidence in the ability of PRIs in handling the various Centrally Sponsored Scheme for which crores of rupees are annually being spent for Social Sector Schemes of the various Ministries/Departments of Union Government is due to the various issues related to capacity building of Panchayats. With the existing position where the Panchayats has hardly any staff and technical

expertise, the concerns of the Ministries are somewhat genuine. The Ministry of Panchayati Raj should first of all endeavour to empower PRIs through the various components of Gram Swaraj Scheme, the analysis of which has been done in the subsequent part of the report. The adequate allocation for the aforesaid programme should be provided by the Planning Commission. Besides, the Ministry has to prove the qualitative impact in the schemes run by PRIs. For example under National Rural Employment Guarantee Scheme, 50 per cent of the projects shall be implemented by PRIs. The effectiveness of PRIs in handling the part of NREGA can prove the ability of PRIs in handling these schemes. If there are qualitative differences between the projects run by PRIs and other implementing agencies, the Ministry has the reason enough to convince the Central Ministries to transfer these schemes.

### **Reply of the Government**

The persistent efforts of the Ministry of Panchayati Raj with central ministries have not resulted in commensurate success in the modifications of Centrally Sponsored Scheme guidelines, with the exception of a few schemes such as the National Rural Employment Guarantee Programme. In order to ensure that the matter is taken up at the highest level, on the request of the Ministry, a Committee, with Secretary (Panchayati Raj) and Secretary (Coordination), Cabinet Secretariat as co-chairs, has been constituted on the direction of the Cabinet Secretary to review the major Centrally Sponsored Schemes of the different Ministries of Government of India with a view to affording centrality to the Panchayats in the implementation of these schemes. Ministry-wise discussions are under way by the Committee. The Committee has so far discussed the schemes of the Ministries of Women and Child Development, Human Resource Development (Department of School Education and Literacy), Social Justice and Empowerment, Agriculture (Department of Agriculture & Cooperation and Department of Animal Husbandry, Dairying and Fisheries), Food and Public Distribution, Water Resources, Environment & Forests and Rural Development (Department of Rural Development and Department of Land Resources). At the third meeting of the Council of Ministers of Panchayati Raj convened on 17-18 August, 2007 at Thiruvananthapuram, Kerala, under the Chairmanship of the Union Minister of Panchayati Raj, the Council in its conclusions, stated as follows:

“The Council of Ministers resolves that since Ministry of Panchayati Raj has been meticulously mapping the progress achieved across States, inclusive of the impediments they are

encountering in moving ahead, and there is now an enormous amount of state specific data compiled, and further since the dialogue with central ministries in respect of Centrally Sponsored Schemes is nearing completion through a Committee lodged in the Cabinet Secretariat, it would be appropriate that Chairman and Deputy Chairman of the Planning Commission be requested to convene a meeting of the National Development Council, chaired by Hon'ble Prime Minister on Panchayati Raj and Decentralized Planning".

Further, the Ministry of Panchayati Raj is making all out sincere efforts towards capacity building of the elected representatives and other functionaries of PRIs for enhancing effectiveness of their participation in implementation of the various schemes.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

#### **Comments of the Committee**

(Please see Paragraph No. 10 of Chapter-I of the Report)

#### **Recommendation (Serial No. 15, Para No. 2.56)**

The Committee note that progress on constitution of District Planning Committees (DPCs) in different States is far from satisfactory even though it is one of the mandatory provisions given under Part IX of the Constitution of India by enactment of Seventy-Third Constitution Amendment Act, 1992. The Committee find that Constitution enjoins that DPCs are to be constituted in all States and Union territories (except Meghalaya, Mizoram, Nagaland, J&K, the hill areas of Manipur, the hill areas of the district of Darjeeling for which Darjeeling Gorkha Hill Council exists, the NCT of Delhi and six scheduled areas) with a view to consolidate plans prepared by Panchayats into draft development plans for the districts. The Committee note with dismay that only in 14 States *viz.* Assam, Bihar, Chhattisgarh, Goa, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Manipur, Orissa, Rajasthan, Sikkim, Tamil Nadu and West Bengal and 4 Union territories of Andaman & Nicobar, Dadra & Nagar Haveli, Daman & Diu and Lakshadweep DPCs have been constituted in all districts. The Ministry of Panchayati Raj has further informed that constitution of DPCs in Haryana, Punjab, Uttar Pradesh, Uttarakhand, Andhra Pradesh and Gujarat are at various stages. The district-wise position of constitution of DPCs in the remaining States have not been made available to the Committee. The Ministry has

informed that details are being obtained from States about the precise details when DPCs were first constituted in each of the States after the enactment of the Seventy-third Constitution Amendment Act. The Committee feel that the year-wise status of constitution of DPCs need to be maintained by the Ministry of Panchayati Raj to have an idea of the status of implementation of various provisions of the Constitution particularly the mandatory ones, of which constitution of DPCs is one. The Committee may be informed of the position as received from the various States/UTs.

### **Reply of the Government**

The DPCs have been constituted in 14 States. Details are given below:

1. Chhattisgarh
2. Himachal Pradesh
3. Karnataka
4. Kerala
5. Madhya Pradesh
6. Manipur
7. Rajasthan
8. Sikkim
9. Tamil Nadu
10. West Bengal
11. Assam
12. Orissa
13. Goa
14. Bihar

Andhra Pradesh and Haryana have completed elections to the DPCs from amongst the members of ZPs and Municipalities. However, formal constitution is still pending as nominated members are to be appointed.

The directions of the Committee have been noted. All the States have been requested to send district-wise constitution of DPCs.

[Ministry of Panchayati Raj, O.M. No. G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

### **Comments of the Committee**

(Please *see* Paragraph No. 22 of Chapter-I of the Report)

#### **Recommendation (Serial No.16, Para No. 2.57)**

The Committee have been expressing strong concern over the non-constitution of DPCs in their various reports. During the course of examination of Demands for Grants (2007-08), the Committee have been informed that certain strong decisions have been taken by the Ministry to put pressure on the States/UTs to constitute DPCs expeditiously. In this regard, Backward Region Grant Fund (BRGF) guidelines stipulates that the release of funds would be contingent upon States constituting DPCs and the district plan being applied by the DPCs. The Committee are pleased to note that as a result of this, at least four States, Bihar, Andhra Pradesh, Haryana and Punjab have taken concrete steps to establish DPCs. The Committee hope that DPCs would be constituted in all the districts of every State with the firm resolve of the Ministry and adopting certain harsh measures mechanism so as to achieve the objectives of preparing real and effective plans with a bottom up approach which reflect the reality of grassroot level.

#### **Reply of the Government**

The Ministry has so far strictly enforced the precondition of constitution of DPCs and approval/consolidation of the district plans by the DPC for releasing Developmental Grants to the States. Even the State of Jharkhand (where Panchayats are not in existence) has been pursued for constitution of DPCs with the members of Municipalities in order to be eligible for Developmental Grant under the BRGF.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

### **Comments of the Committee**

(Please *see* Paragraph No. 22 of Chapter-I of the Report)

## CHAPTER V

### RECOMMENDATIONS IN RESPECT OF WHICH FINAL REPLIES OF THE GOVERNMENT ARE STILL AWAITED

#### **Recommendation (Serial No. 12, Para No. 2.45)**

The Committee find that in addition to the slow progress with respect to devolution there is also the negative trend of reversal of subjects devolved. In the States of Madhya Pradesh (from 25 to 23 subjects) and in Maharashtra (from 19 to 18 subjects) there has been reversal of subjects. Further, the Ministry has informed that State Governments effect reversals by issuing notifications withdrawing these subjects. The Committee find that under Article 243G State Governments transfer subjects to Panchayats by law. The subjects are being transferred in pursuance of article 243G of the Constitution. However, the States withdraw these subjects using only notifications. This is a serious offence and the Committee has taken strong exception to such activities being carried out by the State Governments which are not in the true spirit of the Constitution. The Committee, therefore, recommend to the Government that suitable corrective steps should be taken so that States are not allowed to by-pass the Constitutional provisions. The Committee would like to be informed of the action taken in this regard.

#### **Reply of the Government**

The Ministry in the past has taken serious note to all the instances that came to notice regarding the reversal of subjects or any adverse impact on devolution in any aspect. The Ministry has time and again taken up such issues at appropriate levels of governance for neutralization of impacts of such negative moves. In an attempt to amend the State Panchayati Raj Act, the Karnataka Legislature recently passed an Amendment Bill with the motive of curtailing the powers of the Gram Sabha (in selection of beneficiaries in some schemes). The Ministry on getting notice of such move of the State Government took the matter at the highest level of governance in the State and the Centre at the level of the Cabinet Secretariat and the Prime Minister's Office. Following persistent efforts of the Central Government, civil society organizations and the elected representatives of the PRIs, etc., the State Government had to withdraw the Amendment Bill without it getting assent of the Governor.

As far as the States of Madhya Pradesh is concerned, different orders issued by the State Government time to time provide for devolution of functions pertaining to 25 matters of the Eleventh Schedule. Out of these 25 matters, pertaining to 22 Departments, funds and functionaries have also been devolved to Panchayats in respect of 19 matters. In Maharashtra the State Panchayati Raj Act provides for transfer of 18 subjects and the State orders also affected devolution of 18 functions to Panchayats. The recommendations of the Committee regarding treating reversal of subjects of devolution as by passing the constitutional provisions have been noted and will be taken up with the States at appropriate platforms.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

#### **Comments of the Committee**

(Please see Paragraph No. 16 of Chapter-I of the Report)

#### **Recommendation (Serial No.13, Para No. 2.46)**

Further, the Committee find that States often resort to reporting of incorrect data regarding devolution. When requested, they simply inform the Central Ministry of the number of subjects devolved through legislation while withholding information about the actual devolution of functions, functionaries and finances to Panchayats. This prevents the true picture from emerging. The Committee strongly object to such practice by the State Governments and recommend that the Union Ministry take urgent and strong steps to impress upon States not to resort to such practices as it confuses the true picture of devolution.

#### **Reply of the Government**

As stated earlier the Ministry has started a comprehensive exercise of analyzing devolution of functions, funds and functionaries undertaken by them in the Panchayati Raj legislations, executive orders, rules, etc. issued by the States. The state specific reports of devolution prepared in this manner is proposed to be forwarded to the States for comments and for ensuring factual accuracy of data collected. At the time of forwarding the reports, the points raised by the Committee shall be placed before the respective State Governments. The Committee will be kept apprised of this development.

[Ministry of Panchayati Raj, O.M. No.-G-20012/2/2007-P&C  
Dated 16 Nov., 2007]

### **Comments of the Committee**

(Please see Paragraph No. 19 of Chapter-I of the Report)

#### **Recommendation (Serial No. 17, Para No. 2.62)**

Panchayat Extension to Scheduled Area Act (PESA), 1996 is being implemented in areas falling under the Fifth Schedule of the Constitution. Fifth Schedule areas are in nine States *viz.* Andhra Pradesh, Chhattisgarh, Gujarat, Maharashtra, Himachal Pradesh, Jharkhand, Madhya Pradesh, Gujarat and Rajasthan. The Committee find from the information provided by the Ministry that all States have enacted the requisite compliance legislation by amending their respective Panchayati Raj Acts. However certain gaps continue to exist. Most States are also yet to amend the subject laws like those relating to money lending, forest, excise etc. In this connection the Ministry has entrusted the task of formulation of appropriate amendments in the concerned State Laws to the Indian Law Institute, Delhi. The amendments to the State laws as proposed by the Indian Law Institute which run into hundreds, have been sent to the respective State Governments. As regards the achievements, only Gujarat has been able to amend a local Statute relating to agriculture. The Committee strongly recommend to the Ministry to follow up vigorously with the various State Governments to carry on the amendments to the various local laws expeditiously so as to enable the implementation of amended Acts/Laws in letter and spirit.

#### **Reply of the Government**

The Ministry of Law & Justice, Department of Legal Affairs have identified 4 Central Acts where modifications are to be carried out to bring them in consonance with PESA. They have been requested to intimate action taken and progress made by the Department of Legal Affairs in this regard.

During the Third Round Table of Ministers of Panchayati Raj at Raipur on 23-24 September, 2004 with respect to PESA, it was *inter-alia* decided to take steps to implement in a time-bound framework of the provisions of PESA in respect of the rights of the Gram Sabhas in the Schedule V Areas. In a subsequent consultation with the PESA States, Secretary, Ministry of Panchayati Raj decided to constitute three Sub- Committees for suggesting remedial action, wherever required on various issues related to the PESA Act. Therefore, Ministry of Panchayati Raj had constituted three sub-committees, namely one chaired by Shri. B D Sharma, on 'Model Guidelines to vest Gram



Sabhas with Powers as Envisaged in PESA'; Shri Raghav Chandra on 'Land Alienation, Displacement, Rehabilitation & Relief' and Shri A.K Sharma on 'Minor Forest Produce' to look into these issues. The three Sub-Committees had submitted their reports and recommendations. The same have been forwarded to the PESA States for perusal and comments. Meanwhile, the recommendations of the above said sub-committees are being examined in the Ministry. The Himachal Pradesh Government has furnished its comments on the Shri Raghav Chandra Committee report. The State Govts. were reminded at the highest level for seeking State's comments.

Most PESA States are also yet to amend the subject laws, such as those relating to money lending, the ownership of minor forest produce, planning and management of minor water bodies, prevention of alienation of tribal lands etc. Therefore, there is need to enact the conformity provisions in the States laws for effective implementation of PESA Act in the States. The exercise of drafting conformity legislation for all State specific subject laws was entrusted to the Indian Law Institute (ILI), to undertake a study of local laws of the Scheduled States to bring them in conformity with the provisions of PESA, 1996. The Indian Law Institute had submitted its report on 19/04/06. The same had been forwarded to the PESA States on 08/05/06 for perusal/comments. The Governments of Rajasthan and Madhya Pradesh had intimated the action taken by them with regard to the ILI recommendations. Meanwhile, separate letters have been issued to the Madhya Pradesh, Rajasthan and Gujarat Governments to expedite the process with respect to the remaining laws. The rest of the PESA States have also been reminded by the highest levels of Ministry of Panchayati Raj to expedite the process.

The Ministry of Panchayati Raj is mandated to dialogue with states on all issues relating to the Panchayats (Extension to the Scheduled Areas) Act (PESA)-1996. In this regard, Ministry of Panchayati Raj had forwarded a detailed questionnaire seeking the field level status of the PESA implementation in all the PESA States and also seeking information about problems being faced by the States in implementing the PESA Act. All the States except, Maharashtra and Orissa have submitted their reports.

A letter regarding holding a Needs Assessment Consultation Workshop along with a concept note had been forwarded to all the PESA States on 01/02/2007. The Ministry of Panchayati Raj is in the process of finalising the dates in the States.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

### **Comments of the Committee**

(Please *see* Paragraph No. 25 of Chapter-I of the Report)

#### **Recommendation (Serial No.18, Para No. 2.66)**

The Committee find that for the purpose of establishing an informal system of justice, conciliation and dispute redressal at Panchayat level a draft Nyaya Panchayat Bill has been prepared based on the recommendations of Drafting Committee headed by the eminent jurist Prof. Upendra Baxi. The aforesaid draft Bill has been referred to all States and Union Ministries for their comments and 13 States and 21 Central Ministries have furnished the comments. Most of the Union Ministries are in favour of the legislation. However a few Ministries like the Ministry of Law and Justice are against the draft Bill. The Committee find that in order to arrive at consensus on the draft Bill the Ministry of Panchayati Raj is making efforts.

The Committee find that at present the district courts are first level of judicial redressal. By providing the proper equivalent of courts the Panchayats may help to lessen the burden of district courts specifically when these courts are over burdened. There is considerable delay in settlement of cases which one or the other way denies justice to the petitioner. However, the Committee are aware of the fact that the proposal of Nyaya Panchayat, if implemented would add to the existing powers and responsibilities of Panchayats which at present are not adequately equipped with the required judicial acumen. With the existing scenario of empowerment of Panchayati Raj Institutions even after passage of around 14 years of enactment of the Constitution 73rd Amendment Act, the analysis of which has been done in the preceding part of the report, the idea of Nyaya Panchayat need to be handled carefully by the Ministry. Therefore, the Committee strongly recommend to the Ministry to have wider consultations with the State Governments and all the interest groups. Besides, consultation of experts and public at large is also required. The objections from various quarters need to be addressed carefully before taking final decision in this regard so as to avoid any unavoidable confrontation and resistance from any of the quarters.

#### **Reply of the Government**

The Draft Cabinet Note annexing the Draft Nyaya Panchayats Bill was circulated to Central Ministries on November 22, 2006 and the Draft Nyaya Panchayats Bill was circulated to the Chief Secretaries of the States on 14th December, 2006 for their comments/ suggestions.

The comments have been received from 22 Central Ministries/ Departments and 20 States/UTs. Based on the comments received from different quarters, the Cabinet Note as well as the Draft Nyaya Panchayats Bill have been recast. Both the documents are ready for re-circulation. The recommendations of the Standing Committee have been noted down and a final decision on the Bill will be taken following redressal of objections received from various quarters.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

**Recommendation (Serial No.19, Para No. 2.70)**

The Committee note that as per recommendations of Twelfth Finance Commission a huge amount of Rs. 20,000 crore is to be made available to State Governments during the period 2005-2010 to augment the Consolidated Fund of State level to facilitate supplementing the financial resources of PRIs. In this connection the Committee are glad to note that for the purpose of speedy flow of funds from State Governments to PRIs the Ministry of Finance has formulated stringent guidelines in consultation with Ministry of Panchayati Raj stipulating that these funds should be transferred from State Governments to PRIs within 15 days of being credited in State Consolidated Fund, otherwise State Governments would have to pay interest thereon on RBI rates.

In this connection the Committee have been informed that as many as nine States which included Andhra Pradesh, West Bengal, Tamil Nadu, Chhattisgarh, Karnataka have already been penalised for delay in transfer of Twelfth Finance Commission grants from State Governments to PRIs. Further the Committee have been informed that for the purpose of monitoring of funds a Committee headed by Secretary, Panchayati Raj has already met twice in August, 2006 and January, 2007. The Committee hope that aforesaid guidelines being implemented by the Ministry of Finance will go long way in making available in time the TFCs grants to PRIs across the country.

The Committee also note that Ministry of Panchayati Raj has already prepared a software to maintain data base of Bank accounts of all 2.4 lakh PRIs across the country to facilitate transfer of funds under Twelfth Finance Commission to PRIs. The Committee however find that Bank transfer mechanism is yet to be institutionalised by the Banks. The Committee desire that Ministry of Panchayati Raj should take up the matter with Ministry of Finance to impress upon Banks to utilise software prepared by the Ministry of Panchayati Raj.

### **Reply of the Government**

The advice of the Committee has been noted. It is clarified that the grants are released by the Ministry of Finance to various States and, thereafter, are sent by the State Governments to the three tiers of PRIs. It is, therefore, for the State Governments to take a decision regarding sending grants to PRIs through banking channels. Banks can only facilitate the transfer of grants. Ministry of Panchayati Raj has been pressing the State Governments to utilize the banking channels as also the Fund Transfer Monitoring Software (FTMS) which will aid the quick transfer of grants and its monitoring.

Altogether 14 States have agreed to adopt the FTMS and other States are also expressing keenness for the same and are taking steps in this direction. Karnataka, Rajasthan and Haryana have already started using banking channel for transfer of the TFC grants to PRIs.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov., 2007]

### **Recommendation (Serial No. 27, Para No. 3.35)**

The Committee find that Panchayat Empowerment and Accountability Scheme is very noble Scheme that can work as a tool for much needed work on implementing part IX of the Constitution like constitution of District Planning Committee's, undertaking the exercising of activity mapping, transferring of funds functionaries and finances etc. However the Committee find that the basis of implementation of this scheme has been changed from time to time. In this connection the Committee have noticed that after commencement of the scheme in 2005-2006 the basis for rewarding State Governments for undertaking necessary reform in the field of empowering PRIs was seven reform areas like activity mapping for possible devolution, transfer of funds, functionaries and finances from State Governments to PRIs etc. In second year of implementation of the scheme the basis was changed to devolution index. Moreover the Committee find that Ministry is managing with interim devolution index for this scheme as the Devolution Index is not yet ready.

The Committee have observed seven reform areas in their previous report and the major quantifiable deliverables under the current interim devolution index. The Committee feel that by and large the issues in both the documents are identical. In this connection the Ministry has stated that the current basis is more scientific and capable of use across different schemes. On the other side the Committee have also

been apprised that no physical progress can be linked to grants for work done on empowering PRIs under this scheme. Since the details of the interim devolution index are not available with the Committee, the Committee would be unable to comment on the issue. The Committee however feel that changing the basis of implementation of the Scheme on yearly basis would lead to more and more communication gap between different State Governments, field agencies and also with PRI functionaries and should be discouraged and whenever any such change is contemplated it should be properly discussed among different State Governments.

### **Reply of the Government**

The recommendation of the Committee has been noted. In this regard, a brief background of the formulation of Devolution Index and introduction of the Panchayat Empowerment & Accountability Incentive Scheme is given below for information of the Committee.

In the fifth Round Table at Srinagar held on 28-29 October 2004 the issue of Annual Reports on the State of the Panchayats, including preparation of a Devolution Index was considered. The resolution passed on the subject is reproduced below:

“It was agreed that a Devolution Index, in the format indicated in the annexe, might be incorporated in the Annual State of the Panchayat Reports. It was emphasized that the Devolution Index will be prepared by the States themselves on the basis of self-assessment but would be available for further evaluation and assessment by academic bodies. In so far as the Union Government or the Planning Commission undertakes any reassessment of any State’s Devolution Index, this must be done in consultation with the State concerned. In any system of incentives or rewards which draws upon the Devolution Index, it should be clearly understood that the Index is at best an approximation which cannot, by its nature, capture many of the qualitative aspects of Panchayati Raj. It should also be recognised that any Devolution Index would be more indicative of the institutional environment within which Panchayati Raj is being implemented rather than be capable of capturing outcomes. The Devolution Index should, therefore, be regarded as at best an illustrative guide to be interpreted in terms of the Annual Report as a whole and not as a definitive ranking of either States or performance on specific parameters or for making inter-State comparisons.”

During the fifth Round Table at Srinagar, a Devolution Index was presented to the participants, which was based on a concept paper prepared and finalized by Professor V.N. Alok and Shri L. Bhandari.

The Index as envisaged then was to be incorporated in the Annual State of the Panchayat Reports of the State Governments and was to be prepared by the States themselves. However, the Ministry of Panchayati Raj has taken the lead in this regard and in November 2006, published a first ever State of the Panchayats Report for the country as a whole. It also took the lead in formulating a Devolution Index for ranking States/UTs on the institutional environment for Panchayati Raj Institutions.

The Panchayat Empowerment Incentive Scheme was introduced and implemented by the Ministry of Panchayati Raj during the year 2005-06, at the Revised Estimates stage, with an allocation of Rs. 5 crores. This scheme aimed to provide incentives to the States to devolve powers upon Panchayats in accordance with the recommendations of the seven Round Tables and for Panchayats empowered by such reforms to effectively assume the responsibilities devolved upon them. Release of funds under the Scheme were made in accordance with the progress achieved by States against milestones and bench marks in the reform aspects identified.

During the year 2006-07, the Panchayat Empowerment & Accountability Incentive Scheme had an allocation of Rs. 10 crore. The scheme was appraised by the Standing Finance Committee chaired by Secretary (PR) in its meeting held on 5.10.2006. It was decided that the incentive funds would be released to the States on the basis of the Devolution Index prepared by the National Council of Applied Economic Research, Delhi. The Index prepared by Alok and Bhandari in 2004 was passed on for refinement to the NCAER, which presented an interim Devolution Index to the Ministry in August 2006. Thereafter, based on the data available with the Ministry of Panchayati Raj and as obtained from different States/other sources, NCAER measured the assessing environment for Panchayati Raj Institutions in different States and assigned scores and rankings to all the States/UTs under Part IX of the Constitution. Based on the rankings of States/UTs, Rs. 8 crores were released to the first 10 States and Rs. 2 crores were released to the 6 UTs, in accordance with their rankings.

The Index prepared last year is now sought to be further refined and nuanced to measure the progress on Devolution over time. Towards this end, a concept paper has been prepared by NCAER giving details of the construction of the DI, information or data needs and the application of the Index. This comprehensive index is proposed to be utilized for implementation of the Panchayat Empowerment & Accountability Incentive Scheme during the current year. This comprehensive Index is a substantial improvement on the Index formulated last year. The previous index measured the States on three broad indicators *viz.* Devolution of funds, functions and functionaries. The present index has included a distinct 'Framework' sub Index which will take into account the mandatory provisions of the Constitution contained in Part IX. The Index, as and when finalized would be submitted before the Committee.

[Ministry of Panchayati Raj, O.M. No.G-20012/2/2007-P&C,  
Dated 16 Nov. 2007]

NEW DELHI;  
4 March, 2008  
14 Phalgun, 1929 (Saka)

KALYAN SINGH,  
*Chairman,*  
*Standing Committee on*  
*Rural Development.*

## APPENDIX I

### DEVOLUTION OF FUNCTIONS

Sl.No.	State	Transfer of Subjects through Legislation	Subjects Covered under Activity Mapping	Comments
1	2	3	4	5
1.	Andhra Pradesh	17	9	Activity mapping is under finalisation
2.	Assam	29	22	Activity mapping has been completed
3.	Arunachal Pradesh		3	Activity mapping not done
4.	Bihar	25	25	Committee looking at activity mapping
5.	Chhattisgarh	29	27	Activity mapping under preparation, yet to be notified
6.	Goa	21	18	The Act itself extensively lists out the powers given to the Panchayats. In a sense, this itself constitutes activity mapping, though a separate exercise is also under way.
7.	Gujarat	15	14	Activity mapping being worked out, but not completed and notified
8.	Haryana	28	10	In 1995 detailed executive orders were issued for devolution, in respect of 16 departments, but remained largely on paper. In Feb 2006, Activity mapping was freshly issued for 10 departments



1	2	3	4	5
9.	Himachal Pradesh	29	26	General notification on devolution of functions issued for 15 departments in July, 1996. However, only 8 of these have further issued notifications.
10.	Jharkhand	No elections held to Panchayats		
11.	Karnataka	29	29	Activity Mapping completed in accordance with the recommendations of the GOI task force, in August 2003.
12.	Kerala	26	26	Responsibility mapping undertaken is now being revisited, 18 departments are covered
13.	Madhya Pradesh	23	25	Fresh activity mapping completed by an NGO is under the consideration of the government
14.	Maharashtra	18	18	Activities devolved to Panchayats are listed in the act itself
15.	Manipur	22	22	So far only departments of RD&PR, C&I, Fisheries and Art and Culture have issued departmental notifications for devolving funds and functionaries to Panchayats.
16.	Orissa	27	18	In October 2005, orders were issued on activity mapping in 9 departments. It is now reported that 10 individual government departments have issued orders in furtherance of the same.
17.	Punjab	7	6	Devolution orders were issued in respect of

1	2	3	4	5
				6 departments in October 2003. Now activity mapping has been completed for 29 matters and awaits government approval.
18.	Rajasthan	29	12	Activity mapping, based on the powers sanctioned to the Panchayats under the law is ready, pending approval of the Government
19.	Sikkim	28	28	Activity mapping completed and notified by the Government in November 2006
20.	Tamil Nadu	29		Activity mapping to be undertaken. A high level committee under Chairpersonship of the Minister for Rural Development and local administration set up
21.	Tripura	29	21	Government orders devolving functions to Panchayats ready for 12 departments
22.	Uttar Pradesh	12		Functions relating to 12 departments have been transferred to Panchayats. Activity mapping is still under the consideration of the Government
23.	Uttarakhand	14	9	Activity mapping was issued in September 2006, but departments have not issued their notifications yet.
24.	West Bengal	29	18	Activity mapping completed in November 2005

## APPENDIX II

### COMMITTEE ON RURAL DEVELOPMENT (2007-2008)

#### MINUTES OF THE EIGHTH SITTING OF THE COMMITTEE HELD ON MONDAY, THE 25TH FEBRUARY, 2008

The Committee sat from 1500 hrs. to 1645 hrs. in Committee Room 'E', Basement, Parliament House Annexe, New Delhi.

#### PRESENT

Shri Kalyan Singh — *Chairman*

#### MEMBERS

#### *Lok Sabha*

2. Shri Mani Charenamei
3. Shri Hannan Mollah
4. Shri D. Narbula
5. Shrimati Jyotirmoyee Sikdar
6. Shri Sita Ram Singh
7. Shri Dharmendra Yadav

#### *Rajya Sabha*

8. Shri Balihari Babu
9. Kumari Nirmala Deshpande
10. Dr. Ram Prakash
11. Shri P.R. Rajan

#### SECRETARIAT

1. Shri P.K. Grover — *Joint Secretary*
2. Shrimati Sudesh Luthra — *Director*
3. Shri A.K.Shah — *Deputy Secretary Grade-II*
4. Shri Hoti Lal — *Deputy Secretary Grade-II*

2. At the outset, the Hon'ble Chairman welcomed the members to the sitting of the Committee convened for consideration and adoption

of two draft action taken reports on Demands for Grants (2007-2008) of the Department of Rural Development and Ministry of Panchayati Raj.

3. \*\*\*

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4. The Committee, thereafter, took up for consideration Memoranda No. 4 and 5 regarding draft action taken reports on Twenty-ninth report of the Committee on Demands for Grants (2007-08) of the Department of Rural Development (Ministry of Rural Development) and Thirtieth report of the Committee on Demands for Grants (2007-08) of the Ministry of Panchayati Raj respectively. The Committee after deliberations adopted the aforesaid draft reports without any modification

5. The Committee then authorized the Chairman to finalize the aforesaid draft action taken reports on the basis of factual verification from the concerned Department/Ministry and present the same to both the Houses of Parliament.

*The Committee then adjourned.*

### APPENDIX III

[Vide Para 4 of the Introduction]

#### ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE THIRTIETH REPORT OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT (14th LOK SABHA)

I.	Total number of recommendations	27
II.	Recommendations that have been accepted by the Government Para Nos.: 2.4, 2.11, 2.15, 2.16, 2.17, 2.18, 2.25, 2.26, 2.36, 2.44, 2.47, 2.71, 2.76, 3.14, 3.15, 3.16, 3.30 and 3.31	18
	Percentage to the total recommendations	(66.67%)
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies NIL	
	Percentage to total recommendations	(-)
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee Para Nos.: 2.35, 2.56 and 2.57	3
	Percentage to total recommendations	(11.11%)
V.	Recommendations in respect of which final replies of the Government are still awaited Para Nos.: 2.45, 2.46, 2.62, 2.66, 2.70 and 3.35	6
	Percentage to total recommendations	(22.22 %)