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

FOURTEENTH LOK SABHA

MINISTRY OF PANCHAYATI RAJ

**DEMANDS FOR GRANTS
(2008-2009)**

THIRTY-EIGHTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

THIRTY-EIGHTH REPORT
STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2007-2008)

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MINISTRY OF PANCHAYATI RAJ

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(2008-2009)

Presented to Lok Sabha on 17.4.2008

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LOK SABHA SECRETARIAT
NEW DELHI

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(ii)

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. Adv. Renge Patil Tukaram Ganpatrao
12. Shrimati Tejaswini Gowda
13. Shri Neeraj Shekhar[§]
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

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 | <i>Additional Secretary</i> |
| 2. Shri P.K. Grover | <i>Joint Secretary</i> |
| 3. Shrimati Sudesh Luthra | <i>Director</i> |
| 4. Shri A.K. Shah | <i>Deputy Secretary-II</i> |

*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 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.

#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.

§Hon ble Speaker has nominated Shri Neeraj Shekhar, MP, Lok Sabha to the Standing Committee on Rural Development *w.e.f.* 10 March, 2008 consequent upon vacancy caused resignation given by Shri T. Madhusudan Reddy, MP (LS) from the membership of Lok Sabha *w.e.f.* 4 March, 2008.

**Ceased to be member of the Standing Committee on Rural Development consequent upon the retirement from the membership of Rajya Sabha *w.e.f.* 9 April, 2008.

ABBREVIATIONS

BE	Budget Estimates
BRGF	Backward Regions Grants Fund
DPC	District Planning Committee
NABARD	National Bank for Agriculture & Rural Development
NCAER	National Council for Advanced Economic Research
NIRD	National Institute of Rural Development
NGO	Non-Governmental Organisation
PD & T	Panchayat Development and Training Scheme
PESA	Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996
PRI	Panchayati Raj Institutions
RBH	Rural Business Hubs
RE	Revised Estimates
RGSY	Rashtriya Gram Swaraj Yojana
RSVY	Rashtriya Sam Vikas Yojana
SFC	State Finance Commissions
TFC	Twelfth Finance Commission
UTs	Union Territories

INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2007-2008) having been authorized by the Committee to submit the Report on their behalf, present the Thirty-eighth Report on Demands for Grants (2008-2009) of the Ministry of Panchayati Raj.

2. Demands for Grants have been examined by the Committee under Rule 331E (1) (a) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Committee took evidence of the representatives of the Ministry of Panchayati Raj on 27 March, 2008.

4. The Report was considered and adopted by the Committee at their sitting held on 10 April, 2008.

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

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

NEW DELHI;
16 April, 2008

27 Chaitra, 1930 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

REPORT

OVERALL ANALYSES

CHAPTER I

INTRODUCTORY

Panchayats have historically been a part of the lexicon of governance in India. They were generally regarded as the basic units of governance since the earliest times. The Constitution Seventy-third (Amendment) Act, 1992 gave Constitutional sanctity to Panchayats to act as the foundation of a vibrant democracy. The formation of the Ministry of Panchayati Raj was a step forward in this direction. The Ministry of Panchayati Raj came into existence on 27 May, 2004 with the mandate of implementation of Part IX of the Constitution read with Article 243 ZD relating to the District Planning Committees and the Eleventh Schedule which illustratively sets out a list of 29 matters which might be considered by the State Legislatures for devolution to the Panchayats in respect of planning of economic development and social justice as well as implementation of entrusted schemes of economic and social development in such a manner as to ensure that they function as units of self-Government. Besides, overseeing implementation of 73rd Amendment Act, the Ministry of Panchayati Raj was conceived as the nodal agency for ensuring implementation of the Panchayats (Extension to Scheduled Areas) Act, 1996 (PESA).

1.2 At present there are about 2.40 lakh Panchayati Raj Institutions in India with about 32 lakh representatives. The total electorate at the Panchayat level is estimated to be 52 crore. Moreover, at present there are 537 District Panchayats, 6094 Intermediate Panchayats and 2,32,913 Village Panchayats. There are more than 10 lakh women elected representatives constituting about 37 per cent of the elected representatives. This is well above the 33.3 per cent reservation for women. In States like Bihar, the total number of women elected representatives is more than 54 per cent. The States of Bihar, Madhya Pradesh, Chhattisgarh, Himachal Pradesh, Rajasthan and Uttarakhand have increased the reservation percentage of women to 50 per cent, Sikkim has increased the percentage to 40.

1.3 During 2008-2009 the Ministry of Panchayati Raj will be implementing the following Schemes.

- (i) Backward Regions Grant Fund.
- (ii) Rashtriya Gram Swaraj Yojana

- (iii) Technical Support for Capacity Building and Training of functionaries of DPCs and Zilla Parishads
- (iv) Panchayat Empowerment and Accountability Incentive Scheme
- (v) Scheme for Media and Publicity
- (vi) Panchayat Mahila Gram Yuva Shakti Abhiyan
- (vii) Mission Mode on e-Panchayats

1.4 Besides, the Ministry would also be entrusted with the administration of schemes like Rural Business Hubs, Action Research and Research Studies, Contribution to CLGF, UN Assisted Projects, Management Cell, National Panchayat Fund and the mandatory allocation for the North-Eastern Areas. The Schemes of Technical Support for Capacity Building and Training of functionaries of DPCs and Zilla Parishads, Mission Mode on e-Panchayats and the National Panchayat fund are new schemes and 2008-09 would be the first year of their implementation.

1.5 The overall Demand for Grants of the Ministry of Panchayati Raj for 2008-09 is Rs. 4,780.50 crore, with Plan component of Rs. 4780 crore and non-Plan component of Rs. 50 lakh.

1.6 The Demand for Grants of the Ministry of Panchayati Raj has been laid in Lok Sabha under Demand No.-69 on 17 March, 2008.

1.7 In the present Report the Committee have analysed the performance of some of the important schemes, the details of which are given above, in the context of the Demand for Grants 2008-09 of the Ministry of Panchayati Raj.

CHAPTER II

STATUS OF IMPLEMENTATION OF THE RECOMMENDATIONS MADE BY THE COMMITTEE IN THE THIRTIETH REPORT UNDER DIRECTION 73A OF THE DIRECTIONS BY THE SPEAKER, LOK SABHA

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

2.2 Twenty-first Report of the Standing Committee on Rural Development on Demands for Grants (2006-07) of the Ministry of Panchayati Raj was presented to Lok Sabha on 18 May, 2006. The statement with regard to this Report had fallen due on 17 November, 2006. However, the statement on the said Report was made by the Hon ble Minister of Panchayati Raj in Lok Sabha on 5 December, 2007.

2.3 The Committee had presented the 30th Report on Demands for Grants (2007-08) of the Ministry of Panchayati Raj on 29 May, 2007. The statement has fallen due on 29 November, 2007. However, the statement has been made in March.

2.4 When asked about the reasons for the delay in this regard, the Ministry has informed that the delay is due to the time taken in getting the information from the State Governments.

2.5 The Committee note that direction 73A of the Directions by the Speaker, Lok Sabha is not being followed in the right spirit. This is substantiated by the considerable delay in making the statement by the Minister on various reports of the Committee. As per the direction, the Minister should make the statement within six months of presentation of the Report to Parliament, which has not been done. While, the Committee agree that the information for furnishing the statement has to be collected from various Departments and States, but at the same time feel that, the period of six months is a substantial time and collecting of information should be completed within that time period. The Committee desire that, in future, the statement under direction 73A should be made within the prescribed time limit.

CHAPTER III

GENERAL ANALYSIS

3.1 The overall Demands for Grants of the Ministry of Panchayati Raj for the year 2008-09 is for Rs. 4,780.50 crore, with Plan component of Rs. 4780 crore and non-Plan component of Rs. 50 lakh. During the previous year i.e. 2007-08, the allocation made at Budget Estimate stage was Rs. 4,770 crore which was reduced to Rs. 3,700 crore at Revised Estimate stage.

3.2 The overall Demands for Grants of the Ministry of Panchayati Raj for the year 2008-09 is Rs. 4780.50 crore, which is Rs. 110 crore higher as compared to BE of the previous year and Rs. 1,080 crore higher as compared to RE of the previous year.

3.3 The Scheme-wise provision has been given as under:

Sl.No.	Name of the Scheme	Approved Allocation for 2008-09
1.	Rashtriya Gram Swaraj Yojana	30.00
2.	Technical Support for Capacity Building and Training of functionaries of DPCs and Zilla Parishads	25.00
3.	Panchayat Empowerment & Accountability Incentive Scheme	10.00
4.	Media & Publicity	6.90
5.	Panchayat Mahila Evam Yuva Shakti Abhiyan	4.00
6.	Rural Business Hubs	2.00
7.	Action Research and Research Studies	2.00
8.	Contribution to CLGF	0.10
9.	UN Assisted Projects	5.00
10.	Mission Mode Project on e-Panchayats	5.00
11.	Management Cell	8.00
12.	Allocation for North Eastern Region	11.00
13.	National Panchayat Fund	1.00
	Total	110.00
14.	Backward Regions Grant Fund*	4670.00
	Grand Total	4780.00

*Additional Central Assistance given to States from Central Plan to State s Plans.

A. Five Year Plans

(i) Allocation *vis a vis* utilisation during the Tenth Plan (2002-2007)

3.4 The Ministry of Panchayati Raj was created on 27 May, 2004, hence no separate allocation was made for the Ministry for the Tenth Five Year Plan. Instead allocations for Plan schemes were provided on a year-to-year basis. Given below are the details of the allocation made to the Ministry during the Tenth Plan.

(Rs. in crore)

Year	Budget Estimates	Revised Estimates	Actual Expenditure	Percentage <i>w.r.t.</i> Revised Estimates
2004-05	30.60	10.00	8.45	84.50
2005-06	50.00	50.00	48.70	97.40
2006-07	3825.00	2000.00	1998.00	99.90

3.5 It is seen that a total of Rs. 2,055.15 crore have been spent by the Ministry during the Tenth Plan period. During the first two years of its creation, the Ministry had relatively smaller outlay of Rs. 10 crore (during RE 2004-05) and Rs. 50 crore (during RE 2005-06). However, with the introduction of the Backward Regions Grant Fund during the year 2006-07, the outlay of the Ministry increased greatly to Rs. 2,000 crore. The Ministry of Panchayati Raj in a written note informed that the Ministry of Panchayati Raj came into existence in May 2004. The major portion of the allocation during the aforesaid years has been made by the scheme *viz.* the training of the elected representatives of PRIs and the Backward Regions Grants Fund. The programme for Training to the Elected Panchayati Raj Representatives and functionaries was taken up under Panchayat Development and Training Scheme during the years 2004-05 and 2005-06 along with other small schemes such as Media & Publicity and Award Scheme for the States who have taken initiatives to devolve powers to the Panchayati Raj Institutions. The expenditures during the first two years *i.e.* 2004-05 and 2005-06 is 84.5 per cent and 97.4 per cent respectively. During the year 2006-07, the training of the elected PRIs representatives and officials was a component of Rashtriya Gram Swaraj Yojana. Other small schemes *viz.* Media & Publicity, Panchayat Empowerment and Accountability Incentive Scheme were also taken up. The BRGF scheme was approved in the month of November 2006 and implementation started in the last quarter of the financial year. Accordingly, the RE of the Ministry during the year 2006-07 has been revised from Rs. 3825 crore to Rs. 2000 crores. The expenditure was 99.90 per cent.

3.6 The Ministry of Panchayati Raj was created on 27 May, 2004 after being carved out of the Ministry of Rural Development. The major functions of the Ministry are to oversee the implementation of Part-IX of the Constitution, inserted by the Constitution Seventy-third (Amendment) Act, 1992, the provisions of the Panchayats (Extension to Scheduled Areas) Act, 1996 and Article 243ZD of Part IX-A relating to the District Planning Committees read with the Eleventh Schedule which illustratively sets out a list of 29 matters, which might be considered by the State Legislatures for devolution to the Panchayats. To fulfil the aforesaid objectives, the Ministry spent Rs. 2,055.15 crore during the years 2004-05, 2005-06 and 2006-07 of the Tenth Plan. During the first year of formation of the Ministry of Panchayati Raj, the major agenda taken into consideration was the scheme 'Panchayat Development and Training'. During the second year three schemes *viz.* (i) Rashtriya Gram Swaraj Yojana; (ii) Panchayat Empowerment and Accountability Incentive; and (iii) Scheme for Media Publicity and Advocacy were implemented. Further during the year 2006-07 a major scheme Backward Regions Grant Fund was transferred from the Planning Commission to the Ministry of Panchayati Raj and as such the allocation was substantially revised from Rs. 50 crore to Rs. 3,825 crore during the year 2006-07. As regards the position of expenditure as compared to the allocations made at Revised Estimates stage it was 84.5 per cent during the year 2004-05, 97.40 per cent during the year 2005-06 and 99.90 per cent during the year 2006-07. There was a reduction of Rs. 1,825 crore during the year 2006-07 at the RE stage. The Committee appreciate that the years 2004-05 and 2005-06 were initial years of the formation of the Ministry and the year 2006-07 was the first year when a major scheme BRGF was transferred to the Ministry. The Committee can understand the minor shortfalls in expenditure. The Committee hope that now when the Ministry has started functioning in full swing, various schemes of the Ministry would be implemented with great momentum ensuring cent percent physical and financial achievements.

(ii) Annual Plans for (2007-08) and (2008-09)

3.7 The BE, RE and Actual Expenditure during the year 2007-08 and Budget allocation during the year 2008-09 are as under:

Year	BE	RE	Actual (upto 27 March, 2008)	Percentage in allocation
2007-08	4770	3700	3499.14	95%
2008-09	4780	-	-	-

3.8 When asked about the reasons for the reduction of over Rs. 1070 crore under BE 2008-09 as compared to RE of the previous year the Ministry stated that under the Cash Management Scheme of the Ministry of Finance, sixty-six per cent of the amount allocated under a programme should be spent by 31 December, 2007 with the expenditure being evenly spread out in each quarter. The reduction in the case of BRGF at the RE stage was based on the level of expenditure as on 28 November, 2007 which was Rs. 1248.96 crore. Though a total expenditure of Rs. 2700 crore had been projected till 31 December, 2007 the Ministry eventually released Rs. 2965 crore till 31 December, 2007. The projections were not taken into account while deciding the reduction in RE. The Committee also wanted to know the reasons for under spending of Rs. 486 crore during the year 2007-08 as compared to RE allocation of the year. The Ministry stated that the present level of expenditure under the BRGF is Rs. 3499.14 crore as on 27 March, 2008. Proposals for the balance amount are at an advance stage of processing and the entire amount of Rs. 3700 crore will be released by 31 March, 2008.

3.9 On being enquired about the reasons for a marginal increase of Rs. 110 crore from BE 2007-08 to BE 2008-09, the Ministry of Panchayati Raj replied that the Planning Commission allocates resources to the various Central Ministries/Departments on the basis of the Gross Budgetary Resources made available to Planning Commission by the Ministry of Finance. Accordingly, Planning Commission allocated resources to all the Central Ministries/Departments on the basis of the priorities decided by the Government.

3.10 As regards the review of the annual plans 2007-08 and 2008-09, the Committee note that during the year 2007-08 Rs. 4,770 crore were allocated at BE stage. The outlay was further reduced by Rs. 1,070 crore at RE stage. The actual expenditure during the year 2007-08 has been indicated as Rs. 3,499.14 crore *i.e.* 95 per cent of the allocation made at RE Stage. Further during the year 2008-09, there is enhancement of Rs. 10 crore if compared to BE and Rs. 1,080 crore as compared to RE. The Committee find from the information provided by the Ministry that the cut at RE Stage during the year 2007-08 is mainly on account of not being able to spend the 66 per cent of the amount allocated to the Ministry under programmes by 31 December, 2007 as per the Cash Management Scheme of the Ministry of Finance. The Committee feel that the Ministry itself is responsible for the huge cut at RE Stage during the year 2007-08 and as such strongly recommend that all out efforts should be made to ensure the utilization as per the Cash Management

Scheme in each quarter of the year so as to get the adequate allocation under the schemes of the Ministry.

(iii) Outlay during Eleventh Plan (2007-12)

3.12 The outlay proposed by the Ministry of Panchayati Raj for its Central Schemes for the Eleventh Plan Period (2007-12) was Rs. 15,789 excluding programme of BRGF. The Planning Commission have agreed to provide only Rs. 775 crore for the schemes of the Ministries barring BRGF.

(iv) Objective before the Ministry during the Eleventh Plan Period

3.13 The Ministry of Panchayati Raj has informed that their objective during the Eleventh Plan would be to strengthen the Panchayati Raj system, in the country by way of implementation of the 73rd Constitutional Amendment Act, Panchayats (Extension to Scheduled Areas) Act (PESA), Backward Regions Grant Fund scheme in 250 backward districts in the country.

3.14 The Ministry would approach the objectives through the following strategies:

- (i) Effective devolution of funds, functions and finances to the Panchayati Raj Institutions;
- (ii) Decentralized participatory planning for Panchayati Raj;
- (iii) Capacity Building and Training of Elected Panchayati Raj Representatives and Panchayat Functionaries;
- (iv) Mission Mode Project on e-Governance of Panchayats by way of computerization and Internet connectivity and;
- (v) To fill up the infrastructure and developmental gaps through BRGF in the Backward Districts of the country.

3.15 Further the Ministry has informed that the schemes of Capacity Building & Training, Research & Action Research, Panchayat Empowerment, Accountability and Incentive Scheme, Media & Publicity, Panchayat Mahila Evam Yuva Shakti Abhiyan and Rural Business Hubs have so far been approved. The schemes of Mission Mode Project on e-Panchayat, Infrastructure Development and Technical Support for Capacity Building & Training of Functionaries of DPCs & Zilla Parishads are pending for approval.

3.16 The Committee note that the Ministry have proposed Rs. 15,789 crore for its schemes and programmes excluding BRGF, out of which only Rs. 775 crore have been allocated during the Eleventh Plan period *i.e.* 2007-12. The Committee note that the allocation provided is just 5 per cent of the proposed outlay. The Committee would like to be apprised of the projections made scheme-wise during each year of the Eleventh Plan so as to understand the position of such a low allocation made to the Ministry as compared to the proposed allocation and comment further in this regard. The Committee would also like to be apprised about the proposed and agreed to allocation under one of the major scheme of the Ministry *i.e.* BRGF during the Eleventh Plan period.

B. Progress of devolution of functions, functionaries and finances by different State Governments/Union Territories Administrations to Panchayati Raj Institutions (PRIs).

3.17 The Constitution Seventy-third (Amendment) Act, 1992 envisaged Panchayats as units of self-Government. In order to realize these noble objectives, it is imperative that Panchayats should be equipped with appropriate powers and functions. To function effectively, the Panchayati Raj Institutions need to be functionally empowered *i.e.* there should be decentralization of power, which involves the devolution of functions, functionaries and finances, as per Article 243 G of the Constitution. The Ministry of Panchayati Raj has provided the latest status with regard to devolution of functions, functionaries and finances by different State Governments/Union territory Administrations to Panchayati Raj Institutions. These are at *Appendix I, II and III* respectively.

(i) Progress on devolution

3.18 The Committee have analyzed the position with regard to devolution in their reports from time to time and have expressed serious concern on the slow pace of devolution in the country. The data with regard to transfer of funds and functionaries commensurating the transfer of functions States/UTs-wise, as asked for by the Committee while examining Demands for Grants of the previous years has not been provided. Instead the progress of subjects transferred has been provided by the Ministry of Panchayati Raj. A comparative position of the transfer of subjects during the last three years is given at *Appendix IV*.

3.19 An analysis of the aforesaid data reveals that no significant improvement has taken place and *status quo* has been maintained for

most of the States. However, there are marginal improvements in the States of Goa, Gujarat and Haryana.

3.20 As regards the reasons for the slow progress of devolution, the Ministry has informed that the State Governments are reluctant to transfer functions, functionaries and finances to Panchayati Raj Institutions. Though the States transfer the functions to Panchayats through legislation, yet they do not commit the funds and functionaries, which defeats the entire purpose of devolution.

3.21 The Ministry has identified the meaningful and effective devolution of functions, functionaries and finances as a priority area. The Ministry had conducted the Seven Round Tables to this effect. 150 action points pertaining to 18 dimensions of Panchayati Raj on which effective devolution hinges were unanimously adopted which formed the National roadmap for effective Panchayati Raj. Taken together, they comprise a time bound action plan for achieving full devolution of functions, functionaries and finances of PRIs in accordance with the letter and spirit of the Constitution. The implementation of this time bound plan for devolution of powers and responsibilities would call for close coordination between the Government of India, the States and the Union Territories, as also between the Ministry of Panchayati Raj (MoPR) and all Ministries of the Government of India, particularly those dealing with the 29 functions under the Eleventh Schedule of the Constitution. The Central Government, however, has the plenary responsibility for ensuring the implementation of Part IX of the Constitution and empowering Panchayats as institution of local self-government, in the letter and spirit of Part IX of the Constitution.

(ii) Activity Mapping

3.22 The Ministry of Panchayati Raj had initiated the exercise of Activity Mapping, which involves an identification of functions within a given sector and the dis-aggregation of these functions into tasks, activities and responsibilities for devolution to the three levels of Panchayats. Actively mapping is vital to the process of devolution because it clarifies the roles of each level of Panchayat. When the role of each Panchayat is clarified, it transforms Panchayats from passive recipients of training and Central/State Government resources to empowered service providers.

3.23 Given below is the State/UT wise status of Activity Mapping for the delegation of functions listed in the Eleventh Schedule of the Constitution. A comparative study of the progress of Activity Mapping during that last three years is at *Appendix-V*.

State/UT-wise status of Activity Mapping for the delegation of functions listed in the 11th Schedule of the Constitution is as under:

A. States and UTs that have completed Activity Mapping:

Kerala, Karnataka, West Bengal, Sikkim, Haryana, Orissa, Dadra & Nagar Haveli and Daman & Diu.

B. States and UTs which have completed the basis ground level work but final approval to Activity Mapping is awaited:

Andhra Pradesh, Assam, Chhattisgarh, Himachal Pradesh, Manipur, Punjab, Rajasthan, Uttarakhand, A&N Islands and Lakshadweep.

C. States and UTs where Panchayati Raj Legislation includes delineation of function to Panchayats:

Maharashtra, Gujarat and Goa.

D. States and UTs where work is in progress:

Arunachal Pradesh, Bihar, Madhya Pradesh, Uttar Pradesh, Tripura, Tamil Nadu, Chandigarh and Puducherry.

3.24 When the Committee wanted to know the reasons for slow progress of devolution, the Ministry has submitted that since activity mapping would exactly define the domain of Panchayats, the reluctance of the State Governments to show them perceived power with the local governing bodies seems to be the reason for the delay in completion of the activity mapping exercise. As a further initiative the Secretary, Ministry of Panchayati Raj during the oral evidence informed Committee that the Ministry has formulated a model activity mapping exercise, which has been circulated to the States for adoption.

3.25 The Committee find that the Ministry of Panchayati Raj was created to oversee the implementation of Part IX of the Constitution, the main component of which is effective devolution of 3Fs i.e. functions, functionaries and finances. As regards the status of devolution of functions, the Committee note from the information as given in Appendix-I that in some of the States, the progress with regard to devolution of functions is not satisfactory. Even when 29 subjects have to be transferred to PRIs, in six States viz Andhra Pradesh, Gujarat, Maharashtra, Punjab, Uttar Pradesh and Uttarakhand, the devolution is less than 20 subjects. Worse is the position in Punjab where only 7 subjects have been transferred,

followed by Uttar Pradesh where 12 subjects have been transferred. In the case of Union Territories, the information has not been furnished by the Ministry. The Committee further note that there is a little improvement in the transfer of functions if the position during the year 2008 is compared to the previous years. It could be seen from the *Appendix-IV* that there are marginal improvements in the States of Goa, Gujarat and Haryana. As regards the position with regard to funds and functionaries commensurating the functions devolved to Panchayats, in spite of repeated requests made to the Ministry in the respective Reports, such information has not been made available to the Committee. The Committee further find that the main reason for the slow progress of devolution as indicated by the Ministry is reluctance on the part of the State Governments to transfer functions, functionaries and finances to Panchayati Raj Institutions. It has been mentioned that though the States transfer the functions to Panchayats through legislations, yet they do not commit the funds and functionaries, which defeat the entire purpose of devolution.

3.26 With the creation of the Ministry of Panchayati Raj, a lot of efforts are being made by way of conducting 7 Round Tables where 150 action points pertaining to 18 dimensions of Panchayati Raj on which effective devolution hinges was unanimously adopted which form the national roadmap for effective Panchayati Raj. From the position of the status of devolution as indicated by the Ministry, it seems that there is slow progress on the implementation of the aforesaid action points. The Committee, therefore, strongly recommend to the Ministry to continue the efforts being made to impress upon the State Governments about the importance of implementation of the Part IX particularly article 243G of the Constitution in a time bound manner. The Committee note that to make the Panchayats act as effective foundation to the democratic structure, they need to be adequately empowered to take on this responsibility, more so when under one of the flagship programme of the Government *viz.* NREGA, 50 per cent of the works have to be implemented by Panchayati Raj Institutions. With the greater thrust of the Union Government to decentralize the Centrally Sponsored Schemes related to the 29 functions given in the Eleventh Schedule of the Constitution, there is an urgent need for the capacity building of Panchayats, which can be ensured only by transfer of finances and functionaries. The Committee, therefore, strongly recommend to take all the desired initiatives in this regard and inform the Committee accordingly. The Committee may also like that the information with regard to transfer of funds, functions and

functionaries should be obtained regularly from the States and Union Territories and furnished to the Committee so as to analyse the exact status of implementation of devolution to Panchayats.

3.27 The Committee note that the exercise of Activity Mapping has been undertaken by the Ministry with a view to identify functions within a given sector and the disaggregation of these functions into tasks, activities and responsibilities for devolution to the three levels of Panchayats. The Committee also note that only six States and two Union Territories have completed activity mapping. A comparative analysis of the status of activity mapping during 2005, 2007 and 2008 reveal that in 8 States namely Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa and Rajasthan some progress in activity mapping has been made. However in the States of Assam, Arunachal Pradesh, and Uttaranchal there is a negative trend in the number of subjects covered under activity mapping. Moreover the status of activity mapping in the States of Tamil Nadu and Uttar Pradesh has also not been provided. The Committee would like the Ministry to pursue with the various State Governments/Union Territories so as to complete the activity mapping by a stipulated deadline. Besides, the information with regard to the status of activity mapping from Tamil Nadu and Uttar Pradesh and also the Union Territories should be obtained and furnished to the Committee.

C. District Planning Committees

3.28 Decentralized Planning as an ideal has been pursued since independence in India. Its foundations were laid as early as in the first Five Year Plan, which recognized the need to break up the planning process into nation, State, District and Community level processes.

3.29 Participative grassroots level planning assumed a new urgency with the enactment of the 73rd Constitutional (Amendment) Acts in 1992. Article 243 G, which lays down the functional ambit of Panchayats in rural areas state that they are institutions of local self government, which are to undertake among other matters, planning for economic development and social justice. Article 243 ZD of the Constitution provides for the constitution of District Planning Committees for the consolidation of rural plans into the draft development plan of the district, which is to be sent to the State Government concerned. DPCs are to be constituted mandatorily in all districts excepting the States

of Meghalaya, Mizoram, Nagaland, Jammu and Kashmir, the hill areas of Manipur, the hilly areas of the district of Darjeeling for which Darjeeling Gorkha Hill Council exists, the NCT of Delhi and the Sixth Schedule Areas.

3.30 The Ministry of Panchayati Raj, has taken up the issue of implementation of Article 243G read with Articles 243 ZD, in earnest. In the second of the seven Round Tables of State Ministers of Panchayati Raj organized by the Ministry of Panchayati Raj, the issue of decentralized planning was considered in detail. A key resolution in this regard arrived at in the Round Table is as follows:

The Planning Commission is requested to ensure that the 11th Plan begins with and is founded on district plans prepared in accordance with the provisions of Part IX and IX A of the Constitution.

3.31 Given below is the list of States that have constituted DPCs in all districts:

Sl. No	State	Sl. No.	State
1.	Andhra Pradesh	2.	Arunachal Pradesh
3.	Assam	4.	Bihar
5.	Chhattisgarh	6.	Goa
7.	Himachal Pradesh	8.	Haryana
9.	Karnataka	10.	Kerala
11.	Madhya Pradesh	12.	Manipur
13.	Orissa	14.	Rajasthan
15.	Sikkim	16.	Tamil Nadu
17.	Tripura	18.	West Bengal

3.32 Of these, six States, namely, Andhra Pradesh, Arunachal Pradesh, Bihar, Haryana, Orissa and Tripura have constituted DPCs following the stipulation in the BRGF guidelines that DPCs shall be constituted.

3.33 Gujarat, Jharkhand, Maharashtra, Punjab, Uttar Pradesh and Uttarakhand have so far not constituted DPCs, in consonance with Articles 243 ZD of the Constitution. The latest status position in respect

of these States is given in *Appendix VI*. In respect of Jharkhand, the process of constitution of the DPC in strict accordance with the Constitution cannot proceed, because of the lack of elected Panchayats. Regarding the remaining States, barring Maharashtra and Gujarat, every State is either taking action on constituting DPCs immediately or has announced its intention of constitution DPCs following the impending Panchayat elections.

3.34 During 2008-09, the Ministry has launched a new scheme Technical Support for Capacity Building and Training and functioning of DPCs and Zilla Parishad with an outlay of Rs. 25 crore. Under this scheme, technical support will be provided through Support Institutions to prepare and consolidate District Plan on the basis of development plan received from Gram Panchayats and Panchayat Samitis. Under this scheme the Zilla Parishads will able to engage professional/trained personnel for the preparation of draft District Plan and training will be imparted to the key PRIs functionaries to the districts for formulation of District Plan.

3.35 As a further initiative in this direction, the Ministry of Panchayati Raj has made grants under BRGF consequent upon the formation of District Planning Committees. The Government has also informed that special provisions have been made in the programme guidelines to cater to the release of funds under BRGF to the following districts of Karbi Anglong, North Cachar Hills and Kokrajhar (Assam), Chandel, Churachandrapur and Tamenglong (Manipur) and Dhalai (Tripura), which fall under the Sixth Schedule of the Constitution.

3.36 No releases under developmental grant have been made to the districts covered under the BRGF in the States of Jharkhand, Uttar Pradesh, Uttarakhand, Gujarat, Maharashtra and Punjab.

3.37 When the Committee wanted to know the actions that the Ministry was taking to impress upon the States about the necessity of formation of DPCs, it has been stated that the Minister of Panchayati Raj has written to the Chief Ministers of Gujarat, Maharashtra, Punjab, Uttar Pradesh and Uttarakhand on 11-13 March 2008 to expedite the constitution of the elected DPCs so that the districts can draw funds under the BRGF programme.

3.38 The Committee find that Article 243ZD of the 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.

3.39 The Committee note with satisfaction that some progress has been made with the continuous efforts made by the Ministry with regard to the constitution of DPCs. While examining the Demands for Grants of the previous year (refer para 2.52 of the Thirtieth Report), the Committee have been informed that 14 States and 4 Union Territories had constituted DPCs. While examining the Demands for Grants of the current year, 18 States are stated to have constituted DPCs in all the districts. The position with regard to Union Territories has not been mentioned. The Committee note that the release of allocations under BRGF is consequent upon the formation of DPC in each district. The strict implementation of the aforesaid provision has resulted in the constitution of DPCs in the States of Andhra Pradesh, Arunachal Pradesh, Bihar, Haryana, Orissa and Tripura. The Committee would like the Ministry to continue the efforts in this regard, so that DPCs are constituted in each district in all the States/UTs and the National, State & District Plans are prepared from bottom up approach in line with the true spirit of the Part IX of the Constitution.

D. Twelfth Finance Commission

3.40 The Twelfth Finance Commission has recommended that a sum of Rs. 20, 000 crore be made available as grants to the State Governments during the period of 2005-10 to augment the Consolidated Fund of the States to facilitate the supplementing of the financial resources placed at the disposal of Panchayats. In a significant advance in the current policy and practice, the Ministry of Finance after consultation with the Ministry of Panchayati Raj has mandated through its guidelines that these funds must invariably be transferred to the Panchayats within 15 days of their being credited to the State Consolidated Fund.

3.41 Local bodies grants are being released in two equal installments in July and January every year. States have to mandatorily transfer the grants released by the Central Government to the PRIs within 15 days of the same being credited to the State s Account.

Also, Panchayats as defined in the Constitution can exist only when they are constituted as per the mandatory provisions of Articles 243 B and 243C. Hence, grants are not being provided to a State (which is covered under Part IX of the Constitution) for the period for which there were no elected Panchayats as per the provisions of the Constitution. A statement showing the allocations and release of TFC grants during the years 2005-06 and 2006-07 and 2007-08 in *Appendix VII*.

3.42 During 2005-06, funds were not released in the States of Arunachal Pradesh, Jharkhand, Sikkim and Tripura. When the Ministry was asked to state the reasons for non-release of funds, it has been stated that funds were not released in Jharkhand on account of election not being held there. In case of Arunachal Pradesh, Sikkim and Tripura, the reasons furnished by the Ministry of Finance for non-release of funds was because the TFC guidelines clearly state that the second installment of local bodies grants for the year 2005-06 shall be released upon the receipt of the release certificate for the previous installment. The funds to these States were not released as interest details for delayed transfer of First installment of 2005-06 were not received. For 2006-07, and for 2006-07 funds were not released in Arunachal Pradesh, Assam, Jammu and Kashmir, Jharkhand, Nagaland, Meghalaya, Sikkim and Tripura. The Ministry of Finance has advanced the following reasons for non-release of funds:

Arunachal Pradesh, Sikkim and Tripura: Since the State has not been received the installments for 2005-06 due to reasons mentioned above, the next installments can also not be released to the States.

Assam: The State of Assam has now secured the first installment of 2006-07.

Nagaland, Meghalaya: Although grants for Rural Local Bodies are released to Nagaland, Meghalaya, these are not monitored by Ministry of Panchayati Raj since there are no PRIs in these States.

Jammu & Kashmir: The State is also not monitored by the Ministry of Panchayati Raj because it is not covered in Part IX of the Constitution.

3.43 In case of delayed transfer of TFC grants to PRIs beyond the specified period of 15 days, the State have to pay interest to the PRIs at the Reserve Bank of India rate. The details of States and the amount of interest paid so far by them to the PRIs on account of delay in the transfer of funds is given in Table below:

State	2005-2006		2006-2007	
	1st Installment	2nd Installment	1st Installment	2nd Installment
Andhra Pradesh	185.23	54.79	-	-
Assam	263.00	-	-	-
Bihar	112.00	-	-	-
Chhattisgarh	63.69	-	-	-
Haryana	-	0.54	-	-
Karnataka	41.85	-	-	-
Madhya Pradesh	-	-	127.57	-
Meghalaya	4.60	-	-	-
Manipur	0.73	-	-	-
Punjab	23.36	-	-	-
Rajasthan	-	-	-	30.80
West Bengal	87.75	-	-	-
Sikkim	120.00	-	-	-
Orissa	-	-	6.92	-
Total	902.21	55.33	134.49	30.80

(i) Monitoring of TFC Grants

3.44 On the question of monitoring of funds under the Twelfth Finance Commission, the Ministry has informed that as per the guidelines of the Ministry of Finance, in order to ensure stringent and regular monitoring of the release of funds to Panchayats, a Committee headed by the Secretary, Ministry of Panchayati Raj, with the Joint Secretary (State Finances) and Financial Adviser (Panchayati Raj) as Member Secretary, monitors the release of grants to State Governments and further to Panchayati Raj to ensure smooth and uninterrupted flow of funds to PRIs. So far, it has met eight times.

3.45 At the State level, monitoring is done by a high level Committee headed by the Chief Secretary and includes the Finance Secretary and Secretaries of the Departments concerned as members to ensure proper utilisation of local bodies grants.

3.46 Further, the Ministry of Panchayati Raj has informed that they have developed and put in place a software to maintain the databases of all 2,40,000 Panchayati Raj Institutions to facilitate the transfer of funds electronically through banking channels. Karnataka, Haryana and Rajasthan are already using this system to transfer the funds. Himachal Pradesh has also initiated the process. In the rest of the States, the Ministry of Finance transfers TFC grants to the Consolidated fund of the State, which is further transferred to Panchayats through treasury.

3.47 When the Ministry was asked what steps it was taking to popularize the use of the electronic system for fund transfer, it has been stated that the Ministry of Panchayati Raj has written to the top Banks of India inviting proposals for covering various States through the latest system of core Banking solutions available with the Banks. They had received proposals from various Banks giving their preference of States. These requests have further been forwarded to the State Governments for finalization of Banks for disbursing funds through Banking channels. Moreover, the State Governments have also been requested time and again for adopting the quick mechanism of electronic transfer of funds to avoid the delay and also subsequent interest amount to be paid.

(ii) Role of CAG

3.48 The Twelfth Finance Commission has linked the release of grants to certification of timely release and utilization of grants by the Comptroller and Auditor General of India (CAG). The CAG now exercises regular checks on the release of grants to PRIs by States and its utilization by PRIs and reports are being provided to the Ministry of Finance and Ministry of Panchayati Raj. The Ministry of Finance has outlined the monitoring mechanism for releases where it was decided that the State Governments should provide a certificate to the State Pr. AsG/AsG giving details of releases of funds within 31st August for the 1st installment of the release made by the Government of India in July each year and by 31st January every year for the releases made by Government of India in January. The Pr.AsG/AsG would verify the correctness of the certificate by adopting risk-based audit to give reasonable assurance about the receipt of moneys in the accounts of the PRIs/ULBs.

3.49 On the issue of monitoring of utilization of grants, the State Governments would provide, for both the installments (July and January each year), a certificate to all State AsG by 30th April each year. The Pr.AsG/AsG would conduct risk-based audit and give assurance to the Central government by October/November each year.

(iii) Utilization position of Twelfth Finance Commission grants

3.50 As per the recommendations of the Twelfth Finance Commission, the PRIs should be encouraged to take over the assets relating to water supply and sanitation and utilization of grants for repairs/rejuvenation and meeting the O&M costs. PRIs should also give high priority to the expenditure on creation of database and maintenance of accounts through the use of electronic management information system as far as possible. The Ministry of Panchayati Raj has provided the utilization position of TFC grants under the head of Water Supply and Sanitation.

States	Percentage	States	Percentage
Andhra Pradesh	97	Manipur	85
Assam	73	Orissa	90
Bihar	55	Punjab	100
Chhattisgarh	50	Rajasthan	62
Goa	15	Sikkim	85
Gujarat	57	Tamil Nadu	87
Haryana	100	Tripura	32
Himachal Pradesh	93	Uttar Pradesh	94
Karnataka	52	Uttranchal	52
Madhya Pradesh	49	West Bengal	6
Maharashtra	99.9		

3.51 The percentage utilization of TFC Grants released to PRIs under the head of maintenance of accounts is given in the table below:

States	Percentage
1	2
Assam	4
Goa	9

1	2
Gujarat	5
Karnataka	3
Madhya Pradesh	24
Manipur	3
Sikkim	15
Uttar Pradesh	4
West Bengal	2

3.52 Utilization of Twelfth Finance Commission grants released to Panchayati Raj Institutions under the head of creation of database is shown in the table below:

States	Percentage	States	Percentage
Andhra Pradesh	2.5	Maharashtra	1
Assam	6	Manipur	10
Chhattisgarh	2	Orissa	1
Goa	10	Tamil Nadu	7
Himachal Pradesh	7	Tripura	30
Karnataka	2	West Bengal	3
Madhya Pradesh	3		

3.53 The Committee note that the Twelfth Finance Commission assured a sum of Rs. 20,000 crore to Panchayats to be paid in two installments in a year for the years 2005-10. This amount would be deposited in the Consolidated Fund of the States who had to further transmit the funds to Panchayats within 15 days. The Committee are glad to note that in order to ensure a speedier delivery mechanism of TFC funds, the Ministry of Finance has mandated through the guidelines that States which fail to transfer the TFC funds to Panchayats within 15 days of their being deposited in the Consolidated Fund of the States would have to pay interest at RBI rates. This initiative has already started yielding results. During 2005-06, a total of eleven States have paid interest to the tune of Rs. 975.54 lakh for failing to deposit the TFC funds with Panchayats

timely. For 2006-07, the number of such States declined drastically to three and the total amount of interest paid was only Rs. 165.29 lakh. The Committee greatly appreciate this initiative of the Government to remove bottlenecks in the delivery mechanism of TFC funds and hope that it would result in uninterrupted flow of funds to Panchayati Raj Institutions.

3.54 The Committee also note that the Ministry has developed and put in place a software to maintain the databases of all 2,40,000 PRIs to transfer funds under TFC electronically through Banking channels. The States of Karnataka, Haryana and Rajasthan are already using this system and Himachal Pradesh has initiated action to adopt this system. In the rest of the States the funds are being transferred through treasury. The Committee appreciate that the electronic transfer of funds would not only result in speedier transfer of funds from the Union Government to States and then to Panchayats as well as in maintaining greater transparency. The Committee also note that the Ministry is taking certain steps to popularize this system. The Committee hope and trust that with the initiatives taken by the Government more and more States would adopt the electronic transfer of funds. The Committee may also like to be apprised about the status of transfer of funds in this regard from time to time.

3.55 The Committee further note that the Twelfth Finance Commission has linked the release of grants to the certification by the Comptroller and Auditor General of India (CAG) and the CAG now exercises regular checks on the release of grants to PRIs by States. The CAG also reports to the Ministries of Finance and Panchayati Raj regularly in this respect. The Committee appreciate this initiative of the Ministry to include a role for the CAG in the certification of the utilisation of TFC funds and hope that this measure would go a long way in ensuring proper utilisation of TFC funds.

3.56 From the data provided by the Ministry on the allocation of TFC funds during 2005-06, 2006-07 and 2007-08 in different States it is seen that the States of Arunachal Pradesh, Jharkahand, Sikkim and Tripura have not received TFC funds. During 2006-07 and 2007-08 funds were not released to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Jharkhand, Nagaland, Meghalaya, Sikkim and Tripura. Various reasons like non-receipt of Utilization Certificates in the case of Arunachal Pradesh, Sikkim and Tripura, due to non-holding of election in Jharkhand, have been cited as the reasons for non release of TFC funds to these States. The Committee

strongly recommend to pursue with the States for furnishing Utilization Certificates so that the PRIs are not deprived of the aforesaid benefits.

3.57 The Committee note that the TFC has recommended that PRIs should be encouraged to take over the assets relating to water supply and sanitation, utilization of grants for repairs/rejuvenation and meeting O&M costs. From the figures of utilization of TFC grants with respect to water supply and sanitation, the Committee find that only ten States have reported satisfactory utilization figures. The vast majority of States have reported lower utilization. The utilization with regard to maintenance of accounts and creation of database is very low. The maximum percentage with regard to maintenance of accounts is 24 per cent in the State of Madhya Pradesh and 30 per cent in case of creation of database in the State of Tripura. The Committee express serious concern at the dismal performance by the States in utilizing TFC funds. The Committee observe that the Twelfth Finance Commission had pledged Rs. 20,000 crore to Panchayats for increasing their financial resources. However, if the grants are not optimally used, the whole purpose is defeated. The Committee, therefore, recommend that the Ministry should take stringent measures to ensure that cent percent funds are utilized to get the intended results under the various sectors for which funds are meant.

3.58 Implementation of the Panchayats Extension to Scheduled Areas Act (PESA), 1996

The Ministry of Panchayati Raj is responsible for the implementation of Panchayats Extension to Scheduled Areas Act (PESA), 1996. PESA is being implemented in the following Fifth Schedule States:

- (i) Andhra Pradesh
- (ii) Chhattisgarh
- (iii) Gujarat
- (iv) Himachal Pradesh
- (v) Jharkhand
- (vi) Madhya Pradesh
- (vii) Maharashtra
- (viii) Orissa and
- (ix) Rajasthan

3.59 It has been mentioned in the Outcome Budget of the Ministry that though the PESA casts responsibility on the State Legislatures, yet a duty is also cast upon Central Government to see that its provisions are followed. While the actual policies and programmes in respect of PESA are conceived and implemented by the States, Ministry of Panchayati Raj provides broad direction and back up support on policy issues, capacity building and training of the Government agencies and staff. While all States have enacted the requisite compliance legislations by amending their respective Panchayati Raj Acts, certain gaps continue to exist. Most States are also yet to amend the subject laws, like those relating to money lending, forest, excise, etc. The Ministry of Panchayati Raj has entrusted the task to the Indian Law Institute to formulate appropriate amendments in the concerned State laws with a view to assist the State Governments in carrying out the exercise of undertaking compliance legislation in consultation with their respective Departments of Law. The Indian Law Institute had submitted its report in 2006, which was then forwarded to the PESA States for comments. The matter is being pursued

3.60 'The Panchayats Extension to Scheduled Areas Act (PESA),1996' is being implemented in areas falling under the Fifth Schedule of the Constitution. The Committee find that though all States have enacted the requisite compliance legislation by amending their respective Panchayati Raj Acts, 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 have been sent to the respective State Governments. The Committee strongly recommend to the Ministry to follow up vigorously with the various State Governments to carry on the amendments to the various laws expeditiously so as to enable the implementation of amended Acts/Laws in letter and spirit.

CHAPTER IV

SCHEME-WISE ANALYSIS

A. Backward Regions Grant Fund

4.1 The Backward Regions Grant Fund Programme (BRGF), launched by the Prime Minister at Barpeta in Assam on 19th February, 2006, signifies a new approach to addressing persistent regional imbalances in development. Participative planning by rural and urban local bodies constitutes the core of the approach to BRGF. Panchayats at the Village, Intermediate and District levels and Municipalities constituted under Part IX and IX-A of the Constitution are positioned as institutions for planning and implementing the programme. The BRGF Programme covers 250 Districts in 27 States. The Rashtriya Sam Vikas Yojana, which covers 147 districts, has been subsumed into the Backward Region Grant Fund Programme.

4.2 The Ministry of Panchayati Raj has been entrusted the task of administering the BRGF programme aimed at redressing regional imbalances in development, by providing financial resources for supplementing and converging existing developmental inflows into identified districts, so as to bridge critical gaps in local infrastructure and other development requirements that are not being adequately met through existing inflows. The programmes under the BRGF are proposed to be planned, implemented and managed by the Panchayats, Municipalities and District Planning Committees constituted in accordance with the part IX and IX-A of the Constitution.

4.3 While recognizing the comparative advantage of local bodies in better tackling local matters, all backwardness cannot be handled this way. Therefore, the guidelines of the programme entrust the central role in planning and implementation of the programme to Panchayats in rural areas. Special provisions have been made in the guidelines for those districts in J&K, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura, which do not have Panchayats, where village level bodies and institutions mandated under other frameworks such as the Sixth Schedule are to plan and implement the programme.

4.4 The planning process under BRGF is based on the guidelines for district planning issued by the Planning Commission in August 2006.

4.5 BRGF grants are highly process oriented and their effective implementation depends upon the vigour of practice of Panchayati Raj and district planning in the State. During 2007-08, the quality of

district plans has varied from State to State. The major constraints that have surfaced are given below:

- (a) Inherent weak Panchayati Raj system in some States with very little focus on empowerment of Panchayats with functions, funds and functionaries.
- (b) Absence of activity mapping, an exercise which enables every Panchayat to know what its functional responsibilities are and thereby facilitates it to plan better for these.
- (c) Absence of fiscal decentralization, or at the very least, information to each Panchayat of more or less how much money it is likely to receive under various heads during the financial year. In the absence of this information, Panchayats find it virtually impossible to prepare a plan that converges financial inflows and tend to prepare a wish list of works that it intends to take up under BRGF, with little regard for other investments,
- (d) Non issue of district planning guidelines and weak and non-functional DPCs,
- (e) Lack of capacity of the State administration in Panchayati Raj and planning to better manage the processes of district planning.
- (f) Weak institutions for capacity building, such as SIRDs, in States.

4.6 To overcome these constraints, the Ministry has been vigorously pursuing matters through several initiatives and interactions.

Performance during 2006-07

4.7 In 2006-07, BRGF was initially allocated Rs. 3,750 crore under two components, namely a capacity building allocation of Rs. 250 crore calculated at Rs. 1 crore per district and a substantially untied fund of Rs. 3,500 crore. However, this allocation was reduced to Rs. 1,925 crore at the Revised Estimate stage. The entire amount was released to the States as follows:

Sl.No.	Particulars	Amount (Rs. In crore)
1	Total annual allocation	3750.00
2	Total annual allocation (RE)	1925.00
3	Funds released for RSVY	1818.00
4	BRGF development grant released	20.05
5	Capacity Building allocation released	86.65
6	Total funds released	1925.00

Performance during 2007-08

4.8 In 2007-08, BRGF was allocated Rs. 4670 crore under two components, namely, a capacity building allocation of Rs. 250 crore calculated at Rs. 1 crore per district and a substantially united fund of Rs. 4420 crore. However, this allocation was reduced to Rs. 3,600 crore at the revised estimate stage. The latest status of release of BRGF funds during 2007-08 is at *Appendix VIII*.

4.9 Given below is the utilization position of funds under BRGF during 2007-08.

Sl.No.	Particulars	Amount (Rs. In crore)
1	Total annual allocation	4,670.00
2	RE	3,600.00
3	Funds released for RSVY	952.50
4	BRGF development grant released	2,119.50
5	Capacity Building allocation released	116.30
6	Funds released as advance for hiring experts to assist in district planning	25.00
7	Funds earmarked for programme management and development of data base	2.50
8	Total funds released	3,499.14

4.10 The total utilization under BRGF during 2007-08 was Rs. 3, 499.14 crore or about 97.4 per cent of the total.

4.11 Keeping in mind the fact that there have been persistent reduction of allocation at RE level both during 2006-07 and 2007-08, the Ministry of Panchayati Raj has outlined the steps to ensure full utilization of the allocation during 2008-09:

- (i) Developmental grants have been released to 136 districts of 13 States in 2007-08. Since the allocations have been made during the work season and the works/schemes proposed under the programme in most cases do not require long gestation time but are implementable within 3-6 months, all these districts are expected to report sixty per cent expenditure of the released amount in 2007-08 to claim their entitlement under 2008-09.

- (ii) The Ministry of Panchayati Raj has released a total of Rs. 25 crore as advance to all the districts to hire experts to assist them in preparation of annual plan 2008-09 and the five-year perspective plans. The initial process of assignment of experts has been completed and this measure is expected to lead to a time bound preparation of plans in the States and Districts which have not yet begun the exercise.
- (iii) The backlog of the RSVY, which is Rs. 1014 crore is expected to be claimed during 2008-09.

B. Rashtriya Sam Vikas Yojana (RSVY)

4.12 RSVY commenced in 2003-04 and covered 147 districts. Each district was to receive a total amount of Rs. 45 crore over a period of 3 years, in six installments of Rs. 7.5 crore each. The programme was, therefore, to be completed by 2005-06. However, progress in the implementation of RSVY has been slow in several districts. Following the entrustment of RSVY to MoPR, the Ministry has regularly followed up with States to expedite their RSVY proposals, in close coordination with Planning Commission and NABCONS (a special agency of NABARD), which was entrusted the task of monitoring RSVY implementation by the Planning Commission. Consequently, the position as on 11-3-07 regarding the implementation of RSVY is given as under:

		(Rs. in crore)
1.	Total allocation under RSVY for 147 districts	6624.30
2.	Funds released under RSVY in 2003-04 (by Planning Commission)	402.50
3.	Funds released under RSVY in 2004-05 (by Planning Commission)	1241.08
4.	Funds released under RSVY in 2005-06 (by Planning Commission)	1210.74
5.	Funds released under RSVY in 2006-07 (by MoPR)	1818.30
6.	Funds released under RSVY in 2007-08 upto 31-12-07 (by MoPR)	907.50
7.	Total funds released	5580.12
8.	Cumulative percentage of funds released	84.23%
9.	Expenditures reported	4271.42
10.	Cumulative percentage of expenditures reported against releases	76.54%

4.13 The status of completion of RSVY is placed below:

Table 2

(Rs. in crore)

1. Districts that have drawn all 6 installments under RSVY	62
2. Districts that have drawn 5 installments under RSVY	34
3. Districts that have drawn 4 installments under RSVY	35
4. Districts that have drawn 3 installments under RSVY	15
5. Districts that have only drawn 2 installments under RSVY	1
6. Total Districts covered under RSVY	147

Monitoring

4.14 The guidelines of BRGF prescribe that regular physical and financial audit of the works under the scheme shall be carried out at the end of each financial year, in each district. The guidelines of the programme also provide for creation of a Review Committee, constituted by the District Planning Committee, at the district level. There is a provision of peer reviews up to Intermediate Panchayat level and issue of utilisation certificates by Gram Sabhas to ensure social audit at grassroots level. The nodal Department designated by the State Government is responsible for management, monitoring and evaluation of the programme.

Impact of the Scheme

4.15 The Committee wanted to know what qualitative changes have been brought about by BRGF. The Ministry of Panchayati Raj in a written note has stated that the Panchayats and Municipalities are the planning and implementation authorities under the BRGF. Plans prepared by Panchayats and Municipalities and consolidated by DPCs have been received from 127 districts in 10 States, to whom development grant has been released. The Ministry of Panchayati Raj also planned to undertake impact assessment studies during 2008-09.

4.16 The Committee note that the major portion of the allocations of the Ministry are under the scheme Backward Region Grants Fund. The aforesaid scheme signifies a new approach in addressing persistent regional imbalances in development. Besides, participative planning by rural and urban local bodies constitutes the core of the approach to BRGF. The BRGF programme is being implemented in

250 districts in 27 States. As regards the position of utilization under BRGF during the year 2006-07, the allocation made for Rs. 3,750 crore at BE stage was reduced to Rs. 1,925 crore at RE stage. Again during the year 2007-08 the allocation of Rs. 4,670 crore at BE stage was reduced to Rs. 3,600 crore at RE stage. The data indicated by the Ministry reveal that the expenditure under the BRGF till 28 November, 2007 was only Rs. 1,248.96 crore. The Committee are of the opinion that the huge reduction in the outlay during the aforesaid two years in a row exhibits the lack of proper planning on the part of the Union Ministry on the one hand and failure on the part of the State Governments to utilize funds on the other. The Committee strongly recommend that the Ministry should take all the initiatives so that the expenditure under BRGF is evenly spread out in each quarter so as to get the adequate allocation from the Planning Commission and avoid cuts at RE stage.

4.17 The Committee note that the Rashtriya Sam Vikas Yojana was initiated in the year 2003-04 and is being implemented in 147 districts and the funding mechanism was that each district would receive a total amount of Rs. 45 crore in six installments of Rs. 7.5 crore each. Under this mechanism the scheme was, therefore, should have been completed by 2005-06. The Committee further note that the total allocation under RSVY funds for all 147 districts is Rs. 6624.30 crore out of which the Ministry has managed to disburse Rs. 5580.12 crore or about 84 per cent. However, the expenditure reported is only Rs. 4271.42 crore or 76.54 per cent. Out of 147 districts covered under RSVY, only 62 districts have drawn all six installments. The remaining districts have drawn the installments between 2 and 5. The Committee express serious concern over the spillover of the Scheme in most of the districts. The Committee, therefore, strongly recommend to analyse the specific reasons for the sorry state of affairs and inform the Committee accordingly. All the corrective actions should be taken so that all the districts get the prescribed outlay of Rs. 45 crore so that RSVY can be wound up since the Scheme has already been subsumed in the BRGF.

4.18 The Ministry has informed that it has planned to undertake an impact assessment study during the year 2008-09. The Committee strongly recommend to expedite the aforesaid impact assessment study so that the various shortcomings being faced in the implementation of the programme can be analysed and corrective actions taken accordingly.

C. Panchayats Empowerment and Accountability Incentive Scheme

4.19 The Panchayat Empowerment & Accountability Incentive Scheme (PEAIS) has been formulated with an object to provide incentives to the States to undertake reforms concerning Panchayati Raj as per the recommendations of the Seven Round Tables of State Ministers of Panchayati Raj and to empower Panchayats as institutions of local self-government as per Article 243 G of the Constitution. The Scheme of PEAIS is a Central Sector Scheme funded by Government of India to the State Governments on 100 per cent basis. The Scheme had been approved as a pilot scheme during the financial year 2005-06 & 2006-07. The Scheme was prepared on the basis of Working Devolution Index formulated by NCAER. During the current year the budget provision of the Panchayat Empowerment & Accountability Incentive Scheme (PEAIS) has been taken as Rs. 10 crore.

4.20 During examination of DFG 2007-08, the Committee was informed that the Devolution Index, which would form the basis for evaluation of States under this Scheme, was under preparation by the NCAER. The Ministry has informed that the Devolution Index has now been prepared and the incentive funds are allocated to the States as per their ranking in the devolution of powers to the Panchayats.

4.21 An evaluation of the scheme has been done by NCAER and the findings are enumerated as under:

The Central Government may decide to apportion the money in two parts (50:50). One part should be used for awarding, say; the three best performing districts (ZPs) in the area of implementation of plan programmes. The other part may be used by the State for Capacity Building of PRIs. An objective method of identifying the best ZPs would have to be formulated.

The States may be asked to monitor the performance of the ZPs using an index of performance based on their performance in the implementation of the plan Schemes. The ZPs then can be ranked according to the value of Index.

The best performing ZPs can be given awards annually in a function Organized by State Ministry/Department.

The annual exercise will infuse competition among the districts to perform better as the PRIs will feel motivated because of the recognition of their efforts by the State Government.

The States felt that, while the PRIs have the capacity to implement social sector schemes, but do not have the expertise to design and implement development projects relating to Infrastructure and Productive sectors.

The study suggests that Ministry ask the States to take initiative to establish Zonal Resource Centres to guide the PRIs in developing and implementing scientific project proposals for production sector activities.

If allocation to the Scheme can not be enhanced significantly, the State Governments can use 50% of the incentive money for improving their training modules/programmes for the PRI members.

To give the Scheme more publicity by organizing a formal function annually and States may be asked to make presentation on their experiences in decentralized governance.

4.22 The Committee find that the Panchayat Empowerment & Accountability Incentive Scheme (PEAIS) is a Central Sector Scheme with 100 per cent Central funding. The Committee are of the view that this novel initiative, if implemented in its correct perspective will yield immense benefits as it seeks to provide incentives to States that undertake reforms concerning Panchayati Raj. The Committee further find that States are ranked and allocations made on the basis of a 'devolution index' which has been developed by NCAER. The Committee also note that an evaluation of this Scheme has already been made by the NCAER. The Committee appreciate this initiative of the Ministry to enthuse States to undertake reforms which will eventually pave the way for grassroots empowerment.

D. Rashtriya Gram Swaraj Yojana

4.23 The Rashtriya Gram Swaraj Yojana initially had the following components:

- (i) Training & Capacity Building,
- (ii) Infrastructure Development,
- (iii) Information Technology,
- (iv) Research studies,
- (v) Media Publicity and advocacy,
- (vi) Rural Business Hubs,
- (vii) Panchayat Yuva Shakti Abhiyan; and
- (viii) Panchayat Mahila Shakti Abhiyan.

4.24 The total outlay of the scheme was Rs. 67.90 crore. However, during the year the scheme was restructured. The components of Information Technology, Research Studies, Media publicity and advocacy, Rural Business Hubs, Panchayat Yuva Shakti Abhiyan were evaluated as independent schemes and separate outlays provided. This step was taken since the Ministry of Finance did not agree to approve the umbrella scheme, instead suggested to bring separate schemes for each component. Initially, it was decided that for 2007-08 and the remaining period of the Eleventh Plan, the RGSY would contain only the components and Capacity Building and Infrastructure Development. However, taking into account the observations of the Planning Commission and Ministry of Finance, it was decided that the scheme would have only the component of Training & Capacity Building and would follow the same funding pattern as during the Tenth Plan.

4.25 The BE for 2007-08 for this scheme was Rs. 43 crore which was revised at RE stage Rs. 39.92 crore. The allocation for 2008-09 is Rs. 30 crore.

(i) Training and Capacity Building

4.26 The scheme envisages to increase the capacity of elected representatives and officials of Panchayati Raj Institutions to effectively perform the duties assigned to them under the State Panchayati Raj laws. Grants under this head are provided to States on priority basis, which are in the process of holding elections in Panchayats or have already completed the elections in the recent past. The scheme is designed to meet the following aspects:

- (a) Holding of regular Gram Sabha meetings and active participation of Representatives in such meetings, especially those representing women and weaker sections.
- (b) Involvement in the decision-making processes such as planning, budgeting, location of development projects and selection of beneficiaries etc.
- (c) Increasing public accountability, which is important for optimal performance of elected representatives and public departments.

4.27 During 2006-07, though no targets were fixed under the scheme yet 16 States/Uts had proposed the training of 18,57,404 elected representatives of PRIs against this, a total of 1.71 lakh representatives received training.

4.28 According to the Outcome Budget document of the Ministry of Panchayati Raj (2007-08), a total of 4,52,032 representatives of PRIs were proposed to be trained. Against this, a total of 3.44 lakh representatives could be provided training. The total number of women representatives who received training was 70,654.

(ii) Evaluation of the scheme

4.29 An evaluation of the Scheme was assigned to Santek Consultants Private Limited, Delhi and Council For Training & Research in Ecology and Environment (CTREE). The Santek Consultants Private Limited had undertaken the study in 12 States and Council For Training & Research in Ecology and Environment (CTREE) undertook the evaluation in 11 States. The Ministry has identified the following points that emerged during the evaluation.

Training & Capacity Building Scheme should not be confined to training but also improve the infrastructure at Panchayat level, IT interventions and monitoring and evaluation of development schemes undertaken by PRIs.

Training strategy should be inclusive, participative and interactive and composite mix of various interventions.

Avoidance in the duplication of funding.

Cascade training will create a pool of resource persons.

Presence of Government officials in the training programmes for sharing of technical knowledge pertaining to departments they serve for the benefit of PRIs.

The training to newly elected representatives should be maximum 2-3 months of the election every year.

Content of training should also include Human Resource Management, Natural Resource Management, Disaster Management, Financial Management and Sectoral approaches.

4.30 The National Capacity Building Framework (NBCF) has been formulated by the Ministry for capacity building and training. The NBCF envisages the criticality of the capacity building of the multi-stakeholders such as elected representative, officials working with Panchayats, pressure Groups and Elected Representatives and officials of higher levels of Government towards effective implementation of the Panchayati Raj in India. The framework talks not only about equipping the stakeholders cutting across inequalities of caste and

gender in terms of the knowledge and skills but also envision changing their mindsets. The implementation of the framework is a sustained and continuous process based on use of several modes of training. The multifarious activities under the framework include formulation of curriculum, development of training materials, creation of a pool of resource persons etc. The framework also includes a large provision for setting up satellite studios and receiving stations. The framework is targeted to reach all the representatives officials working with Panchayats.

4.31 The Committee find that the Rashtriya Gram Swaraj Yojana (RGSY) had initially seven components. However, since the Ministry of Finance did not agree to approve the umbrella scheme, it was decided that for 2007-08 and the remaining period of the Eleventh Plan, the RGSY would contain only the component Capacity Building and Training. The allocation during the year 2008-09 is Rs. 30 crore. As regards the achievement with regard to training of the elected representatives of PRIs and Panchayat functionaries, there is gross under achievement of targets during the year 2006-07 and 2007-08. During 2006-07, though no targets were fixed under the scheme, yet 16 States/Uts had proposed the training of 18,57,404 elected representatives of PRIs against this, a total of 1.71 lakh representatives received training. During the year 2007-08, a total of 4,52,032 representatives of PRIs were proposed to be trained. Against this, a total of 3.44 lakh representatives could be provided training. The total number of women representatives who received training was 70,654. The Committee express serious concern over the under achievement of targets with regard to training. The Committee strongly recommend that all the initiatives should be taken to ensure that fixed targets for training are achieved particularly when the training is the basic input for the capacity building of Panchayats.

The Committee further note that the evaluation of the Scheme was assigned to Santek Consultants Private Limited, Delhi and Council For Training & Research in Ecology and Environment (CTREE). The Santek Consultants Private Limited had undertaken the study in 12 States and Council For Training & Research in Ecology and Environment (CTREE) undertook evaluation in 11 States. The evaluation has pointed out various areas like the need for inclusive participative and interactive and composite mix of various interventions and avoidance in the duplication of funding etc. The Committee would like that all the suggestions made by the evaluation should be taken into consideration so as to make the training programme more effective.

CHAPTER V

NEW SCHEMES

(i) National Panchayat Fund

5.1 This scheme has been initiated from 2008-09 with an allocation of Rs. 1 crore. The objective of the scheme is to support a think tank for analysis and developing ideas and concepts for promotion of Panchayati Raj and extending support to the Panchayats through Sector Specific Schemes. Further, it seeks to create assets of Panchayats through the use of revolving funds by drawing loan-based assistance.

Mechanism of the scheme

5.2 The token provision of Rs. 1.00 crore is in the nature of seed funding. It is proposed to establish a corpus of Rs. 100-250 crore, with funding from a consortium of external funding agencies such as NORAD, SIDA, DANIDA & World Bank. It is proposed that the revolving funds would be utilized to enable the Panchayats to draw loan-based assistance for asset creation on demand. Hence, deliverables cannot be quantified at this stage.

5.3 The Committee observe that the Ministry has established a National Panchayat Fund with a token contribution of Rs 1 crore to support a think tank for analysis and developing ideas and concepts for the promotion of the Panchayati Raj in the country and extending support to Panchayats through sector specific schemes. Further the Committee find that this fund seeks to create assets of Panchayats through use of revolving funds by drawing loan based assistance. It intends to establish a corpus of Rs 100-250 crore with funding from external funding agencies such as NORAD, DANIDA, SIDA and World Bank. The Committee would like to know the details as to how the Ministry wishes to operationalise this scheme and what would be its thrust areas. Further the Committee would also like to be informed about the terms on which the international agencies would be forwarding funds and their specific role in the aforesaid programme.

(ii) Technical Support for Capacity Building and Training of Functionaries of DPCs and Zilla Parishads

5.4 This Scheme has been launched from 2008-2009 with an allocation of Rs. 25 crore. The objective of the scheme is to provide

technical support to the Zilla Parishad for preparation of district plan in non-BRGF districts. One of the key objectives of Panchayati Raj is to ensure that the process of planning for development in the country follows a bottom-up approach and commences at the grassroots level. The core approach is that the village Panchayat level Plans prepared with peoples participation, are joined by plans prepared by the Intermediate and District Panchayats and then these are consolidated by the District Planning Committee (DPC) along with Municipal Plans into the Draft District Development Plan, in accordance with Article 243 ZD of the Constitution. The State Annual Plan is an integration of all the Draft District Development Plans.

5.5 The scheme is proposed to have a two-pronged approach *viz.*,

- (a) Capacity building by way of engaging of professionals/trained personnel/consultants for preparation of Draft District Plan and
- (b) Imparting of training to key PRIs functionaries in the district in the formulation of District Plan.

5.6 The Ministry proposes to cover 210 non-BRGF districts in the first phase @ Rs. 10.00 lakh per district for the component at (a) above and Rs. 2.00 lakh per district for component at (b) above.

5.7 The Committee find that the Ministry has introduced this Scheme with the intention of providing technical support for capacity building and training of functionaries of DPCs and Zilla Parishads. This is to be achieved by way of engaging professionals/trained personnel/consultants for preparation of District Plans and by providing specific training in the formulation of District plans to key PRI functionaries.

5.8 The Committee are glad to note that the Ministry has evolved a specific scheme to address the issue of preparation of District Plans in keeping with the ideals of decentralization. They desire to be informed of the details of this scheme with specific reference to (a) the role of the professionals /trained personnel/consultants in the preparation of the District plans, (b) the level of PRI functionaries who would be the recipients of the training, (c) the mode and duration of training intended to be provided, and (d) agencies involved in imparting training.

(iii) Mission mode project on e-Panchayat

5.9 This scheme has been launched during 2008-09 with an allocation of Rs. 5 crore. The objective of the scheme is to enhance the ability of PRIs to automate their own functioning, bring about transparency in the implementation of various developmental Programmes by effective monitoring of flow of funds to PRIs as well as physical implementation of various Programmes, and provision of unified citizen centric services.

5.10 During 2007-08, the Information Technology component of the RGSY which had a BE of Rs. 10 crore was separated from the Scheme and renamed Mission mode project on e-Panchayats . This scheme is to be implemented under the National e-governance Plan. The Ministry of Panchayati Raj has set up Expert Group in June 2007 under the Chairmanship of Director General, National Informatics Centre to advise the Ministry of Panchayati Raj on the most cost-effective technology for reaching IT to GP level. The Expert Group submitted its Report on 17.1.2008

5.11 The Committee note that the Mission mode on e-Panchayats has been launched with the objective to enhance the ability of the PRIs to automate their own functioning and bring about transparency in the implementation of various developmental programmes. Further the Committee note that the erstwhile Scheme of Information Technology which was a component of the Rashtriya Gram Swaraj Yojana during 2007-08 was separated from the RGSY and renamed Mission mode on e-Panchayats. The allocation for this Scheme during 2007-08 was Rs 10 crore and the Ministry has not provided any utilization status.

5.12 The Committee are greatly concerned at the manner in which the Ministry is frequently altering its Schemes so soon after their introduction. The Committee note that the importance of IT in today's scenario is great and the Ministry should give due importance to it. Further the Ministry should indicate the achievements made under this Scheme during 2007-08.

NEW DELHI;
16 April, 2008
26 Chaitra, 1930 (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	ZP-Only advisory, supervision and coordination powers IP-27 GP-25	28	In February 2006, detailed activity mapping was issued for 28 subjects. However, the extent of devolution on ground needs to be ascertained. A study by an NGO across 5 districts showed that PRIs were not aware of the activities assigned to them.
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	ZP 27 IP 24 GP -27		No elections held to Panchayats.

1	2	3	4	5
11.	Karnataka	ZP-26 IP-27 GP-25	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	ZP-7 IP-17 GP-8	25	18 matters have been devolved to Gram Sabhas. Executive orders have been issued for 25 matters. The State is revisiting activity mapping. Funds and functionaries have been devolved for 19 matters.
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	ZP-16 IP-5 GPt-21	18	Activity Mapping document was issued in October 2005. Information on issue of orders by departments concerned in post 2005 period is not available.
17.	Punjab	7	6	Devolution orders were issued in respect of 6 departments in October 2003. Now activity mapping has been completed for 29 matters and awaits government approval.
18.	Rajasthan	ZP-22 IP-25 GP-26	28	Executive Orders have been issued between 2001 and 2003 for 28 Subjects, however, these have been held in abeyance for one subject, <i>i.e.</i> , roads, culverts, bridges, waterways and other means of communication. The State Government has revisited the issue and has finalized its report on activity

1	2	3	4	5
				mapping. A final decision is awaited. A study has been commissioned by Ministry of Panchayati Raj on the status of financial assignment to Panchayats.
19.	Sikkim	ZP-15 GP-18	18	Activity mapping completed and notified by the Government in November 2006. Executive orders have been issued for all 29 matters, a number of them for promotional activities.
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	ZP-18 IP-29 GP-28	28	18 matters have been devolved to Gram Sabhas. Activity mapping completed in November 2005.

APPENDIX II

STATUS OF DEVOLUTION OF FUNCTIONARIES AS REPORTED BY DIFFERENT STATES

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 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.

1	2	3
8.	Haryana	Activity mapping of Feb. 2006 devolves staff through deemed deputation in respect of 3 departments.
9.	Himachal Pradesh	Staff 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.
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.

1	2	3
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 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.	Uttarakhand	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.

APPENDIX III

CREATION OF PANCHAYAT SECTOR IN STATE BUDGETS

Seven States, namely, Chhattisgarh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra and Rajasthan have provided for a separate Panchayat Sector component in their State budgets. In Goa separate demand heads have been created for 29 items. The Ministry of Panchayati Raj has entrusted three action research projects to undertake budgetary analysis of States of Uttar Pradesh, Himachal Pradesh, Rajasthan, Madhya Pradesh, Tamil Nadu, Andhra Pradesh and Orissa so as to ascertain (a) the extent to which the State is assigning funds to Panchayats, (b) the Schemes and line items in the Budget, which ought to be assigned to the Panchayats in the States concerned, in accordance with the legislative assignment of functions and activity mapping in the State.

APPENDIX IV

STATUS OF DEVOLUTION THROUGH TRANSFER OF SUBJECT

State	2005	2007	2008
Andhra Pradesh	17	17	17
Assam	29	29	29
Arunachal Pradesh	-	-	-
Bihar	25	25	25
Chhattisgarh	29	29	29
Goa	6	6	21
Gujarat	14	15	15
Haryana	16	29	27
Himachal Pradesh	26	26	29
Jharkhand	-	-	-
Karnataka	29	29	ZP-26,IP-27,GP-25
Kerala	26	26	26
Madhya Pradesh	25	23	ZP-7, IP-17, GP-8
Maharashtra	19	18	18
Manipur	22	22	22
Orissa	25	25	ZP-16,IP-5,GP-21
Punjab	7	7	7
Rajasthan	29	29	ZP-22,IP-25,GP-26
Sikkim	-	28	ZP-15,GP-18
Tamil Nadu	-	29	29
Tripura	-	29	29
Uttar Pradesh	12	12	12
Uttranchal	14	14	14
West Bengal	29	29	ZP-18,IP-29,GP-28

ZP- Zilla Panchayat

IP- Intermediate Panchayat

GP-Gram Panchayat

APPENDIX V

STATUS OF ACTIVITY MAPPING

State	2005	2007	2008
Andhra Pradesh	9	9	9
Assam	29	29	22
Arunachal Pradesh	6	3	3
Bihar	20	25	25
Chhattisgarh	6	27	27
Goa	18	18	18
Gujarat	14	14	14
Haryana	16	10	28
Himachal Pradesh	-	-	26
Karnataka	29	29	29
Kerala	26	26	26
Madhya Pradesh	7	23	25
Maharashtra	9	-	18
Manipur	22	22	22
Orissa	8	7	18
Punjab	6	-	6
Rajasthan	18	12	28
Sikkim	-	28	18
Tamil Nadu	-	-	-
Tripura	-	21	21
Uttar Pradesh	10	-	-
Uttranchal	14	9	9
West Bengal	29	15	28

APPENDIX VI

STATE-WISE POSITION REGARDING CONSTITUTION OF DPCs

Sl.No.	State	Latest Position and remarks
1	2	3
1.	Gujarat	Draft legislation for the constitution of DPCs was prepared but was shelved due to the elections to the legislative assembly. It was hoped that action would be expedited following the legislative assembly elections. However no further communication has been received from the State.
2.	Jharkhand	Since Panchayats have not been elected, no DPCs have been constituted.
3.	Maharashtra	Legislation for DPCs was passed, but has not been implemented so far. Rules have been published for inviting objections and after considering them, the rules will be finalised and will be followed by elections.
4.	Punjab	Punjab has enacted legislation for the constitution of DPCs in October 2005. Guidelines regarding election procedure for electing 4/5th members of DPCs had been issued to the DCs and the elections were conducted for electing 4/5th members from the elected representatives of rural & urban areas in the districts of Jalandhar, Nawan Shehar, Mansa, Fatehgarh Sahib and Kapurthala. Elections scheduled to be held in other districts were stopped by the Govt. to be taken up after the elections of the Legislative Assembly. It was thereafter communicated that the State Govt. had decided to constitute the DPCs after holding the elections of Panchayat Samitis and Zila Parishads in January 2008. There has been no further communication.

1	2	3
5.	Uttar Pradesh	Uttar Pradesh had enacted legislation for DPCs (in 1999), but did not constitute these bodies. The State Govt. has now decided to activate the DPCs as per the provisions of its legislation and has made certain amendments to the law. It is expected that DPCs will be constituted shortly.
6.	Uttarakhand	It was reported that action on constitution of DPCs would be taken only after the conduct of the Panchayat elections in March 2008.

1	2	3	4	5	6	7	8	9
Himachal Praddesh	14700	1470	1470	1470	1470	1470	1470	1470
Jammu & Kashmir	28100	2810	1762**	1762	1762	0		
Jharkhand	48200	4820	0	0	0	0		
Karnataka	88800	8880	8880	8880	8880	8880	8880	
Kerala	98500	9850	9850	9850	9850	9850	9850	9850
Madhya Pradesh	166300	16630	16630	16630	16630	6630	16630	16630
Maharashtra	198300	19830	19830	19830	19830	19830	19830	
Manipur	4600	460	212*	212	212	212		
Meghalaya	5000	500	500	500	500	0		
Mizoram	2000	200	200	200	200	200		
Negaland	4000	400	400	400	400	400		
Orissa	80300	8030	8030	8030	8030	8030	8030	8030
Punjab	32400	3240	3240	3240	3240	3240		
Rajasthan	123000	12300	12300	12300	12300	12300	12300	12300

1	2	3	4	5	6	7	8	9
Sikkim	1300	130	130	0	0	0		
Tamil Nadu	87000	8700	8700	8700	8700	8700	8700	
Tripura	5700	570	570	0	0	0		
U.P.	292800	29280	29280	29280	29280	29280	29280	29280
Uttaranchal	16200	1620	1620	1620	1620	1620		
West Bengal	127100	12710	12710	12710	12710	12710	12710	
Total	2000000	200000	193884	192324	192324	184879	179130	91530
	Grand Total							1034071

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

** After deducting Rs. 1048.03 lakhs being share of PRIs where elections have not been held.

Rs. 463 lakhs available with the State Governments as unutilized grants of the Eleventh Finance Commission have been adjusted against the amount due in these instalments.

APPENDIX VIII

RELEASES TO STATES UNDER THE BRGF IN 2007-08

(As on 27.03.2008)

State	Allocation 2007-08 (Development Grants + Capacity Building)	RSVY	Advance for preparation of district plans	BRGF Development Grants	BRGF Capacity Building	Total Releases
1	2	3	4	5	6	7
Andhra Pradesh	348.28	105	1.3	301.88	13	421.18
Arunachal Pradesh	15.47	7.5	0.1	0.00	The State was released funds in 2006-07 for which UC is awaited	7.60
Assam	168.2	52.50	1.1	59.98	The State was released funds in 2006-07 for which UC is awaited	113.58
Bihar	638.96	97.50	3.6	511.39	The State was released funds in 2006-07 for which UC is awaited	612.49
Chhattisgarh	248.48	45.00	1.3	223.15	The State was released funds in 2006-07 for which UC is awaited	269.45
Gujarat	107.29	7.50	0.6	0.00	Proposal not received	8.1

1	2	3	4	5	6	7
Haryana	30.45	0	0.2	0.00	HPC held on 17/3/2008. The proposal has just received.	0.2
Himachal Pradesh	30.5	15	0.2	0.00	2	17.20
Jammu & Kashmir	48.85	15	0.3	0.00	Proposal not received	15.30
Jharkhand	343.55	82.50	2.1	0.00	21	105.06
Karnataka	108.17	45	0.5	84.47	10	139.97
Kerala	34.34	7.50	0.2	9.25	2	18.95
Madhya Pradesh	452.39	0	2.4	378.42	24	404.82
Maharashtra		105.00	1.2	0.00	The State was released funds in 2006-07 for which UC is awaited	106.20
Manipur	42.09	0.00	0.3	34.66	Proposal received is not in order.	34.96
Meghalaya	40.02	7.50	0.3	0.00	Proposal not received	7.80
Mizoram	24.98	15.00	0.2	18.97	Proposal under process	34.17
Nagaland	40.05	0	0.3	31.89	Proposal under process	32.19
Orissa	324.66	52.50	1.9	262.72	19	336.12
Punjab	16.65	7.50	0.1	0.00	Proposal not received	7.6

1	2	3	4	5	6	7
Rajasthan	262.99	0	1.2	300.81	The State was released funds in 2006-07 for which UC is awaited	302.01
Sikkim	13.97	7.50	0.1	0.00	The State was released funds in 2006-07 for which UC is awaited	7.6
Tamil Nadu	114.04	22.50	0.6	0.00	HPC held. Proposal is awaited.	15.60
Tripura	13.21	7.50	0.1	0.00	Proposal not received	7.6
Uttarakhand	44.84	30.00	0.3	0.00	Proposal received is not in order. Clarification sought.	30.3
Uttar Pradesh	636.1	135.00	3.4	0.00	25.3	163.70
West Bengal	255.89	82.50	1.1	187.75	Under Process	263.25
	4669.99*	952.50	25.00	2405.34	116.3	3499.14

* BRGF Allocations reduced to Rs. 3600 crores at RE stage.

** Proposals for balance amount of Rs. 116 crore are under process.

*** Rs. 20.04 crore was released under developmental grant component in 2006-07 only to Madhya Pradesh. The State has reported utilization of Rs. 18.93 equivalent to 94.46 per cent.

APPENDIX IX

COMMITTEE ON RURAL DEVELOPMENT (2007-2008)

MINUTES OF THE TWELFTH SITTING OF THE COMMITTEE HELD ON THURSDAY, THE 27 MARCH, 2008

The Committee sat from 1500 hrs. to 1630 hrs. in Committee Room D, Parliament House Annexe, New Delhi.

PRESENT

Shri Kalyan Singh *Chairman*

MEMBERS

Lok Sabha

2. Shri Mani Charenamei
3. Shri Sandeep Dikshit
4. Shri D. Narbula
5. Shri A.F.G. Osmani
6. Shrimati Jyotirmoyee Sikdar
7. Shri Sita Ram Singh
8. Shri Bagun Sumbrui
9. Shri Beni Prasad Verma

Rajya Sabha

10. Shri Balihari Babu
11. Shri Jayantilal Barot
12. Kumari Nirmala Deshpande
13. Shri Pyarelal Khandelwal
14. Dr. Chandan Mitra
15. Dr. Ram Prakash
16. Ms. Sushila Tiriya

SECRETARIAT

1. Shri S.K. Sharma *Additional Secretary*
2. Shri P.K. Grover *Joint Secretary*
3. Shrimati Veena Sharma *Director*
4. Shri A.K. Shah *Deputy Secretary-II*
5. Shri Hoti Lal *Deputy Secretary-II*

Representatives of the Ministry of Panchayati Raj

1. Shrimati Sushma Singh	Secretary
2. Shrimati Rajwant Sandhu	Additional Secretary
3. Shri B.K. Sinha	Additional Secretary
4. Shri P.K. Sinha	AS&FA
5. Shri T.R. Raghunandan	Joint Secretary
6. Shri Avtar Singh Sahota	Joint Secretary
7. Shri D.K. Jain	Joint Secretary

2. At the outset the Chairman welcomed the members to the sitting of the Committee, convened for taking oral evidence of the representatives of the Ministry of Panchayati Raj on Demands for Grants (2008-09).

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

3. The Committee then took oral evidence of the representatives of the Ministry of Panchayati Raj on Demands for Grants (2008-09). The Secretary, Ministry of Panchayati Raj, gave a brief overview of the performance of the Ministry during the previous year *i.e.* 2007-08 with regard to the allocations *vis-a-vis* utilizations of the outlay. Thereafter, the performance of the main schemes of the aforesaid Ministry *viz.* Rashtriya Gram Swaraj Yojana (RGSY) and Backward Region Grants Fund (BRGF) was discussed. The Secretary, during the course of deliberations, apprised the Committee about the progress made on devolution of Functions, Functionaries and Finances by different State Governments/Union Territory Administrations to Panchayati Raj Institutions (PRIs).

4. The members expressed their concern on various issues such as slow progress with regard to devolution of Functions, Functionaries and Finances by different State Governments/Union Territory Administrations to Panchayati Raj Institutions (PRIs), training of functionaries of each of the three tiers of Panchayati Raj Institutions and the slow implementation of the various provisions made under the Panchayats Extension to Scheduled Areas Act (PESA) etc.

5. The Committee then discussed various other issues *viz.* training and capacity building of Panchayats, operationalisation of Centrally Sponsored Schemes through Panchayats, empowerment of Gram Sabhas etc.

6. The witnesses replied to the queries raised by the Chairman and members. The Secretary was requested to furnish written information with regard to the queries to which replies were not readily available with them during the sitting.

A verbatim record of the proceeding has been kept.

The Committee then adjourned.

APPENDIX X

COMMITTEE ON RURAL DEVELOPMENT (2007-2008)

MINUTES OF THE FOURTEENTH SITTING OF THE COMMITTEE
HELD ON THURSDAY, THE 10TH APRIL, 2008

The Committee sat from 1400 hrs. to 1530 hrs. in Committee Room
No. D, Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shri Kalyan Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri Mani Charenamei
3. Shri V. Kishore Chandra S. Deo
4. Shri Sandeep Dikshit
5. Shri Hannan Mollah
6. Shri D. Narbula
7. Shri A.F.G. Osmani
8. Adv. Renge Patil Tukaram Ganpatrao
9. Shrimati Jyotirmoyee Sikdar
10. Shri Bagun Sumbrui
11. Shri Tarit Baran Topdar
12. Shri Chandramani Tripathi
13. Shri Beni Prasad Verma

Rajya Sabha

14. Shri Balihari Babu
15. Kumari Nirmala Deshpande
16. Shri Pyarelal Khandelwal
17. Dr. Chandan Mitra
18. Shri P.R. Rajan

APPENDIX XI

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS

Sl.No.	Para No.	Recommendations/Observations
1	2	3
1.	2.5	The Committee note that direction 73A of the Directions by the Speaker, Lok Sabha is not being followed in the right spirit. This is substantiated by the considerable delay in making the statement by the Minister on various reports of the Committee. As per the direction, the Minister should make the statement within six months of presentation of the Report to Parliament, which has not been done. While, the Committee agree that the information for furnishing the statement has to be collected from various Departments and States, but at the same time feel that, the period of six months is a substantial time and collecting of information should be completed within that time period. The Committee desire that, in future, the statement under direction 73A should be made within the prescribed time limit.
2.	3.6	The Ministry of Panchayati Raj was created on 27 May, 2004 after being carved out of the Ministry of Rural Development. The major functions of the Ministry are to oversee the implementation of Part-IX of the Constitution, inserted by the Constitution Seventy-third (Amendment) Act, 1992, the provisions of the Panchayats (Extension to Scheduled Areas) Act, 1996 and Article 243ZD of Part IX-A relating to the District Planning Committees read with the Eleventh Schedule which illustratively

sets out a list of 29 matters, which might be considered by the State Legislatures for devolution to the Panchayats. To fulfil the aforesaid objectives, the Ministry spent Rs. 2,055.15 crore during the years 2004-05, 2005-06 and 2006-07 of the Tenth Plan. During the first year of formation of the Ministry of Panchayati Raj, the major agenda taken into consideration was the scheme Panchayat Development and Training . During the second year three schemes viz (i) Rashtriya Gram Swaraj Yojana (ii) Panchayat Empowerment and Accountability Incentive (iii) Scheme for Media Publicity and Advocacy were implemented. Further during the year 2006-07 a major scheme Backward Regions Grant Fund was transferred from the Planning Commission to the Ministry of Panchayati Raj as such the allocation was substantially revised from Rs. 50 crore to Rs. 3,825 crore during the year 2006-07. As regards the position of expenditure as compared to the allocations made at Revised Estimates stage was 84.5 per cent during the year 2004-05, 97.40 per cent during the year 2005-06 and 99.90 per cent during the year 2006-07. There was a reduction of Rs. 1,825 crore during the year 2006-07 at the RE stage. The Committee appreciate that the years 2004-05 and 2005-06 were initial years of the formation of the Ministry and the year 2006-07 was the first year when a major scheme BRGF was transferred to the Ministry. The Committee can understand the minor shortfalls in expenditure. The Committee hope that now when the Ministry has started functioning in full swing, various schemes of the Ministry would be implemented with great momentum ensuring cent percent physical and financial achievements.

1	2	3
3.	3.10	<p>As regards the review of the annual plans 2007-08 and 2008-09, the Committee note that during the year 2007-08 Rs. 4,770 crore were allocated at BE stage. The outlay was further reduced by Rs. 1,070 crore at RE stage. The actual expenditure during the year 2007-08 has been indicated as 3,499.14 crore i.e. 95 per cent of the allocation made at RE Stage. Further during the year 2008-09, there is enhancement of Rs. 10 crore if compared to BE and Rs. 1,080 crore as compared to RE. The Committee find from the information provided by the Ministry that the cut at RE Stage during the year 2007-08 is mainly on account of not being able to spend the 66 per cent of the amount allocated to the Ministry under programmes by 31 December, 2007 as per the Cash Management Scheme of the Ministry of Finance. The Committee feel that the Ministry itself is responsible for the huge cut at RE Stage during the year 2007-08 and as such strongly recommend that all out efforts should be made to ensure the utilization as per the Cash Management Scheme in each quarters of the year so as to get the adequate allocation under the schemes of the Ministry.</p>
4.	3.16	<p>The Committee note that the Ministry have proposed Rs. 15,789 crore for its schemes and programmes excluding BRGF, out of which only Rs. 775 crore have been allocated during the Eleventh Plan period i.e. 2007-2012. The Committee note that the allocation provided is just 5 per cent of the proposed outlay. The Committee would like to be apprised of the projections made scheme-wise during each year of Eleventh Plan so as to understand the position of such a low allocation made to the Ministry</p>

1	2	3
		<p>as compared to the proposed allocation and comment further in this regard. The Committee would also like to be apprised about the proposed and agreed to allocation under one of the major scheme of the Ministry <i>i.e.</i> BRGF during the Eleventh Plan period.</p>
5.	3.25	<p>The Committee find that the Ministry of Panchayati Raj was created to focus attention to the implementation of Part IX of the Constitution, the main component of which is effective devolution of 3Fs <i>i.e.</i> functions, functionaries and finances. As regards the status of devolution of functions, the Committee note from the information as given in Appendix-I that in some of the States, the progress with regard to devolution of functions is not satisfactory. Even when the 29 subjects have to be transferred to PRIs, in six States <i>viz.</i> Andhra Pradesh, Gujarat, Maharashtra, Punjab, Uttar Pradesh and Uttarakhand, the devolution is less than 20 subjects. Worse is the position in Punjab where only 7 subjects have been transferred, followed by Uttar Pradesh where 12 subjects have been transferred. In the case of Union Territories, the information has not been furnished by the Ministry. The Committee further note that there is a little improvement in the transfer of functions if the position during the year 2008 is compared to previous years. It could be seen from the Appendix-IV that there are marginal improvement in the States of Goa, Gujarat and Haryana. As regards the position with regard to funds and functionaries commensurating the functions devolved to Panchayats, in spite of repeated requests made to the Ministry in the</p>

respective Reports, such information has not been made available to the Committee. The Committee further find that the main reason for the slow progress of devolution as indicated by the Ministry is reluctance on the part of the State Governments to transfer functions, functionaries and finances to Panchayati Raj Institutions. It has been mentioned that though the States transfer the functions to Panchayats through legislations, yet they do not commit the funds and functionaries, which defeat the entire purpose of devolution.

6. 3.26

With the creation of the Ministry of Panchayati Raj, a lot of efforts are being made by way of conducting 7 Round Tables where 150 action points pertaining to 18 dimensions of Panchayati Raj on which effective devolution hinges was unanimously adopted which form the national roadmap for effective Panchayati Raj. From the position of the status of devolution as indicated by the Ministry, it seems that there is slow progress on the implementation of the aforesaid action points. The Committee therefore, strongly recommend to the Ministry to continue the efforts being made to impress upon the State Governments about the importance of implementation of the Part IX particularly article 243G of the Constitution in a time bound manner. The Committee note that to make the Panchayats act as effective foundation to the democratic structure, they need to be adequately empowered to take on this responsibility, more so when under one of the flagship programme of the Government *viz.* NREGA, 50 per cent of the works have to be implemented by Panchayati Raj Institutions. With the greater

thrust of the Union Government to decentralize the Centrally Sponsored Schemes related to the 29 functions given in the Eleventh Schedule of the Constitution, there is an urgent need for the capacity building of Panchayats, which can be ensured only by transfer of finances and functionaries. The Committee, therefore, strongly recommend to take all the desired initiatives in this regard and inform the Committee accordingly. The Committee may also like that the information with regard to transfer of funds, functions and functionaries should be obtained regularly from the States and Union Territories and furnished to the Committee so as to analyse the exact status of implementation of devolution to Panchayats.

7.

3.27

The Committee note that the exercise of Activity Mapping has been undertaken by the Ministry with a view to identify functions within a given sector and the disaggregation of these functions into tasks, activities and responsibilities for devolution to the three levels of Panchayats. The Committee also note that only six States and two Union Territories have completed activity mapping. A comparative analysis of the status of activity mapping during 2005, 2007 and 2008 reveal that in 8 States namely Bihar, Chhattisgarh, Haryana, Himachal Pradesh, Madhya Pradesh, Maharashtra, Orissa and Rajasthan some progress in activity mapping has been made. However in the States of Assam, Arunachal Pradesh and Uttaranchal there is a negative trend in the number of subjects covered under activity mapping. Moreover the status of activity mapping in the States of Tamil Nadu and Uttar Pradesh

has also not been provided. The Committee would like the Ministry to pursue with the various State Governments/Union Territories so as to complete the activity mapping by a stipulated deadline. Besides, the information with regard to the status of activity mapping from Tamil Nadu and Uttar Pradesh and also the Union Territories should be obtained and furnished to the Committee.

6. 3.38 The Committee find that Article 243ZD of the 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.
7. 3.39 The Committee note with satisfaction that some progress has been made with the continuous efforts made by the Ministry with regard to constitution of DPCs. While examining the Demands for Grants of the previous year (refer para 2.52 of the Thirtieth Report), the Committee have been informed that 14 States and 4 Union Territories had constituted DPCs. While examining the Demands for Grants of the current year, 18 States are stated to have constituted DPCs in all the districts. The position with regard to Union Territories has not been mentioned. The Committee note that the release of allocations under BRGF is consequent upon the formation of DPC in each district. The strict implementation of the aforesaid provision

has resulted in the constitution of DPCs in the States of Andhra Pradesh, Arunachal Pradesh, Bihar, Haryana, Orissa and Tripura. The Committee would like the Ministry to continue the efforts in this regard, so that DPCs are constituted in each district in all the States/UTs and the National State & District Plans are prepared from bottom up approach in line with the true spirit of the Part IX of the Constitution.

8.

3.53

The Committee note that the Twelfth Finance Commission assured a sum of Rs. 20,000 crore to Panchayats to be paid in two installments in a year for the years 2005-10. This amount would be deposited in the Consolidated Fund of the States who had to further transmit the funds to Panchayats within 15 days. The Committee are glad to note that in order to ensure a speedier delivery mechanism of TFC funds, the Ministry of Finance has mandated through the guidelines that States which fail to transfer the TFC funds to Panchayats within 15 days of their being deposited in the Consolidated Fund of the States would have to pay interest at RBI rates. This initiative has already started yielding results. During 2005-06, a total of eleven States have paid interest to the tune of Rs. 975.54 lakh for failing to deposit the TFC funds with Panchayats timely. For 2006-07, the number of such States declined drastically to three and the total amount of interest paid was only Rs. 165.29 lakh. The Committee greatly appreciate this initiative of the Government to remove bottlenecks in the delivery mechanism of TFC funds and hope that it would result in uninterrupted flow of funds to Panchayati Raj Institutions.

1	2	3
9.	3.54	<p>The Committee also note that the Ministry has developed and put in place a software to maintain the databases of all 2,40,000 PRIs to transfer funds under TFC electronically through Banking channels. The States of Karnataka, Haryana and Rajasthan are already using this system and Himachal Pradesh has initiated action to adopt this system. In the rest of the States the funds are being transferred through treasury. The Committee appreciate that the electronic transfer of funds would not only result in speedier transfer of funds from the Union Government to States and then to Panchayats as well as in maintaining greater transparency. The Committee also note that the Ministry is taking certain steps to popularize this system. The Committee hope and trust that with the initiatives taken by the government more and more States would adopt the electronic transfer of funds. The Committee may also like to be apprised about the status of transfer of funds in this regard from time-to-time.</p>
10.	3.55	<p>The Committee further note that the Twelfth Finance Commission has linked the release of grants to the certification by the Comptroller and Auditor General of India (CAG) and the CAG now exercises regular checks on the release of grants to PRIs by States. The CAG also reports to the Ministries of Finance and Panchayati Raj regularly in this respect. The Committee appreciate this initiative of the Ministry to include a role for the CAG in the certification of the utilisation of TFC funds and hope that this measure would go a long way in ensuring proper utilisation of TFC funds.</p>

1	2	3
10.	3.56	<p>From the data provided by the Ministry on the allocation of TFC funds during 2005-06, 2006-07 and 2007-08 in different States it is seen that the States of Arunachal Pradesh, Jharkahand, Sikkim and Tripura have not received TFC funds. During 2006-07 and 2007-08 funds were not released to the States of Arunachal Pradesh, Assam, Jammu and Kashmir, Jharkhand, Nagaland, Meghalaya, Sikkim and Tripura. Various reasons like non-receipt of Utilization Certificates in the case of Arunachal Pradesh, Sikkim and Tripura, due to non-holding of election in Jharkhand, have been cited as the reasons for non release of TFC funds to these States. The Committee strongly recommend to pursue with the States for furnishing Utilization Certificates so that the PRIs are not deprived of the aforesaid benefits.</p>
11.	3.57	<p>The Committee note that the TFC has recommended that PRIs should be encouraged to take over the assets relating to water supply and sanitation, utilization of grants for repairs/rejuvenation and meeting O&M costs. From the figures of utilization of TFC grants with respect to water supply and sanitation, the Committee find that only ten States have reported satisfactory utilization figures. The vast majority of States have reported lower utilization. The utilization with respect to maintenance of accounts and creation of database is very low. The maximum percentage with regard to maintenance of accounts is 24 per cent in the State of Madhya Pradesh and 30 per cent in case of creation of database in the State of Tripura. The Committee express serious concern at the dismal performance by the</p>

1	2	3
		<p>States in utilizing TFC funds. The Committee observe that the Twelfth Finance Commission had pledged Rs. 20,000 crore to Panchayats for increasing their financial resources. However, if the grants are not optimally used, the whole purpose is defeated. The Committee, therefore, recommend that the Ministry should take stringent measures to ensure that cent per cent funds are utilized to get the intended results under the various sectors for which funds are meant.</p>
12.	3.60	<p>The Panchayats Extension to Scheduled Areas Act (PESA),1996 is being implemented in areas falling under the Fifth Schedule of the Constitution. The Committee find that though all States have enacted the requisite compliance legislation by amending their respective Panchayati Raj Acts, 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 have been sent to the respective State Governments. The Committee strongly recommend to the Ministry to follow up vigorously with the various State Governments to carry on the amendments to the various laws expeditiously so as to enable the implementation of amended Acts/Laws in letter and spirit.</p>
13.	4.16	<p>The Committee note that the major portion of the allocations of the Ministry are under the scheme Backward Region Grants Fund.</p>

The aforesaid scheme signifies a new approach in addressing persistent regional imbalances in development. Besides, participative planning by rural and urban local bodies constitutes the core of the approach to BRGF. The BRGF programme is being implemented in 250 districts in 27 States. As regards the position of utilization under BRGF during the year 2006-07, the allocation made for Rs. 3,750 crore at BE stage was reduced to Rs. 1,925 crore at RE stage. Again during the year 2007-08 the allocation of Rs. 4,670 crore at BE stage was reduced to Rs. 3,600 crore at RE stage. The data indicated by the Ministry reveal that the expenditure under the BRGF till 28 November, 2007 was only Rs. 1,248.96 crore. The Committee are of the opinion that the huge reduction in the outlay during the aforesaid two years in a row exhibits the lack of proper planning on the part of the Union Ministry on the one hand and failure on the part of the State Governments to utilize funds on the other. The Committee strongly recommend to take all the initiatives so that the expenditure under BRGF is evenly spread out in each quarter so as to get the adequate allocation from the Planning Commission and avoid cuts at RE stage.

14.

4.17

The Committee note that the Rashtriya Sam Vikas Yojana was initiated in the year 2003-04 and is being implemented in 147 districts and the funding mechanism was that each district would receive a total amount of Rs. 45 crore in six installments of Rs. 7.5 crore each. Under this mechanism the scheme was therefore, should have been completed by 2005-06. The Committee further note the total allocation of RSVY

funds for all 147 districts is Rs. 6624.30 crore out of which the Ministry has managed to disburse Rs. 5580.12 crore or about 84 per cent. However, the expenditure reported is only Rs. 4271.42 crore or 76.54 per cent. Out of 147 districts covered under RSVY only 62 districts have drawn all six instalments. The remaining districts have drawn the instalments between 2 and 5. The Committee express serious concern over the spillover of the Scheme in most of the districts. The Committee, therefore, strongly recommend to analyse the specific reasons for the sorry state of affairs and inform the Committee accordingly. All the corrective actions should be taken so that all the districts get the prescribed outlay of Rs. 45 crore so that RSVY can be wound up since the Scheme has already been subsumed in the BRGF.

15. 4.18 The Ministry has informed that it has planned to undertake an impact assessment study during the year 2008-09. The Committee strongly recommend to expedite the aforesaid impact assessment study so that the various shortcomings being faced in the implementation of the programme can be analysed and corrective actions taken accordingly.
16. 4.22 The Committee find that the Panchayat Empowerment & Accountability Incentive Scheme (PEAIS) is a Central Sector Scheme with 100 per cent central funding. The Committee are of the view that this novel initiative if implemented in its correct perspective will yield immense benefits as it seeks to provide incentives to States that undertake reforms concerning Panchayati Raj. The Committee further find that States

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are ranked and allocations made on the basis of a devolution index which has been developed by NCAER. The Committee also note that an evaluation of this Scheme has already been made by the NCAER. The Committee appreciate this initiative of the Ministry to enthuse States to undertake reforms which will eventually pave the way for grassroots empowerment.

17. 4.31 The Committee find that the Rashtriya Gram Swaraj Yojana (RGSY) had initially seven components. However, since the Ministry of Finance did not agree to approve the umbrella scheme, it was decided that for 2007-08 and the remaining period of the Eleventh Plan, the RGSY would contain only the component Capacity Building and Training. The allocation during the year 2008-09 is Rs. 30 crore. As regards the achievement with regard to training of the elected representatives of PRIs and Panchayat functionaries, there is gross under achievement of targets during the year 2006-07 and 2007-08. During 2006-07, though no targets were fixed under the scheme, yet 16 States/UTs had proposed the training of 18,57,404 elected representatives of PRIs against this, a total of 1.71 lakh representatives received training. During the year 2007-08, a total of 4,52,032 representatives of PRIs were proposed to be trained. Against this, a total of 3.44 lakh representatives could be provided training. The total number of women representatives who received training was 70,654. The Committee express serious concern over the under achievement of targets with regard to training. The Committee strongly recommend that all the initiatives should be taken to ensure that

fixed targets for training are achieved particularly when the training is the basic input for capacity building of Panchayats.

The Committee further note that the evaluation of the Scheme was assigned to Santek Consultants Private Limited, Delhi and Council For Training & Research in Ecology and Environment (CTREE). The Santek Consultants Private Limited had undertaken the study in 12 States and Council For Training & Research in Ecology and Environment (CTREE) undertook evaluation in 11 States. The evaluation has pointed out various areas like the need for inclusive participative and interactive and composite mix of various interventions and avoidance in the duplication of funding etc. The Committee would like that all the suggestions made by the evaluation should be taken into consideration so as to make the training programme more effective.

18.

5.3

The Committee observe that the Ministry has established a National Panchayat Fund with a token contribution of Rs. 1 crore to support a think tank for analysis and developing ideas and concepts for promotion of Panchayati Raj in the country and extending support to Panchayats through sector specific schemes. Further the Committee find that this fund seeks to create assets of Panchayats through use of revolving funds by drawing loan based assistance. It intends to establish a corpus of Rs. 100-250 crore with funding from external funding agencies such as NORAD, DANIDA, SIDA and World Bank. The Committee would like to know the details of how the Ministry wishes to operationalise this scheme and what would

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		<p>be its thrust areas. Further the Committee would like to be informed about the terms on which the international agencies would be forwarding funds and their specific role in the Fund.</p>
19.	5.7	<p>The Committee find that the Ministry has introduced this Scheme with the intention of providing technical support for capacity building and training of functionaries of DPCs and Zilla Parishads. This is to be achieved by way of engaging professionals /trained personnel/consultants for preparation of District Plans and by providing specific training in the formulation of District plans to key PRI functionaries.</p>
20.	5.8	<p>The Committee are glad to note that the Ministry has evolved a specific scheme to address the issue of preparation of District Plans in keeping with the ideals of decentralization. They desire to be informed of the details of this scheme with specific reference to (a) the role of the professionals /trained personnel/consultants in the preparation of the District plans (b) the level of PRI functionaries who would be the recipients of the training (c) the mode and duration of training intended to be provided, and (d) agencies involved in imparting training</p>
21.	5.11	<p>The Committee note that the Mission mode on e-Panchayats has been launched with the objective to enhance the ability of the PRIs to automate their own functioning and bring about transparency in the implementation of various developmental programmes. Further the Committee note that the erstwhile Scheme of Information</p>

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		<p>Technology which was a component of the Rashtriya Gram Swaraj Yojana during 2007-08 was separated from the RGSY and renamed Mission mode on e-Panchayats. The allocation for this Scheme during 2007-08 was Rs 10 crore and the Ministry has not provided any utilization status.</p>
22.	5.12	<p>The Committee are greatly concerned at the manner in which the Ministry is frequently altering its Schemes so soon after their introduction. The Committee note that the importance of IT in today s scenario is great and the Ministry should give due importance to it. Further the Ministry should indicate the achievements made under this Scheme during 2007-08.</p>