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**STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2004-2005)**

FOURTEENTH LOK SABHA

MINISTRY OF PANCHAYATI RAJ

**DEMANDS FOR GRANTS
(2004-2005)**

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

SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

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(2004-2005)

(FOURTEENTH LOK SABHA)

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(2004-2005)

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on Rural Development (Fourteenth Lok Sabha)]*

Presented to Lok Sabha on

Laid in Rajya Sabha on



LOK SABHA SECRETARIAT
NEW DELHI

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COMPOSITION OF THE STANDING COMMITTEE ON
RURAL DEVELOPMENT (2004-2005)

Shri Kalyan Singh—*Chairman*

MEMBERS

Lok Sabha

2. Shri V. Kishore Chandra S. Deo
3. Shri Sandeep Dikshit
4. Shri L. Ganesan
5. Shri Mohan Jena
6. Shri Shrichand Kriplani
7. Shri Subhash Maharia
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Rajya Sabha

22. Kumari Nirmala Deshpande
23. Shri Ghanshyam Chandra Kharwar
24. Prof. Alka Balram Kshatriya
25. Shri Penumalli Madhu
26. Shri Stephen Marandi
27. Shri Kalraj Mishra

(iv)

28. Dr. Chandan Mitra
29. Shri Keshubhai S. Patel
30. Dr. Faguni Ram
31. Prof. R.B.S. Varma

SECRETARIAT

1. Shri P.D.T. Achary — *Secretary*
2. Shri V.K. Sharma — *Joint Secretary*
3. Shrimati Sudesh Luthra — *Deputy Secretary*
4. Shri A.K. Shah — *Assistant Director*

ABBREVIATIONS

AIR	—	All India Radio
BE	—	Budget Estimates
NIRD	—	National Institute of Rural Development
NC	—	Not Covered
NGO	—	Non-Governmental Organization
OTA	—	Over-time Allowance
PESA	—	Provisions of the Panchayats (Extension to the Scheduled Areas) Act
PRIs	—	Panchayati Raj Institutions
RE	—	Revised Estimates
SCs/STs	—	Scheduled Castes/Scheduled Tribes
SFCs	—	State Finance Commissions
SGSY	—	Sampoorna Gram Swarozgar Yojana
TFC	—	Tenth Finance Commission
UTs	—	Union Territories

INTRODUCTION

I, the Chairman of the Standing Committee on Rural Development (2004-2005) having been authorised by the Committee to submit the Report on their behalf, present the Sixth Report on the action taken by the Government on the recommendations contained in the Fourth Report of the Standing Committee on Rural Development (Fourteenth Lok Sabha) on Demands for Grants (2004-05) of the Ministry of Panchayati Raj.

2. The Fourth Report was presented to Lok Sabha on 19 August, 2004. The replies of the Government to all the recommendations contained in the Report were received on 15 December, 2004.

3. The replies of the Government were examined and the Report was considered and adopted by the Committee at their sitting held on 14 February, 2005.

4. An analysis of the action taken by the Government on the recommendations contained in the Fourth Report of the Committee (2004-2005) is given in Appendix IV.

NEW DELHI;
24 February, 2005

5 Phalgun, 1926 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

CHAPTER I

REPORT

This Report of the Committee on Rural Development (2004-2005) deals with the action taken by the Government on the recommendations contained in their Fourth Report on Demands for Grants (2004-2005) of the Ministry of Panchayati Raj which was presented to Lok Sabha on 19 August, 2004.

2. Action taken notes have been received from the Government in respect of all the 14 recommendations which have been categorised as follows :

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

Para Nos. 2.38, 2.39 and 2.43

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

Para No. 2.40

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

Para Nos. 2.15, 2.16, 2.17, 2.18, 2.23, 2.24, 2.25, 2.30, 2.31 and 2.44

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

Nil

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

A. Inadequate allocation of outlay to the newly created Ministry of Panchayati Raj

Recommendation (Para Nos. 2.15, 2.16, 2.17 and 2.18)

4. The Committee had recommended as under:

"The Committee note that with the creation of a new Ministry *i.e.*, Ministry of Panchayati Raj to deal with the various issues related

to Panchayati Raj Rs. 20 crore has been allocated during 2004-2005 against the allocation of Rs. 16 crore during the previous year. They also find that Rs. 80 crore has been allocated during Tenth Plan as against the actual expenditure of Rs. 19.57 crore during Ninth Plan. They also note that as per the projections made by the newly created Ministry, Rs. 70.60 crore was the requirement of outlay during the year 2004-2005. They note that less than one-third of what was projected has been provided to the Ministry. They also find that the Ministry will be approaching Ministry of Finance for additional allocation at the revised estimates stage since the Ministry was created on 27 May, 2004. The detailed analysis head-wise is given in subsequent paragraphs of the Report. Here the Committee would like to recommend to the Government to provide adequate allocation to the Ministry, so that the set objectives of ensuring implementation of Part IX of the Constitution in respective States is achieved as per the mandate of the Constitution.

(Recommendation (Para No. 2.15)

“The Committee note that out of 28 lakh elected representatives of Panchayati Raj Institutions, 6.03 lakh representatives have been imparted training so far. They also note that out of proposed allocation of Rs. 30 crore during 2004-05, Planning Commission has allocated Rs. 20 crore. The Committee note that to enable the Panchayats to shoulder the responsibilities assigned to them in pursuance of Article 243(G) of the Constitution, training of Panchayati Raj functionaries is the necessary requirement. In view of this, the Committee feel that adequate allocation under this head should be provided and the Ministry of Finance and Planning Commission should be conveyed the feelings of the Committee in this regard.”

Recommendation (Para No. 2.16)

“While recommending for higher outlay under Panchayati Raj development and training of elected representatives of Panchayati Raj Institutions, the Committee feel that the Ministry should chalk out an action plan in consultation with National Institute of Rural Development, State Governments and all other agencies concerned in this regard so that the task is completed within the stipulated time frame. The Committee while examining the subject ‘Implementation of Part IX of the Constitution’ in their 37th Report, 2002 had recommended for an exponential increase in the quantum of funds made available for training as well as deep consideration

to the overall training requirements of both elected Members and Panchayati staff. While reiterating the earlier recommendation of the Committee, the Committee would like to recommend for adequate outlay under the programme."

(Recommendation (Para No. 2.17)

"The Committee note that under Information Education Communication (IEC) Research Studies and Information Technology Rs. 2 crore have been earmarked during the year 2004-05. Out of that Rs. 1.5 crore has been allocated for Panchayati Raj development training and research institutions, etc. and Rs. 50 lakh has been allocated for Information and Technology.

The Committee feel that Doordarshan and All India Radio (AIR) can play an effective role by their programmes in the task of training elected Members and Staff, especially representatives of the weaker sections and women so as to be effective participants in the system of Panchayati Raj Institutions. The Committee further feel that the benefit of audio and video CDs can be taken to impart training to PRIs. For this purpose, National Institute of Rural Development (NIRD) and other technical institutions can play an important role. Further, the Committee note that the PRIs can be trained by stage demonstrations and street plays. The Ministry should find out how all these techniques can be made available so that the training can be completed within the stipulated time period. The Committee would like also to recommend to provide adequate allocation under the aforesaid head."

Recommendation (Para No. 2.18)

5. The Government in their action taken replies have stated as under:

"The Ministry of Panchayati Raj is still in the process of being set up and the requisite staff is yet to become available to the Ministry of Panchayati Raj. The Ministry will approach the Finance Ministry to provide adequate funds consonant to expansion in establishment."

(Reply to Recommendation (Para No. 2.15)

"The Ministry is in the process of creation of posts and allocation of business which is expected to be completed in the current

financial year. Thereafter, the Ministry will approach Planning Commission and Ministry of Finance, in accordance with the observations of the Committee, which will be conveyed to the Ministries."

Reply to Recommendation (Para No 2.16)

"The Ministry is already in touch with National Institute of Rural Development (NIRD), Hyderabad, National Institute of Administrative Reforms (NIAR), Mussoorie and Lal Bahadur Shastri National Academy of Administration to help design training programmes for elected representatives of Panchayati Raj Institutions which will then be recommended to the States for implementation through State Institutes of Rural Development (SIRDs) and Administrative Training Institutes (ATIs). The necessary Action Plan will be initiated after the posts are created and filled up for the Ministry and adequate outlay for training will be asked for from the concerned Ministries."

Reply to Recommendation (Para No. 2.17)

"The advice of the Committee has been noted for compliance and concerned agencies will be approached for necessary advice/ assistance once the posts are created and filled up and the Ministry is fully functional."

Reply to Recommendation (Para No. 2.18)

6. The Committee in their earlier recommendations had *inter-alia* recommended as under:

- (i) the Government should provide requisite outlay i.e. Rs. 70.60 crores for the year 2004-05 as projected by the Ministry so as to meet the set objective of creating a new Ministry of Panchayati Raj
- (ii) more emphasis should be given on training of both elected representatives of PRIs and staff of Panchayati Raj Institutions (PRIs) and for this purpose adequate outlay should be provided. An Action Plan in this regard should be drafted in consultation with National Institute of Rural Development (NIRD), State Governments and all other concerned agencies so as to complete the task within the stipulated time period. Different techniques of training such as audio-visual media, Doordarshan and AIR could be used for the purpose of training of representatives of PRIs and Panchayati Raj functionaries.

The Committee note that a new Ministry of Panchayati Raj has been created w.e.f. 27 May, 2004 so that the work of advocacy of monitoring and implementation of the Constitution (73rd Amendment) Act, 1992 and the Provision of the Panchayats (Extension to Scheduled Areas) Act, 1996 could be more effectively implemented. They also find that the various activities transferred to the newly created Ministry were earlier being handled by the Ministry of Rural Development. Further almost nine months have passed since the Ministry had been created. The Committee are unhappy to note a vague and stereotyped reply stating that the requisite staff is yet to be made available to the Ministry and these areas would be addressed after the requisite infrastructure is made available. The Committee disapprove the way the Ministry has tried to sidetrack their recommendations. They feel that before the bifurcation of Ministry of Rural Development such administrative issues should have been sorted out so that the objective of creating a new Ministry is fulfilled. The Committee now reiterate their earlier recommendations and would like that action should be taken without any further delay and they be apprised accordingly.

**B. Reasons for Lower Utilisation of funds by the Tenth and Eleventh
□□□□Finance Commissions**

Recommendation (Para Nos. 2.23, 2.24 and 2.25)

7. The Committee had recommended as under:

“The Committee note that Tenth Finance Commission made an ad-hoc provision of Rs. 4,38,093 lakh for Panchayati Raj Institutions for 1996-2000. Out of provision of Rs. 4,38,093 lakh, Rs. 3,57,536.78 lakh were released to PRIs and a balance of Rs. 80,457.22 lakh was left. This shows that the allocation remained unutilized. In case of Eleventh Finance Commission, Rs. 16,00,000 lakh was the allocation by Ministry and grant worth Rs. 5,29,151.94 lakh was released. Rs. 7,12,061.66 lakh was released to PRIs by State and utilization was of Rs. 3,41,771.08 lakh.”

Recommendation (Para No. 2.23)

“The Committee note from the position as indicated above that there is shortfall in releases as compared to the allocation made by the Tenth Finance Commission to the respective Panchayati Raj

Institutions. In as many as 10 States/Union Territories, the position of matching contribution by States/Union Territories is still awaited. As regards the position of utilisation of funds by PRIs, from 9 States the information is still awaited. To have a clear idea of utilisation of funds by PRIs in respective States, the Committee would like the Ministry to furnish percentage-wise utilisation position in each of the States/Union Territories so as to enable the Committee to comprehend the position with regard to utilisation of funds allocated during Tenth and Eleventh Finance Commissions."

Recommendation (Para No. 2.24)

"About the unutilised funds stated above the Committee may be apprised about the reasons therefor. The funds allocated are not as per requirement projected. However, inspite of that if certain amount remains unutilised it smacks of some anomaly. The Government should make a thorough study of this aspect and find out ameliorative measures so that nothing is left out once allocation has been made."

Recommendation (Para No. 2.25)

8. The Government in their action taken replies have stated as under:

"Noted".

Reply to Recommendation (Para No. 2.23)

"Interaction with the Ministry of Finance on tracking and monitoring funds going through the Consolidated Funds of the States and meant for the Panchayats to ensure that these actually reach their intended targets has been identified as a thrust area in the Ministry's road map. The Ministry of Finance has been approached in the matter and the reply to this question will be submitted upon receipt of their response."

Reply to Recommendation (Para No. 2.24)

"As at 2.24 above. The Ministry of Finance has been approached in the matter and the reply to this question will be submitted shortly."

Reply to Recommendation (Para No. 2.25)

9. The Committee in their earlier recommendations had expressed their concern on the shortfall in releases made by the Tenth and Eleventh Finance Commissions for the respective Panchayati Raj Institutions and desired that the information indicating percentage wise utilisation position with regard to funds allocated to PRIs by the Tenth and Eleventh Finance Commissions be made available to them. The Committee find that the issue is being taken up with the Ministry of Finance and they would like to be informed in this regard in due course. It may further be added that the Committee would like that the information with regard to utilisation of funds allocated by the Tenth and Eleventh Finance Commissions should be periodically maintained and the position should also be indicated in Performance Budget.

C. Progress with regard to devolution of functions, functionaries and finances to Panchayati Raj Institutions

Recommendation (Para Nos. 2.30 and 2.31)

10. The Committee had recommended as under:

“The Committee note that earlier a proposal to amend some parts of the Constitution (73rd Amendment Act) 1992 was under consideration of the Government. However, at present, the thrust of the Ministry is to facilitate and secure implementation of the provisions enshrined in the Constitution (73rd Amendment) Act, 1992 by States/Union Territories in letter and spirit by encouraging them to adopt carefully drawn up plans of action. The thrust of the Ministry is that functions, functionaries and finances to Panchayati Raj Institutions are suitably devolved to empower Gram Sabhas and District Planning Committees to make Panchayati Raj Institutions true institutions of self-government. While noting the position of thrust area of the Ministry, the Committee would like that the various issues raised in their Reports should be taken into account and desired action taken on the various aspects. The Committee may also like to be kept informed about this.”

Recommendation (Para No. 2.30)

“The Committee are, however, constrained to note the reply of the Ministry that they would compile the information from respective States when the staff strength would be made available to them. The Committee find that the area of activity entrusted to the newly created Ministry of Panchayati Raj was previously under the

Ministry of Rural Development. The only change is that area of activities have been transferred from one Department to another. The Committee fail to understand why the requisite information could not be obtained by the erstwhile Ministry of Rural Development. They would like that the information should be compiled expeditiously and they be kept informed about the status of implementation of the various recommendations made by them in the earlier Reports."

Recommendation (Para No. 2.31)

11. The Government in their action taken replies have stated as under:

"The recommendation has been noted for compliance."

Reply to Recommendation (Para No. 2.30)

"Whereas the new Ministry has indeed been separated from the Ministry of Rural Development, the bifurcation and allocation of business remains under consideration. Besides, the area of interest of the Ministry of Panchayati Raj goes beyond that of Rural Development. Hence the need for separation. The necessary action for the creation of the posts for the Ministry is in hand and the requisite information, which is available, will be compiled as soon as the staff to do so is available."

Reply to Recommendation (Para No. 2.31)

12. The erstwhile Standing Committee on Urban and Rural Development (2002) had presented a Report on the subject 'Implementation of Part IX of the Constitution' to the Houses of Parliament on 20 November 2002. The Committee while examining Demands for Grants (2004-2005) had desired the Ministry of Panchayati Raj to indicate the action taken on each of the recommendations made in the aforesaid report. At that stage the Ministry had stated that the information could not be furnished due to inadequate staff and infrastructure. The Committee in their earlier recommendations while not agreeing with the plea of the Ministry, had categorically stated that information should be compiled expeditiously and sent to the Committee. The Committee are constrained to note that instead of taking some action on their recommendations, the Government had again taken recourse to the flimsy plea i.e. inadequate staff and infrastructure. The Committee find that the recommendations made by the erstwhile Committee in

their aforesaid report were honoured by the then Hon. Minister of Rural Development and a debate on the subject 'Panchayati Raj' was held on the floor of the Houses of Parliament.¹ Even then the Ministry is not at all serious in taking action in this regard. They fail to understand how the objective of creating a separate Ministry for implementation of the provisions of Part IX of the Constitution could be met in such a situation. While deploring the way the Ministry is working, the Committee would like an explanation from the Ministry for not taking any action on the recommendations so far.

**C. Clarification on Supreme Court's ruling on Article 243(E) of the
□□□□□□ Constitution**

Recommendation (Para No. 2.44)

13. The Committee had recommended as under:

"The Committee in their 37th Report had examined the issue of postponing of elections by different State Governments. They while examining the said issue were apprised that the Supreme Court had ruled that the concerned States could not be permitted to withhold election to Panchayats except in case of genuine supervening difficulties such as unforeseen natural calamities in the state like flood, earthquake etc., or urgent situation prevailing in the State for which elections to the Panchayats cannot be held in time. The Committee were also apprised that the said ruling of the Supreme Court interpreting Article 243(E) of the Constitution has been differently interpreted by the State Governments. The Committee had observed that since regular periodic elections within the letter and spirit of the Constitution provision lie at the very heart of the democratic process, the Central Government should secure a clear ruling from the Supreme Court about the meaning and scope of Article 243(E) so that elections are held within five years. The representatives of the Ministry informed them that they plan to approach the Supreme Court. In this direction, the Committee would like that a clear ruling of the Supreme Court should be obtained expeditiously so that the State Governments cannot interpret the said ruling of the Supreme Court differently for postponing elections.

Recommendation (Para No. 2.44)

1. See Appendix I.

14. The Government in their action taken replies have stated as under:

“In the Fourth Round Table of Ministers in charge of Panchayati Raj held at Chandigarh on 7 and 8 October 2004, the subject of Panchayati Raj in jurisprudence was discussed and it was agreed to recommend to their respective Governments, joint acceptance by the Centre and the States/Union Territories Administrations certain action points. The resolutions arrived at seven Round Table Conferences will be discussed during the meeting of the Chief Ministers scheduled to be held in early next year in which the resolutions are expected to be jointly accepted by the Centre and the States.

The Supreme Court has already interpreted 243E in case No. 719 of 1995 of 24.2.1997 (copy of operative part of the Order is at Appendix II). The present position is that all State Governments/ Union Territories administrations have held elections as provided in the Constitution, except the State of Jharkhand and Union Territory of Pondicherry. Both Governments have assured that elections will be held in early 2005. The Ministry is pursuing this. Hence a judgement of the Supreme Court is available for recourse in case of any default by any State/Union Territories.

Reply to Recommendation (Para No. 2.44)

15. The Committee in their earlier recommendation had observed that the ruling given by the Hon'ble Supreme Court i.e. "States could not be permitted to withhold elections to Panchayats except in case of genuine supervening difficulties such as unforeseen natural calamities in the State like flood, earthquake etc., or urgent situation prevailing in the State for which elections to the Panchayats cannot be held in time" had differently been interpreted by the State Governments for the purpose of postponing elections to Panchayats. The representatives of the Ministry during the course of evidence on Demands for Grants 2004-05 had informed the Committee that they had planned to approach the Hon'ble Supreme Court in this regard. The Committee while taking note of the stand taken by the Ministry, had desired that a clear ruling from the Hon'ble Supreme Court should be obtained. No action seems to have been taken as per the action taken reply provided by the Government. Only the copy of the earlier ruling of the Hon'ble Supreme Court

(Appendix II) already in the knowledge of the Committee has been furnished. They feel that the Ministry has not understood the recommendations in the right perspective. They would like to reiterate their earlier recommendation and would desire that a clear ruling interpreting the words 'urgent situation prevailing in the State for which elections to the Panchayats cannot be held in time', as appeared in the earlier ruling of the Hon'ble Supreme Court should be obtained from the Hon'ble Supreme Court and the Committee be apprised accordingly.

CHAPTER II

RECOMMENDATIONS THAT HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Para No. 2.38)

The Committee note that the issues related to Panchayati Raj have been taken from the Ministry of Rural Development, and a new Ministry i.e., the Ministry of Panchayati Raj has been created to give focused attention on implementation of the following two Acts (i) 73rd Amendment Act, 1992 (ii) Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996. The Committee while appreciating the steps taken by the Government to give focused attention to ensure implementation of Part IX of the Constitution note that the Ministry has set the target of ensuring implementation of various provisions enshrined in 73rd Amendment Act within time frame of one and half year as stated by the representatives of the Ministry during the course of oral evidence.

Reply of the Government

Noted.

Recommendation (Para No. 2.39)

The Committee in their 37th Report had recommended that the Ministry should submit an annual state of the Panchayati Raj Report to enable Parliament to effectively monitor the implementation of Part IX. The Committee hope that the newly created Ministry would implement their recommendations in the right earnest and present an Annual Report to Parliament not only to effectively monitor the various provisions but also to have transparency in all the matters related to Panchayati Raj Institutions.

Reply of the Government

The subject of Annual Reports on the state of Panchayats was discussed during the Fifth Round Table of Ministers in charge of Panchayati Raj held at Srinagar on 28-29 October, 2004 and the Ministers in charge agreed to recommend to their respective Governments for joint acceptance by the Centre and the State certain

points of action. The resolutions arrived at seven Round Table Conferences will be recommended to be jointly accepted by the Centre and the States.

Recommendation (Para No. 2.43)

The Committee find that there is no clarity on the time to be taken by the Ministry in attaining the objective of devolution of powers to Panchayats in pursuance of Article 243(G) of the Constitution. At one place the representative of the Ministry assured the Committee that within one and half year they will try to achieve the set objectives whereas at another place, she stated that they will allow States to take two or three years but ask them not to do it in a half-hearted way. The Committee appreciate that the responsibilities of entrusting devolution rests with the State Governments. However since implementation of Part IX of the Constitution is the responsibility of the Union Ministry of Panchayati Raj, the Ministry should set the targets realistically and present the position before the Committee accordingly. The Committee are also concerned though in theory all the 29 subjects have been devolved the ground realities show otherwise. The matter needs serious attention and such cavalier approach needs severe criticism. The Government should impress upon the States that such half-hearted measures are not in consonance with the spirit of 73rd Amendment Act.

Reply of the Government

As noted by the Committee, the responsibility of implementing the provisions of the Constitution pertaining to Panchayati Raj rests with the State Governments. The Ministry of Panchayati Raj is in constant touch with States/Union Territories to ensure that the provisions of the Constitution are complied with. To achieve a specific targeted approach to implementation in areas identified by consensus, six Round Table Conferences have already been held and the seventh scheduled for 17-19 December, 2004. Conclusions carried at in these meetings will be placed before the Chief Ministers' Conference scheduled for early next year in which the resolutions will be jointly accepted by the Centre and States. It is expected that at that time a schedule will be finalised for implementation of these resolutions in a time bound manner.

CHAPTER III

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

Recommendation (Para No. 2.40)

The Committee further note that in line with fulfillment of the aforesaid objectives, the first Round Table Conference on Panchayati Raj was held in Kolkata on 24-25 July, 2004. They also note that the Ministry proposes seven Round Table Conferences over a span of six months to formulate a draft action plan for achieving the objectives of strengthening of Panchayati Raj Institutions. The Committee further find that in the first Round Table Conference Panchayati Raj Ministers in charge of Panchayati Raj Institutions and their representatives agreed to recommend to the respective Governments, the conclusions reached during the meeting on the subjects under consideration for further necessary adoption at the meeting of the Chief Ministers scheduled to be held towards the end of the current financial year. The Committee hope that such Round Table Conferences would be able to persuade the respective State Governments to devolve the functions to the three tiers of Panchayati Raj Institutions to have true Panchayati Swaraj.

Reply of the Government

Needs no reply.

CHAPTER IV

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

Recommendation (Para No. 2.15)

The Committee note that with the creation of a new Ministry *i.e.*, Ministry of Panchayati Raj to deal with the various issues related to Panchayati Raj Rs. 20 crore has been allocated during 2004-05 against the allocation of Rs. 16 crore during the previous year. They also find that Rs. 80 crore has been allocated during Tenth Plan as against the actual expenditure of Rs. 19.57 crore during Ninth Plan. They also note that as per the projections made by the newly created Ministry, Rs. 70.60 crore was the requirement of outlay during the year 2004-2005. They note that less than one-third of what was projected has been provided to the Ministry. They also find that the Ministry will be approaching Ministry of Finance for additional allocation at the revised estimates stage since the Ministry was created on 27 May, 2004. The detailed analysis head-wise is given in subsequent paragraphs of the Report. Here the Committee would like to recommend to the Government to provide adequate allocation to the Ministry, so that the set objectives of ensuring implementation of Part IX of the Constitution in respective States is achieved as per the mandate of the Constitution.

Reply of the Government

The Ministry of Panchayati Raj is still in the process of being set up and the requisite staff is yet to become available to the Ministry of Panchayati Raj. The Ministry will approach the Finance Ministry to provide adequate funds consonant to expansion in establishment."

Comments of the Committee

(Please *see* Para No. 6 of Chapter I of the Report)

Recommendation (Para No. 2.16)

The Committee note that out of 28 lakh elected representatives of Panchayati Raj Institutions, 6.03 lakh representatives have been imparted training so far. They also note that out of proposed allocation of

Rs. 30 crore during 2004-05, Planning Commission has allocated Rs. 20 crore. The Committee note that to enable the Panchayats to shoulder the responsibilities assigned to them in pursuance of Article 243(G) of the Constitution, training of Panchayati Raj functionaries is the necessary requirement. In view of this, the Committee feel that adequate allocation under this head should be provided and the Ministry of Finance and Planning Commission should be conveyed the feelings of the Committee in this regard.

Reply of the Government

The Ministry is in the process of creation of posts and allocation of business which is expected to be completed in the current financial year. Thereafter, the Ministry will approach the Planning Commission and Ministry of Finance, in accordance with the observations of the Committee, which will be conveyed to the Ministries.

Comments of the Committee

(Please *see* Para No. 6 of Chapter I of the Report).

Recommendation (Para No. 2.17)

While recommending for higher outlay under Panchayati Raj development and training of elected representatives of Panchayati Raj Institutions, the Committee feel that the Ministry should chalk out an action plan in consultation with National Institute of Rural Development, State Governments and all other agencies concerned in this regard so that the task is completed within the stipulated time frame. The Committee while examining the subject 'Implementation of Part IX of the Constitution' in their 37th Report, 2002 and recommended for an exponential increase in the quantum of funds made available for training as well as deep consideration to the overall training requirements of both elected Members and Panchayati staff. While reiterating the earlier recommendation of the Committee, the Committee would like to recommend for adequate outlay under the programme.

Reply of the Government

The Ministry is already in touch with National Institute of Rural Development (NIRD), Hyderabad, National Institute of Administrative Reforms (NIAR), Mussoorie and Lal Bahadur Shastri National Academy of Administration to help design training programmes for elected representatives of Panchayati Raj institutions which will then be

recommended to the States for implementation through State Institutes of Rural Development (SIRDs) and Administrative Training Institutes (ATIs). The necessary Action Plan will be initiated after the posts are created and filled up for the Ministry and adequate outlay for training will be asked for from the concerned Ministries.

Comments of the Committee

(Please see Para No. 6 of Chapter I of the Report)

Recommendation (Para No. 2.18)

The Committee note that under IEC Research Studies and Information Technology Rs. 2 crore have been earmarked during the year 2004-05. Out of that Rs. 1.5 crore has been allocated for Panchayati Raj development training and research institutions, etc. and Rs. 50 lakh has been allocated for Information and Technology. The Committee feel that Doordarshan and AIR can play an effective role by their programmes in the task of training elected Members and Staff, especially representatives of the weaker sections and women so as to be effective participants in the system of Panchayati Raj Institutions. The Committee further feel that the benefit of audio and video CDs can be taken to impart training to PRIs. For this purpose, National Institute of Rural Development (NIRD) and there technical institutions can play an important role. Further, the Committee note that the PRIs can be trained by stage demonstrations and street plays. The Ministry should find out how all these techniques can be made available so that the training can be completed within the stipulated time period. The Committee would like also to recommend to provide adequate allocation under the aforesaid head.

Reply of the Government

The advice of the Committee has been noted for compliance and concerned agencies will be approached for necessary advice/assistance once the posts are created and filled up and the Ministry is fully functional.

Comments of the Committee

(Please see Para No. 6 of Chapter I of the Report).

Recommendation (Para No. 2.23)

The Committee note that Tenth Finance Commission made an ad-hoc provision of Rs. 4,38,093 lakh for PRIs for 1996-2000. Out of provision of Rs. 4,38,093 lakh, Rs. 3,57,536.78 lakh were released to PRIs and a balance of Rs. 80,457.22 lakh was left. This shows that the allocation remained unutilised. In case of Eleventh Finance Commission, Rs. 16,00,000 lakh was the allocation by Ministry and grant worth Rs. 5,29,151.94 lakh was released. Rs. 7,12,061.66 lakh was released to PRIs by State and utilisation was of Rs. 3,41,771.08 lakh.”

Reply of the Government

Noted.

Comments of the Committee

(Please *see* Para No. 9 of Chapter I of the Report).

Recommendation (Para No. 2.24)

The Committee note from the position as indicated above that there is shortfall in releases as compared to the allocation made by the Tenth Finance Commission to the respective Panchayati Raj Institutions. In as many as 10 States/Union Territories, the position of matching contribution by States/Union Territories is still awaited. As regards the position of utilisation of funds by PRIs, from 9 States the information is still awaited. To have a clear idea of utilisation of funds by PRIs in respective States, the Committee would like the Ministry to furnish percentage-wise utilisation position in each of the States/Union Territories so as to enable the Committee to comprehend the position with regard to utilisation of funds allocated during Tenth and Eleventh Finance Commissions.

Reply of the Government

Interaction with the Ministry of Finance on tracking and monitoring funds going through the Consolidated Funds of the States and meant for the Panchayats to ensure that these actually reach their intended targets has been identified as a thrust area in the Ministry's road map. The Ministry of Finance has been approached in the matter and the reply to this question will be submitted upon receipt of their response.

Comments of the Committee

(Please *see* Para No. 9 of Chapter I of the Report).

Recommendation (Para No. 2.25)

About the unutilised funds stated above the Committee may be apprised about the reasons therefor. The funds allocated are not as per requirement projected. However, inspite of that if certain amount remains unutilised it smacks of some anomaly. The Government should make a thorough study of this aspect and find out ameliorative measures so that nothing is left out once allocation has been made.

Reply of the Government

As at 2.24 above. The Ministry of Finance has been approached in the matter and the reply to this question will be submitted shortly.

Comments of the Committee

(Please *see* Para No. 9 of Chapter I of the Report).

Recommendation (Para No. 2.30)

The Committee note that earlier a proposal to amend some parts of the Constitution (73rd Amendment Act), 1992 was under consideration of the Government. However, at present, the thrust of the Ministry is to facilitate and secure implementation of the provisions enshrined in the Constitution (73rd Amendment) Act, 1992 by States/Union Territories in letter and spirit by encouraging them to adopt carefully drawn up plans of action. The thrust of the Ministry is that functions, functionaries and finances to Panchayati Raj Institutions are suitably devolved to empower Gram Sabhas and District Planning Committees to make Panchayati Raj Institutions true institutions of self-government. While noting the position of thrust area of the Ministry, the Committee would like that the various issues raised in their Reports should be taken into account and desired action taken on the various aspects. The Committee may also like to be kept informed about this.

Reply of the Government

The recommendation has been noted for compliance.

Comments of the Committee

(Please *see* Para No. 12 of Chapter I of the Report).

Recommendation (Para No. 2.31)

The Committee are, however, constrained to note the reply of the Ministry that they would compile the information from respective States when the staff strength would be made available to them. The committee find that the area of activity entrusted to the newly created Ministry of Panchayati Raj was previously under the Ministry of Rural Development. The only change is that area of activities have been transferred from one Department to another. The Committee fail to understand why the requisite information could not be obtained by the erstwhile Ministry of Rural Development. They would like that the information should be compiled expeditiously and they be kept informed about the status of implementation of the various recommendations made by them in the earlier Reports.

Reply of the Government

Whereas the new Ministry has indeed been separated from the Ministry of Rural Development, the bifurcation and allocation of business remains under consideration. Besides, the area of interest of the Ministry of Panchayati Raj goes beyond that of Rural Development. Hence the need for separation. The necessary action for the creation of the posts for the Ministry is in hand and the requisite information, which is available, will be compiled as soon as the staff to do so is available."

Comments of the Committee

(Please see Para No. 12 of Chapter I of the Report).

Recommendation (Para No. 2.44)

The Committee in their 37th Report had examined the issue of postponing of elections by different State Governments. They while examining the said issue were apprised that the Supreme Court had ruled that the concerned States could not be permitted to withhold election to Panchayats except in case of genuine supervening difficulties such as unforeseen natural calamities in the State like flood, earthquake etc., or urgent situation prevailing in the State for which elections to the Panchayats cannot be held in time. The Committee were also apprised that the said ruling of the Supreme Court interpreting Article 243(E) of the Constitution has been differently interpreted by the State Governments. The Committee had observed that since regular periodic elections within the letter and spirit of the Constitution

provision lie at the very heart of the democratic process, the Central Government should secure a clear ruling from the Supreme Court about the meaning and scope of Article 243(E) so that elections are held within five years. The representatives of the Ministry informed them that they plan to approach the Supreme Court. In this direction, the Committee would like that they plan to approach the Supreme Court. In this direction, the Committee would like that a clear ruling of the Supreme Court should be obtained expeditiously so that the State Governments cannot interpret the said ruling of the Supreme Court differently for postponing elections.

Reply of the Government

In the Fourth Round Table of Ministers in charge of Panchayati Raj held at Chandigarh on 7 and 8 October 2004, the subject of Panchayati Raj in jurisprudence was discussed and it was agreed to recommend to their respective Governments, joint acceptance by the Centre and the States/Union Territories Administrations certain action points. The resolutions arrived at seven Round Table Conferences will be discussed during the meeting of the Chief Ministers scheduled to be held in early next year in which the resolutions are expected to be jointly accepted by the Centre and the States.

The Supreme Court has already interpreted 243E in case No. 719 of 1995 of 24.2.1997 (copy of operative part of the Order is at Appendix II). The present position is that all State Governments/Union Territories administrations have held elections as provided in the Constitution, except the State of Jharkhand and Union Territory of Pondicherry. Both Governments have assured that elections will be held in early 2005. The Ministry is pursuing this. Hence a judgement of the Supreme Court is available for recourse in case of any default by any State/Union Territories.

Comments of the Committee

(Please see Para No. 15 of Chapter I of the Report).

CHAPTER V

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

—Nil—

NEW DELHI;
24 February, 2005
5 Phalgun, 1926 (Saka)

KALYAN SINGH,
Chairman,
Standing Committee on
Rural Development.

APPENDIX I

RELEVANT EXTRACTS OF THE DEBATES HELD IN RAJYA SABHA ON 25 JULY, 2003 (PAGE NO. 234) ON GOVERNMENT MOTION FOR CONSIDERATION OF PROGRESS OF IMPLEMENTATION OF PART IX AND PART IX A OF THE CONSTITUTION

During the course of debate on the above issue the then Minister of State in the Ministry of Rural Development, Shri Annasaheb M.K. Patil while replying to the debate had *inter-alia* assured the House as under:

“..... Madam, some Members have given suggestions pertaining to three points. They have suggested that the suggestion given by the Standing Committee on Urban and Rural Development in their 37th (Report), of 13th Lok Sabha, suggestion given by the Task-force and the suggestion given by the Empowered sub-committee are to be incorporated while bringing in the PRI amendment. This has already been taken into consideration”

APPENDIX II

OPERATIVE PART OF HON'BLE SUPREME COURT ORDER IN CASE
NO. 719 OF 1995 OF 24.02.1997 REGARDING INTERPRETATION OF
ARTICLE 243E OF THE CONSTITUTION

**CASE NAME: Rural Litigation and Entitlement Kendra and Others
Vs
Government of U.P. and Others**

(Writ Petition No. 719 of 1995)

Decided on: 24.2.1997

**Honourable Judges: Hon. Justice G.N. Roy and
Hon. Justice G.B. Pattanaik**

“Before we part, we may however, indicate that 73rd Amendment of the Constitution was made with the stated object of continuity of Panchayat bodies regulating the tenure. Article 243E of the Constitution envisages that the tenure of the Panchayat shall be five years from the date appointed for its first meeting and shall continue no longer than that.

Even a Panchayat constituted upon premature dissolution of the earlier one, shall not continue beyond the tenure of five years. Article 243E also provides that election of Panchayat shall be held before the expiry of the said tenure of five years or within six months of its dissolution or as the case may be. In order to ensure holding of election of Panchayats, Article 243E of the Constitution provides that laws relating to Panchayats in the States inconsistent with the 73rd amendment shall continue in force only for a year from the commencement of the seventy-third amendment unless the competent legislature has repealed or suitably amended such laws in the mean time. **It is necessary to emphasise that various clauses of Article 243 are to be followed in letter and spirit. The concerned States cannot be permitted to withhold elections of Panchayats except in cases of genuine supervening difficulties to hold such elections e.g. unforeseen natural calamities in the State like flood, earthquake etc. or extremely urgent situation prevailing in the State for which elections of the Panchayats cannot be held within the timeframe. It will be unfortunate if the concerned States remain insensitive to the constitutional mandate of holding election of Panchayats in time**

and by unjustified inaction, allows old bodies to continue in the office of the Panchayats. We hope and trust that the State Government will be alive and sensitive to the duties and responsibilities flowing from the mandate of the Constitution in holding panchayat election.”

Hon. Justice G.N. Roy and Hon. Justice G.B. Pattanaik

RLEK will be too happy to assist you in all the possible ways for implementing the 73rd Amendment of the Panchayati Raj Act in it's true letter and spirit.

You may contact us on our e-mail or through fax/telephone for further assistance.

(Avdhash Kaushal)

APPENDIX III

COMMITTEE ON RURAL DEVELOPMENT (2004-2005)

EXTRACTS OF THE MINUTES OF THE TENTH SITTING OF THE COMMITTEE HELD ON MONDAY, THE 14 FEBRUARY, 2005

The Committee sat from 1100 hrs. to 1220 hrs. in Committee Room 'B', Parliament House Annexe, New Delhi.

PRESENT

Shri Kalyan Singh — *Chairman*

MEMBERS

Lok Sabha

2. Shri V. Kishore Chandra S. Deo
3. Shri Mohan Jena
4. Shri Hannan Mollah
5. Shri Anna Saheb M.K. Patil
6. Shrimati Tejaswini Seeramesh
7. Shri P. Chalapathi Rao
8. Shri Nikhilananda Sar
9. Shri Mohan Singh
10. Shri D.C. Srikantappa
11. Shri Mitrasen Yadav

Rajya Sabha

12. Kumari Nirmala Deshpande
13. Prof. Alka Balram Kshatriya
14. Shri Penumalli Madhu
15. Shri Kalraj Mishra
16. Dr. Chandan Mitra
17. Prof. R.B.S. Varma

SECRETARIAT

1. Shrimati Sudesh Luthra — *Deputy Secretary*
2. Shri A.K. Shah — *Assistant Director*

APPENDIX IV

[Vide Para 4 of the Introduction]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE FOURTH REPORT OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT (FOURTEENTH LOK SABHA)

I.	Total Number of recommendations	14
II.	Recommendations that have been accepted by the Government Para Nos. 2.38, 2.39 and 2.43	3
	Percentage to total recommendations	21.42%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies Para No. 2.40	1
	Percentage to total recommendations	7.1%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee Para Nos. 2.15, 2.16, 2.17, 2.18, 2.23, 2.24, 2.25, 2.30, 2.31 and 2.44	10
	Percentage to total recommendations	71.42%
V.	Recommendations in respect of which final replies of the Government are still awaited	Nil
	Percentage to total recommendations	—