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**STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2009-2010)**

FIFTEENTH LOK SABHA

MINISTRY OF PANCHAYATI RAJ

**DEMANDS FOR GRANTS
(2009-2010)**

FOURTH REPORT



सत्यमेव जयते

**LOK SABHA SECRETARIAT
NEW DELHI**

FOURTH REPORT
STANDING COMMITTEE ON
RURAL DEVELOPMENT
(2009-2010)

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MINISTRY OF PANCHAYATI RAJ

DEMANDS FOR GRANTS
(2009-2010)

Presented to Lok Sabha on 17.12.2009

Laid in Rajya Sabha on 17.12.2009



LOK SABHA SECRETARIAT
NEW DELHI

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CONTENTS

	PAGE
COMPOSITION OF THE COMMITTEE	(v)
INTRODUCTION	(vii)
ABBREVIATIONS	(ix)
REPORT	
CHAPTER I Introductory	1
CHAPTER II Status of Implementation of the recommendations made by the Committee in the Thirty eighth Report of the Committee presented to the House on 12th April, 2008 on Demands for Grants (2008-2009) Lok Sabha under Direction 73-A of the Directions by the speaker, Lok Sabha	3
CHAPTER III General Analysis	
(i) Utilisation during Tenth Plan	5
(ii) Utilisation during Eleventh Plan	6
(iii) Utilisation during Annual Plans	9
CHAPTER IV Major Issues	
A. Ensuring effective, efficient and transparent Panchayats	13
(i) Need for orderly Gram Sabha Meetings	15
(ii) Need for equipping the Panchayats with technical know how and personnel	15
(iii) Need for proper remuneration and accommodation to PRIs functionaries	17
B. Capacity Building of Panchayats	18
(a) Training	18
(i) Progress on training	18
(ii) Requirement of Funds	19
	(i)

	PAGE
(iii) Constraints coming in the way of training and feedback received from NIRDs/SIRDs....	21
(iv) Work done on simplification of procedure through Plan Plus software	22
(v) Strategy of training increased number of women PRIs functionaries if legislation providing 50% reservation for women in PRIs is enacted	24
(vi) Creation of National Institute of Panchayati Raj	26
(b) Infrastructure building of Panchayats	26
C. Re-structuring of Centrally Sponsored Schemes.....	28
D. Devolution of 3 Fs	31
(i) Incentivizing States empowering PRIs	34
E. Professionalizing DPCs	36
F. Effective implementation of PESA	38
G. Twelfth Finance Commission Grants	42
CHAPTER V Issues related with Backward Regions Grants Fund (BRGF)	46
(i) Shortcomings in implementation	47
(ii) Restructuring of BRGF	49
(iii) Other issues	51
APPENDICES	
I. Scheme-wise details during 2008-2009.....	53
II. Details of elected representatives provided training under the schemes of RGSY and BRGF (Capacity Building Component)	54
III. Eleventh Schedule Lists 29 matters for Panchayats	57
IV. Letter dated 19th January, 2009 regarding delineation of role and responsibilities of Panchayati Raj Institutions (PRIs) in CSSs/ACAs	58
(ii)	

	PAGE
V. The broad scheme-wise details of Centrally Sponsored Schemes (CSSs)	63
VI. Devolution of functions through Legislations and Activity Mapping (Based on the information furnished by the State Governments and records of the Ministry) ...	65
VII. Status of Devolution of funds to Panchayati Raj Institutions in various States/UTs	73
VIII. Status of Devolution of functionaries to Panchayati Raj Institutions in various States/UTs	81
IX. Indicators for Devolution Index Survey 2008-2009	85
X. Extracts of the Minutes of the third sitting of the Committee held on 14 October, 2009	87
XI. Extracts of the Minutes of the fifth sitting of the Committee held on 9 November, 2009	90
XII. Extracts of the Minutes of the seventh sitting of the Committee held on 14 December, 2009	92
XIII. Statement of Observations/Recommendations	94

COMPOSITION OF THE STANDING COMMITTEE ON
RURAL DEVELOPMENT (2009-2010)

Shrimati Sumitra Mahajan — *Chairperson*

MEMBERS

Lok Sabha

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Sandeep Dikshit
6. Shri Manikrao Hodlya Gavit
7. Shri H.D. Kumaraswamy
8. Shri Raghuvir Singh Meena
9. Shri Sidhant Mohapatra
10. Shri Gobinda Chandra Naskar
11. Shri Rakesh Pandey
12. Shri P.L. Punia
13. Shri A. Venkatarami Reddy
14. Shri Jagdish Sharma
15. Shri Navjot Singh Sidhu
16. Shri Jagdanand Singh
17. Dr. Sanjay Singh
18. Shri Makansingh Solanki
19. Shri Kodikkunnil Suresh
20. Shrimati Usha Verma
21. Shri Ramesh Vishwanath Katti

Rajya Sabha

22. Shri Ganga Charan
23. Vacant*
24. Shri Silvius Condpan
25. Shrimati Kanimozhi
26. Dr. Ram Prakash
27. Shri P.R. Rajan
28. Shri Arjun Singh
29. Shri Bhagwati Singh
30. Shrimati Maya Singh
31. Miss Anusuiya Uikey

SECRETARIAT

- | | | |
|---------------------|---|----------------------------|
| 1. Shri P.K. Grover | — | <i>Joint Secretary</i> |
| 2. Shri V.R. Ramesh | — | <i>Director</i> |
| 3. Shri A.K. Shah | — | <i>Additional Director</i> |

*Consequent upon the resignation of Shri Ajay Singh Chautala from the membership of Rajya Sabha *w.e.f.* 3rd November, 2009 *vide* Notification No. RS10/2009-T, dated 6 November, 2009.

INTRODUCTION

1. I, the Chairperson of the Standing Committee on Rural Development (2009-10) having been authorized by the Committee to submit the Report on their behalf, present the Fourth Report on Demands for Grants (2009-2010) 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 9 November, 2009.

4. The Report was considered and adopted by the Committee at their sitting held on 14 December, 2009.

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 December, 2009

25 Agrahayana, 1931 (Saka)

SUMITRA MAHAJAN,
Chairperson,
Standing Committee on
Rural Development.

ABBREVIATIONS

ACA	—	Additional Central Assistance
BE	—	Budget Estimates
BRGF	—	Backward Regions Grants Fund
CSSs	—	Centrally Sponsored Schemes
DPC	—	District Planning Committee
DPR	—	Detailed Project Report
HLCs	—	High Level Committees
NARC	—	National Advisory-cum-Review Committee
NCAER	—	National Council for Advanced Economic Research
NCBF	—	National Capacity Building Framework
NIRD	—	National Institute of Rural Development
NGO	—	Non-Governmental Organisation
NREGA	—	National Rural Employment Guarantee Act
O&M	—	Operations and Maintenance
PD&T	—	Panchayat Development and Training Scheme
PEAIS	—	Panchayat Empowerment and Accountability Incentive Scheme
PESA	—	Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996
PRIs	—	Panchayati Raj Institutions
QRM	—	Quarterly Review Meetings
RBH	—	Rural Business Hubs
RE	—	Revised Estimates
RGSY	—	Rashtriya Gram Swaraj Yojana
RSVY	—	Rashtriya Sam Vikas Yojana
SIRDS	—	State Institute of Rural Development
SFC	—	State Finance Commissions
TFC	—	Twelfth Finance Commission
TSl	—	Technical Support Institutes
UTs	—	Union Territories

REPORT

CHAPTER I

INTRODUCTORY

The Ministry of Panchayati Raj came into existence on 27 May, 2004 after being carved out from the Ministry of Rural Development. At present there are 24 lakh Panchayats in the country with 2.8 million elected representatives. The representation of women, SCs and STs is 36.88%, 19.06% and 11.77% respectively. The enactment of Constitution 73rd (Amendment) Act, 1992, the Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA) and Constitutional provision in the shape of Article 243ZD of Part IX-A concerning District Planning Committees relating to the Panchayati Raj Institutions (PRIs) has over the years revolutionised the PRIs across the country. 'The One Hundred and Tenth Constitution' (Amendment) Bill, 2009 (amending article 249D of the Constitution) has also been introduced in Lok Sabha on 26th November, 2009 for increasing reservation of women in Panchayats from current 33% to 50%. In order to cater to the training and infrastructure requirements of fairly large number of elected functionaries of PRIs a sum of Rs. 4780 crore has been given to Ministry of Panchayati Raj as annual budget.

Responsibility of the Ministry

1.2 The Ministry of the Panchayati Raj has the following responsibilities:

- (i) All matters relating to Panchayati Raj and Panchayati Raj Institutions (PRIs).
- (ii) District Planning Committees (DPCs).
- (iii) Implementation of Panchayats (Extension to Scheduled Areas) (PESA) Act.
- (iv) Formulation of laws, policies and programmes for above three responsibilities.
- (v) Building of systems, procedures and institutions for the aforesaid purposes.

1.3 The Demands for Grants (2009-2010) relating to Ministry of Panchayati Raj were laid on the Table of Lok Sabha on 10th July, 2009 under Demand No. 69. These have made a provision of

Rs. 4780.71 crore both in Plan and Non-Plan. The broad provisions are Rs. 4670 crore for Backward Regions Grants Funds (BRGF) and remaining Rs. 110 crore has been given for other schemes like Rashtriya Gram Swaraj Yojana (RGSY) (Rs. 45 crore) Mission Mode Project on e-Panchayats (Rs. 23.00 crore) Panchayats Empowerment and Accountability Incentive Scheme (Rs. 10.00 crore) etc. The Scheme-wise details are in **Appendix I**.

1.4 In this Report the Committee have restricted its analysis of the budgetary allocation and related matters in respect of BRGF and various other Schemes of the Ministry in Tenth and Eleventh Plan Periods, allocations *vis-a-vis* releases of Twelfth Finance Commission (TFC) Grants, etc.

CHAPTER II

STATUS OF IMPLEMENTATION OF RECOMMENDATIONS MADE BY THE COMMITTEE IN THEIR THIRTY EIGHTH REPORT ON DEMANDS FOR GRANTS (2008-2009) OF THE MINISTRY OF PANCHAYATI RAJ UNDER DIRECTION 73A OF THE DIRECTIONS BY THE SPEAKER, LOK SABHA

The Committee during Fourteenth Lok Sabha had presented five original Reports and five Action Taken Reports on Demands for Grants of the Ministry of Panchayati Raj. Under Direction 73A of 'Directions by the Speaker' the Minister concerned is required to make within six a Statement regarding the status of implementation of recommendation contained in the Reports of the Committee. The related Statements have already been laid on the Table of the House.

2.2 On being asked by the Committee whether the Department reviews implementation of the recommendations made by the Committee in all the States and Union Territories, in their earlier Reports at regular intervals, the Ministry clarified:—

“Various issues arising out of recommendations of the Parliamentary Standing Committees are being reviewed from time to time. The Government has instituted an in-built review and monitoring mechanism in the guidelines of each scheme to ensure that the objectives of the schemes are achieved by their implementation. The progress is regularly being reviewed by Union Secretary of Panchayati Raj in the quarterly review meetings of the State Secretaries of Panchayati Raj Departments. The Senior Officers of the Ministry during their visit to the allotted States also reviews the progress of Panchayati Raj in States from time to time.”

2.3 The Committee are glad to note that the Statement by the Minister under Direction 73A of 'Directions by the Speaker' showing the status of implementation of recommendations of the Standing Committee on Rural Development contained in the Thirty Eighth Report has been made within the stipulated period. The Committee trust that in future also the Ministry would be abiding by the above Direction by the Speaker.

2.4 The Committee have been informed that the recommendations of the Committee are reviewed from time to time with the intent to ensure their implementation in review meetings as also in Quarterly Review Meetings (QRMs) with State Panchayati Raj Departments. The Committee, are, however constrained to find that in the case of majority of the recommendations, the Statement has merely reproduced from the action taken replies submitted three months after presentation of the Report. The Committee feel that this defeats the very purpose of the Statement which should depict the progress made in the implementation of the recommendations of the Committee. The Committee, therefore, desire that in future instead of repeating the action taken replies in the Minister's Statement, the precise status of implementation of the recommendations should be indicated in the Statement made under Direction 73A. This will enable the Committee to understand the progress of work done in a more focused manner.

CHAPTER III

GENERAL ANALYSIS

Allocation *vis-a-vis* utilization during Tenth Plan (2002-2007) and so far Eleventh Plan (2007-2012)

The agreed Outlay *vis-a-vis* Actual expenditure during Tenth Plan and so far during Eleventh Plan (2007-2012) of the Department is as follows:—

(Rs. in crore)

Outlay	Tenth Plan			Eleventh Plan		
	BRGF	Other Schemes	Total	BRGF	Other Schemes	Total
Proposed	—	—	—	—	15,000	
Agreed	3825 (Revised to Rs. 2000 crore at RE)	80.60	2,080.60	23,350	876.37	24,226.37
Actuals	1998.48	57.15	2055.63*	7489.74 (upto 2008-09)	191.07 (upto 2008-09)	7680.81**

* The Ministry has stated that since it was created on 29th May, 2004, thus no separate allocations were made for Tenth Plan instead the allocation were given from year to year.

**Actuals for BRGF for 2007-2008 and 2008-2009 were Rs. 3597.50 crore and Rs. 3889.76 crore respectively. Whereas actuals for other schemes for 2007-2008 and 2008-2009 were Rs. 91.31 crore and Rs. 103.99 crore respectively.

(i) Utilization of funds during Tenth Plan (2002-2007)

3.1 It came out during the course of examination that during Tenth Plan the utilization position under BRGF was quite well. However it was not so for other Schemes. On being asked about the reasons for this under utilization under other Schemes during tenth Plan the Ministry in a written note informed as under:—

“The Ministry was constituted in May, 2004. The schemes/ programmes are introduced progressively for strengthening of

Panchayati Raj from time to time. The expenditure during the Tenth Plan was more than 90% except during the first year of the Ministry. Low utilization during 2006-07 under Research was due to want of proposals from the Research Institutions. The expenditure under Media & Publicity was less because the scheme was newly introduced and for want of sufficient number of quality proposals for Media campaign.”

(ii) Utilization of funds so far during Eleventh Plan (2007-2012)

3.2 It came out during the course of examination that during Eleventh Plan Period the utilization rate is deteriorating both for BRGF and for Other Schemes. For instance, for BRGF as against the total Eleventh Plan allocation of Rs. 23,750 crore, the actual expenditure incurred was Rs. 7489.65 crore during first two years of 11th Plan.

3.3 On being asked as to how the Ministry sought to enhance allocations under different schemes during the remaining period of the 11th Plan period and beyond, the Secretary, Panchayati Raj while dealing with possible enhancement under biggest scheme of the Ministry *i.e.* BRGF clarified:—

“.....Three aspects are there, first of all capacity building of Panchayats *i.e.* infrastructure, manpower training etc. Second relates to planning capacity of PRIs. In that we provide for professional manpower in Panchayats. Third aspect is of development grant. The proposal we have given is very modest. During the last three years the allocation in the BRGF was Rs. 4670 crore. We have proposed that next year it should be enhanced to Rs. 7300 crore. Thereafter, by the end of the Eleventh Plan it should be Rs. 9300 crore.”

3.4 Giving similar details about the second big scheme of Rashtriya Gram Swaraj Yojana (RGSY) the Secretary, Panchayati Raj also submitted that:—

“In Rashtriya Gram Swaraj Yojana applicable in 350 non-BRGF districts in the country during this year, allocation of Rs. 40 crore (including North East component of Rs. 5.00 crore) has been provided, while in BRGF under capacity building we are providing 1 crore a year for each district. We think that under RGSY with Rs. 40 crore we are taking care of 350 districts. The proposal with which we have come before you is the existing allocation of Rs. 40 crore under RGSY should be increased to Rs. 1000 crore next year and next to next year it should further be enhanced to Rs. 2000 crore.”

3.5 Unfolding the plans of the Ministry about future enhancement in third major scheme of e-governance to Panchayats, the Secretary, Panchayati Raj stated as under:—

“The third important scheme relates to e-governance in Panchayati Raj Institutions. In that Rs. 23 crore (including North East component of Rs. 2.40 crore) is the allocation. In that we have done three things. First, what is the information and service needs of Panchayats, State Departments and the Union Ministries. That has to be assessed. The process that is available for computerization like issuing of caste certificates, planning of programmes, their implementation, monitoring etc. For that a business process re-engineering is being done. For every State, a separate Detailed Project Report (DPR) is required to be prepared so as to see how e-governance is implemented in Panchayats in that State. We have come to a stage that if the Government accords financial sanction, we will be able to roll it out next year. Our preparations have been completed. This year we have an allocation of around Rs. 23 crore. The total project cost we have estimated is Rs. 4500 crore. We are requesting that next year Rs. 1000 crore and next to next year Rs. 1500 crore may be allocated. Rest in third year and subsequently in the Twelfth Plan we will get.”

3.6 In this connection the Ministry has also informed that they are in the process of preparing a roadmap for Panchayats for next five years.

3.7 The Committee are constrained to note that important Ministry of Panchayati Raj that has been assigned the pioneering role of looking after all the responsibilities of Panchayati Raj Institutions (PRIs) throughout the country covering around 24 lakh Panchayats with 2.8 million elected Panchayati Raj representatives has not been receiving necessary funds since its inception in 2004 commensurate with the task and challenges before the Ministry. They find that an amount of Rs. 4780 crore has been made available during 2009-10 to the Ministry even after the two historic legislations of 73rd Constitution (Amendment) Act of 1992 and the Panchayats (Extension to Scheduled Areas) Act (PESA) of 1996 have come into operation in the country. The Committee observe that during the Tenth Plan (2002-2007) the total funds to the tune of Rs. 2080 crore were available to the Ministry. These have gone up to Rs. 24,226.37 crore during Eleventh Plan period (2007-2012). The Committee recommend that keeping in view the stupendous task and responsibilities of over 2.8 million elected representatives in the

country a countrywide study is necessary for making the Ministry more purposeful and action oriented.

3.8 The Committee's examination has revealed that the Ministry is getting flow of funds under the two categories—one under Backward Region Grant Funds (BRGF) and the Other Schemes like Rashtriya Gram Swaraj Yojana (RGSY), e-Panchayats etc. The Committee also find that actual flow of funds for Panchayats in the country started at the end of the Tenth Plan with the arrival of Backward Region Grant Scheme in 2006-2007 with an outlay of Rs. 1925 crore (RE) that has risen to the present level (2007-2008 onwards) of Rs. 4670 crore. Excluding this amount a small allocation of Rs. 110 crore for Other Schemes is being made available to Ministry to take care of 24 lakh of Panchayats. In Committee's view the total amount of Rs. 4780 crore provided during 2009-10 is inadequate for the Panchayats in the country from any yardstick let alone their upliftment in view of emerging demands. Since Panchayats are being given more power, more funds need to be released for infrastructural purposes. The Committee, therefore, recommend that sufficient funds commensurate with the task involved should be made available.

3.9 While the funds being made available to the Ministry are not adequate in the opinion of the Committee, the trend so far during Eleventh Plan shows that the utilization of even these funds has not been encouraging as compared to Tenth Plan (2002-2007). The Committee find that as against the total allocation of Rs. 24,226.37 crore the actual expenditure during first two years of the Plan *viz.* 2007-2008 and 2008-2009 is Rs. 7680.81 crore only. The Committee apprehend that with the present rate of utilization the Eleventh Plan outlay may not be utilized fully. They, therefore, recommend that all efforts need to be made to utilize at least the available funds fully.

3.10 The Committee have been informed that the Ministry of Panchayati Raj now proposes to have the allocation for three big schemes of BRGF, RGSY and e-governance enhanced in a big way for the remaining years of the Eleventh Plan and beyond. For instance for BRGF quantum of funds is proposed to be hiked from present level of Rs. 4670 crore in 2009 to Rs. 7300 crore in 2010-2011 and Rs. 9300 crore in 2011-2012. Similarly, for RGSY the Ministry is planning to have the existing allocation of Rs. 40 crore increased to Rs. 1000 crore during 2010-2011 and doubling the same in 2011-2012. Likewise for e-governance the Ministry has a proposal to increase the present allocation of Rs. 24 crore in 2009-2010 to Rs. 1000 crore

in 2010-2011 and Rs. 1500 crore by 2011-2012. The Committee feel that aforesaid enhancement of funds for one-two years in major schemes of the Panchayats is not going to comprehensively address the requirements of Panchayats in the country. The utilization of available funds purposefully is most essential. The Committee also desire that a long term perspective plan for Panchayats in the country be drawn up bringing out clearly the present state of Panchayats and their likely role and responsibilities by 2020.

(iii) Utilization of funds in Annual Plans

3.11 Budget Estimate, Revised Estimate and Actual Expenditure during 2007-2008 and 2008-2009, and BE for 2009-2010 are as follows:—

(Rs. in crore)

Year	BE			RE			Actual		
	BRGF	Other Schemes	Total	BRGF	Other Schemes	Total	BRGF	Other Schemes	Total
2007-08	4670	100	4770	3597.50	102.50	3700	3597.50	91.31	3688.81
2008-09	4670	110	4780	3890	110.00	4000	3889.76	103.99	3997.75
2009-10	4670*	110**	4780	—	—	—	2501.44***	26.07	2527.51

*Ministry proposed Rs. 6000 crore.

**Ministry proposed Rs. 720 crore.

***upto 8.12.09.

3.12 It came out during the course of examination that during 2007-08 there had been significant reduction in Estimates at Revised Estimates stage in BRGF whereas there was under utilization in other Schemes in for both the years.

3.13 On being asked about the reasons for drastic reduction of Rs. 1073 crore during 2007-08 and Rs. 780 crore in 2008-09 for BRGF, the Ministry has given the following reasons:—

- (i) Under the Cash Management Scheme of the Ministry of Finance, sixty seven per cent of the budgetary amounts allocated under a programme should be spent by 31st December with the expenditure being evenly spread out in each quarter. The reduction in the case of BRGF at the RE stages in 2007-08 and 2008-09 was mainly because of proportionately low expenditure by the second quarters of 2007-08 and 2008-09.

- (ii) Enough proposals for claiming BRGF funds from the States could not be received by the Second Quarters as most of the States had sent the proposals in the last quarters of the Financial Years.
- (iii) Consolidation of the local plans into the district plans by the District Planning Committees (DPCs) is an essential condition for funds release under the BRGF. The States, like, Uttar Pradesh, Jharkhand, Gujarat, Maharashtra, Uttarakhand, Punjab, etc. did not have DPCs in 2007-08 whereas the States, like Gujarat, Maharashtra and Punjab could not constitute these Committees until the Third Quarter of 2008-09. Uttarakhand has not constituted DPCs even now.
- (iv) Despite fulfilling/exemption of the conditions of DPC constitution, the States like Sikkim, Tamil Nadu, Jammu & Kashmir, Meghalaya and Arunachal Pradesh did not submit district plans in 2007-08 whereas Karnataka, Kerala and Mizoram did not claim the grants in 2008-09."

3.14 While examining the requirement of funds during the previous two years viz. 2007-2008 and 2008-2009 of the Ministry of Panchayati Raj, the Committee are constrained to note that funds available under BRGF have been significantly lowered at RE stage from Rs. 4670 crore to Rs. 3597.50 crore during 2007-2008 and from Rs. 4670 crore to Rs. 3890 crore during 2008-2009. Non-receipt of enough proposals for claiming BRGF funds from State Governments and delay in constitution of District Planning Committees (DPCs), a pre-requisite for claiming BRGF funds in different States like U.P., Gujarat, Maharashtra etc. have been attributed as reasons for drastic reduction of funds at Revised Estimates stage. Besides, non-submission of district plans by various States like Sikkim, Tamil Nadu, J&K etc. in 2007-2008 and failure to claim grants in 2008-2009 by the States of Karnataka, Kerala and Mizoram have been the reasons advanced by the Ministry for lowering of funds.

3.15 The Committee feel that the aforesaid reasons of non-receipt of proposals/non-submission of district plans were very well within the domain of the Ministry. In their opinion being the nodal Ministry it is incumbent upon the Ministry of Panchayati Raj to have track on above issues with the States. The Committee, therefore, conclude that had the Ministry taken timely interventions, aforesaid reduction could have been avoided. The Committee, therefore, feel that a mechanism be evolved for taking care of these issues so that

no reduction of budgeted amount is required to be made at revised estimates in future. The Committee, therefore, strongly recommend that such issues should be vigorously pursued with the State Governments. The concrete action taken in this regard should be communicated to the Committee.

Requirement of funds during 2009-2010

3.16 The Committee wanted to know whether Rs. 4780 crore is sufficient to meet the target fixed for 2009-2010 by the Ministry, the Ministry in a written note clarified as under:

“The extant allocation of Rs. 4670 crore under BRGF and Rs. 110 crore under Central Plan Schemes for 2009-10 is considered adequate to meet the commitments during the current year as it stands now. The Ministry is contemplating a comprehensive restructuring of the BRGF programme and upscaling of other schemes such as Panchayat Empowerment and Accountability Incentive Scheme (PEAIS), e-PRI, Rashtriya Gram Swaraj Yojana (RGSY), Rural Business Hubs (RBH) which, it approved, will require a higher allocation.”

3.17 The Committee wanted to know whether the Ministry has requested for higher funds to the Planning Commission for the aforesaid purpose for 2009-2010. The Ministry submitted as under:

“The outlay proposed and approved by the Planning Commission for the Annual Plan 2009-10 is given as under:

(Rs. in crore)

Name of the Scheme	Annual Plan 2009-10	
	Proposed	Approved
1	2	3
A.		
1. Rashtriya Gram Swaraj Yojana		
(a) Training and Capacity Building	80.00	45.00
(b) Infrastructure Development		
2. Mission Mode Project on e-Panchayats	78.00	23.00
3. Action Research & Research Studies	3.50	3.00

1	2	3
4. Media & Publicity	8.00	6.90
5. Rural Business Hubs	7.00	2.00
6. Panchayat Mahila Evam Yuva Shakti Abhiyan	4.50	4.00
7. Panchayat Empowerment & Accountability Incentive Scheme	450.00	10.00
8. Secretariat Economic Service (Management Cell)	10.00	11.00
9. UN Assisted Project	5.00	5.00
10. Contribution to CLGF	2.00	0.10
11. Provision for North Eastern Areas	72.00	—
Total (A)	720.00	110.00*
B.		
12. BRGF	6000.00	4670.00
Total (B)	6000.00	4670.00
Grand Total (A+B)	6720.00	4780.00

*10% of BE has been earmarked for the NE State.

3.18 As regards availability of funds before the Ministry during the current year 2009-10, the Committee are constrained to note that an amount of Rs. 6720 crore as proposed by the Ministry has been drastically reduced to Rs. 4780 crore by the Planning Commission. The Committee after perusing scheme-wise proposed *vis-a-vis* agreed amount, are constrained to note that for BRGF as against the proposed amount of Rs. 6000 crore only Rs. 4670 crore have been approved. Similarly, for other schemes as against the proposed amount of Rs. 720 crore only Rs. 110 crore has been approved. The scheme of the Department have tremendous impact on increasing capacity building thereby improving rural infrastructure. The Committee, therefore, strongly recommend to the Department to take up the matter with the Planning Commission for providing adequate allocation commensurate with the requirements with a view to achieve inclusive growth so that the benefit are shared by the poorest of poor in the country.

CHAPTER IV

MAJOR ISSUES

A. Ensuring effective, efficient and transparent Panchayats

During the course of briefing of the representatives of the Ministry of Panchayati Raj, the Ministry has stated that ensuring effectiveness, efficiency and transparency of the Panchayats was one of the major priorities before the Ministry.

4.2 During the course of examination on the issue of ensuring effective, efficient and transparent Panchayats in the country a fairly large number of issues came up for discussion before the Committee. These have been discussed in succeeding paragraphs.

- (i) Need for orderly Gram Sabha Meetings;
- (ii) Need for equipping the Panchayats with technical know how and personnel; and
- (iii) Provision for remunerations, official accommodation to PRIs functionaries and filling up of vacancies in Panchayats.

(i) Need for orderly Gram Sabha Meetings

4.3 The Committee wanted to know how it was ensured that schemes conceived for implementation at grassroots level did not remain on paper and far away from ground reality and that meetings of Gram Sabha were held strictly according to the rules and regulations in this regard. In this context the Committee also wanted to know whether due importance is being given to 'Gram Sabha' as it has been given a pivotal role in the scheme of things of self-Government under the Constitution.

4.4 Replying to various related queries raised by the Committee the Secretary, Panchayati Raj clarified:

"M'am first of all, the issue of Gram Sabha has come up for discussion as to how its meetings are organized and how decisions are arrived at because in all these the influence of local politics will be visible. We have advised all States Governments that where Gram Sabhas are quite large, these can be divided into Ward Sabhas

so that these can become manageable. We have circulated a model Panchayati Raj Act to States wherein details regarding Constitution of Ward Sabhas, its functions, all this has been clearly delineated. Recently we have also sent a circular to the States about how to run Gram Sabhas in an effective manner. The present functioning of Gram Sabha is not at all desirable. When the Ministry came to know about this, we thought over the issue for quite long time and issued this circular.”

4.5 The Ministry has informed that Guidelines for conducting Gram Sabha Meetings have been forwarded to different States for advisory. The Guidelines are as under:

Conduct of the Gram Sabha Meetings

- The meeting of the Gram Sabha should be chaired as designated in the State Act. The official so designated should act as the Secretary.
- At the beginning of the meeting, the Chairperson or the Secretary should read out the decisions of the Previous Gram Sabha and explain the important activities/events in the Panchayat. If something could not be done, the reasons may also be explained.
- The main agenda items may subsequently be taken up one by one.
- The Chairperson should take care to ensure that every one is allowed to speak, and a few people do not dominate the proceedings. Special care needs to be taken with respect to women and marginalized groups.
- If the Gram Sabha is convened for planning, matters like review of the previous year’s performance, success as well as failures, new directions, deviations if any from the plan and the reasons for that, resource mobilisation, allocation, beneficiaries of each scheme, benefitting area, criteria, activities, organization, funds etc. have to be discussed.
- A time should be allotted for individuals or groups to present proposals and resolutions.
- The Gram Sabha may, during the meeting, take a decision to form its own committees to look into an issue and make suggestions, or reports.

- People should also be encouraged to provide voluntary labour or other contributions in the meeting.
- At the end of the meeting, the minutes should be read out and signed by the persons designated to do so.

4.6 The Committee have been informed that various guidelines with regard to conduct of Gram Sabha meetings in a proper manner have been issued. However, they have a feeling that all of them are not being followed in letter and spirit leaving much to be desired. In this connection the Committee have also been informed about various initiatives like sending of advisories to State Governments in the form of circular issued in January, 2009 in this behalf. The Committee recommend that in order to ensure proper implementation of such Guidelines, some methodology like presence of officials of the Panchayati Raj Ministry when Gram Sabha meetings are in progress in some of the selective States be evolved. This would also enable the Ministry to have an idea of the actual activities of Gram Sabhas in the country and take further steps to strengthen the Gram Sabha which is the backbone of democracy.

(ii) Need for providing the Panchayats with technical support and personnel

4.7 During the course of evidence of the representatives of the Ministry of Panchayati Raj it was pointed out that a number of complaints have been received against Sarpanchs in regard to implementation of rural development schemes like NREGA. Some times Sarpanchs do not know how to run different rural development schemes. The Committee also pointed out that mega programmes of rural development are given to Panchayats to implement. However in the absence of technical knowhow and personnel available to Panchayats are unable to perform their duties properly.

4.8 On the issue of training Gram Pradhans, the Secretary, Panchayati Raj clarified:

“This is true that many Pradhans are not trained. As such, they are not equipped with the required knowledge and in many Panchayats the Panchayat Secretary misleads the elected representatives. The Committee is right that unless Gram Pradhans are trained the goal of Gram Swaraj will remain unfulfilled. Your perception of Gram Sabha is also correct. Then in present set up, there is lot of harassment at the hands of BDOs and Junior Engineers. We are trying to give so much technical support to the

Panchayats that there will little need for roaming around the BDOs and Junior Engineers. We are working on it.”

4.9 During the course of evidence the Committee wanted to know whether technical manpower or knowhow available within the district can be utilized for training elected Gram Pradhans. The Committee also enquired whether any study/evaluation is available on this issue, the Secretary, Panchayati Raj submitting candidly informed:

“Madam always this issue comes up that what is the capacity of Panchayats? Whether these have technical manpower? We have conducted a study through World Bank in eight States where there are large number of BRGF districts. The finding of World Bank was that it is a myth that Panchayats due to lack of technical manpower are unable to function. It says that Panchayats without technical manpower, without any support are doing better than the Government agencies and are getting the work done in less time. This is the finding of World Bank team. This the Committee may judge whether it is true or false. They, after doing the survey, have informed that the works done by Panchayats is better than that of Government agencies.”

4.10 The Committee are constrained to note that in the absence of proper technical knowhow and personnel the Sarpanchs in different States are facing difficulties in running the different rural development programmes like NREGA and that in many cases the Panchayat Secretary generally does not guide the Gram Sabha properly. Not only this the expected cooperation from Government functionaries like BDOs/Junior Engineers is also not forthcoming owing to large responsibility of covering more than one Gram Sabhas given to these Government officers. All these revelations have been candidly admitted before the Committee by the Secretary, Panchayati Raj while assuring necessary remedial steps. The Committee trust that these issues will be taken care of by the nodal Ministry for appropriate action. They would like to be informed of the precise remedial steps taken in this regard.

4.11 On the issue of making available technical support to Panchayats the Committee have been informed that based on the findings of World Bank team in eight States with problem of large BRGF districts, a view has come up that Panchayats can perform better independently without Governments’ support or other technical support. In Committee’s opinion the findings of the World Bank team may hold good for selective areas only. Considering

dismal infrastructure available with Panchayats in general in the country, the Committee feel that desired technical knowhow and personnel be made available to Panchayats so that these can function in a vibrant manner.

(iii) Provision of remunerations, official accommodation to PRIs functionaries and filling up vacancies in Panchayats

4.12 In order to ensure effective, efficient and transparent Panchayats in the country, it came out during the course of examination that though sweeping powers have been given to Panchayats, the PRI functionaries are not being given remuneration as in the case of Members of other elected bodies. The Committee, therefore, wanted to know whether the issue of payment of remuneration to PRI functionaries has been examined with a view to making Panchayats effective and efficient.

4.13 The Secretary, Panchayati Raj replied:

“Madam, one issue of providing remuneration to elected representatives of PRIs was raised. This has to be given by the State Governments even if we have given a submission before the 13th Finance Commission. It has to be seen that upto which extent the 13th Finance Commission approves the issues of giving remuneration to elected representative of PRIs.....”

4.14 The Committee pointed out that there is no proper accommodation available for PRI functionaries specially to Panchayat Secretary in the absence of which these functionaries are not available in the Gram Panchayats on permanent basis for solving day-to-day problems of the Panchayats. The Committee also pointed out that due to this reason many of the posts of Panchayat Secretary and Gram Sewaks are lying vacant and as such these remain unattractive. Besides, since one Panchayat Secretary has to look after the work of two other villages, he is not able to handle the added responsibilities. Replying to various queries by the Committee the Secretary, Panchayati Raj clarified:

“This is correct that many posts are lying vacant and we are holding regular meetings and interactions with principal Secretary, Panchayati Raj about the need and financial obligations. The 13th Finance Commission Award is also likely to be announced and we have demanded comprehensively for each Panchayat wherein the issues of remuneration, buildings for Gram Panchayats and manpower have been included. How far the 13th Finance Commission addresses these issues that we have to see. When it is partially accepted, it will be a great achievement.”

4.15 The Committee find at present Panchayat functionaries like Gram Pradhans and members of Panchayats are not being provided remuneration as in the case of members of other elected bodies. In this connection the Committee have been informed by the Secretary, Panchayati Raj that this issue alongwith manpower and buildings for Panchayat Ghars were among those submitted before the 13th Finance Commission whose award is yet to be announced. The Committee have also been informed that financial implications have been discussed with Principal Secretary, Panchayati Raj. The Committee would await the 13th Finance Commission Report before making detailed comments in this regard.

4.16 Another related issue that came up before the Committee is of filling up of large number of vacancies of Panchayat Secretary and Gram Sewaks in Panchayats. The Committee feel that this issue can be suitably addressed by the nodal Ministry itself by taking up the matter with the State Governments. They would, therefore, like that the Ministry to take desired action in this regard.

B. Capacity Building of Panchayats

(a) Training

(i) Progress on training of functionaries of PRIs

4.17 Training of functionaries of PRIs has been a prominent feature of Ministry's annual budget. There are around 2.4 lakh Panchayats at the three levels with 2.8 million elected representatives in the country. The Ministry has been doing the work of training of functionaries/officials of PRIs since its inception in May 2004. In the Outcome Budget, it has been stated that 3.50 lakhs elected representatives have been trained during 2007-2008. The Ministry in its Outcome Budget has projected that 9.63 lakh representatives of PRIs are to be trained during 2009-2010.

4.18 In this connection the Committee wanted to know how many of the total elected representatives in the country have been imparted training so far, the Ministry clarified:

"Training to the Elected Representatives of PRIs is provided under BRGF Capacity Building Component in the 250 BRGF districts and under the scheme of Rashtriya Gram Swaraj Yojana (RGSY) in the Non-BRGF districts. In RGSY, some NGOs have also been directly funded on the recommendations of the respective State Governments, for providing training to PRI members. State-wise

details of representatives trained during 2007-08 and 2008-09 has been given in the enclosed Appendix-II. As may be seen in that Appendix II, information in respect of some States is incomplete. The Ministry is consolidating the information and shall submit to the Hon'ble Committee."

4.19 The Committee also wanted to know by when the remaining representatives are likely to be trained, the Ministry informed:

"The Ministry pursues the objective of providing initial (basic) training to all the Elected Representatives within one year of their election, followed by subject matter training. However, with the proposed engagement of NGOs/Private Sector Organisations as partners, it is expected that from the next financial year, all the Elected Representatives would be provided training within a period of one year if the allocations for RGSY are enhanced."

4.20 In this connection the Ministry has also informed that they are in the process of preparing a roadmap for Panchayats for next five years.

(ii) Requirement of funds

4.21 On being further enquired about the funds needed for their training, the Ministry clarified:

"For the 250 BRGF districts, the allocation for Capacity Building is @Rs. 1 crore per district per year. In the non-BRGF districts which number above 350, the scheme of RGSY (TCB) with an allocation of Rs. 40 crore (including Rs. 5 crore for North East component) caters to the training requirements. This is grossly insufficient. The Planning Commission was, therefore, requested to allocate Rs. 1000 crore for the RGSY during the current year."

4.22 Detailing out the holistic picture with regard to training and capacity building of Panchayats in the country, the Ministry clarified:

"The total size of the Annual Plan of the Government of India is of the order of Rs. 3 lakh crore, of which the Ministry handles only about Rs. 5,000 crore. Within this small component, the allocation for the Ministry is mainly for the BRGF, which covers only 250 districts in the country. Therefore, the Ministry has advised the Planning Commission to introduce the Integrated District Planning in an effective way in the entire country encompassing all the Centrally Sponsored Schemes and Programmes as well as

the State Sector Plans. The Ministry has assured the Planning Commission of its fullest cooperation in the matter. Planning Commission, on its part, has proposed to undertake a Scheme of strengthening the planning Units at State and District levels and the Scheme is at the stage of Inter-Ministerial consultation."

4.23 The Committee are constrained to note that the Ministry of Panchayati Raj does not even have the basic data about the number of elected representatives of Panchayats trained in different States. In Committee's opinion a sorry state of affairs is currently prevailing over this vital aspect relating to training of Panchayat functionaries in the country. The Committee find from the State-wise details made available to them that in almost all the States figures are not available with the Ministry. In the absence of necessary data, the Committee would wonder how the claims of the Ministry that out of 28.8 lakh elected representatives a total of 11.95 lakh elected representatives have been trained can be relied upon. The Committee expressed their concern over the under achievement of targets with regard to the training of elected representatives. The Committee, strongly recommend that all initiatives should be taken to ensure that fixed targets for training of Panchayat functionaries in the country are achieved and make the training programme more effective.

4.24 In view of the foregoing the Committee feel that business like approach is essential on the issue of training of elected representatives in different States. The Committee are also of the view that Ministry's claim that within one year the remaining elected representatives would be trained provided the enhanced funds of Rs. 1000 crore are made available under RGSY is also not based on any assessment particularly when everything is vague and inconclusive on the issue of training in different States. The Committee, therefore, feel that before asking for higher funds, the Ministry has to put its own house in order to take care of higher funds in future. They, therefore, desire that the Ministry should without any delay make realistic assessment of the elected representatives in PRIs who are yet to be trained so that it can gear itself to the task accordingly. According to the Ministry it has advised the Planning Commission to introduce integrated district planning through Centrally sponsored Schemes/State Sector Schemes. Planning Commission is stated to have proposed a scheme for planning units at State and District level is for which the inter-Ministerial consultations are in progress. They recall that more or less a similar scheme was also floated by the Ministry last year but

it could not see the light of the day. The Committee, therefore, feel that instead of charting out a flip-flop approach, a time bound programme for training of PRI functionaries on the pattern of 'Bharat Nirman' should be prepared so that Panchayats in the country can work as a unit of self Government in the real sense.

(iii) Constraints coming in the way of training and feedback received from NIRD/SIRDs

4.25 During the course of examination it came out that Panchayats in the country have been facing various constraints in capacity building component. These *inter alia* include non-submission or delayed submission of Capacity Building Plans, slow pace in utilization of funds already received, delayed transfer of funds from State Governments to nodal authorities, poor capacity of these nodal authorities for slow implementation of plans etc.

4.26 With a view to address the issue of training of elected representatives of PRIs, the Ministry has informed that the Ministry on 1 December 2008 had held meetings with training Institutes and State Institutes of Rural Development (SIRDs) and State Governments to formulate a strategy for implementing the National Capacity Building Framework (NCBF). Various suggestions like networking of NIRD/SIRD and other training Institutes for sustainable mechanism, setting up District and Block Resources cum Training Centres, updating of all training perspective Plans, alternative training system for training of 42 lakh PRIs functionaries etc. were outlined.

4.27 In this connection during the course of evidence the Secretary, Panchayati Raj also candidly admitted before the Committee stating as under:

"As regards the framework for training, we already have the National Capacity Building Framework. It is a nice framework; but somehow we have failed to implement; failed in the sense that it is such an ideal programme and implementation has not been half of it. I have taken several meetings with the States, State Institutes of Rural Development and national Institute of Rural Development. Unfortunately, the progress is much below our expectation."

4.28 The Secretary, Panchayati Raj further added:

"What my colleague have done is we are going to also give this option of training through public-private partnership. We have

floated a national tender, anybody, any agency who thinks himself to be suitable as per the criteria laid by us can apply. We will shortlist competent agencies and pass it on to the States. That training becomes rapid and the training will have quality and purpose.”

4.29 The Committee also wanted to know the details about any feedback received from training Institutes like NIRDs and SIRDs, in this regard, the Ministry informed:

“The Ministry obtains feedback from State Governments and Training Institutes like SIRDs about the methodology and approaches for imparting training through meetings, conferences and other interactive communications. It circulates the best practices to all others. For instance, the Integrated Perspective Plan for Capacity Building and Training prepared by the G/o West Bengal and the approach of the G/o Andhra Pradesh on “Training the Large Members” have been circulated to all States and UTs, for suitable adoption.”

4.30 The Committee regret to note that the important aspect of training of elected representatives of PRIs is beset with various constraints like non-submission or delay in submission of capacity building plans, late arrival of funds at nodal agency level etc. Besides the noble programme of ‘National Capacity Building Framework’ (NCBF) has also not come up to the expectations. The Committee have also been informed that in order to accomplish the task, faster training would be done through private partnership basis. The experience of States like West Bengal and Andhra Pradesh on the training aspect have been forwarded to other States for their benefit. The Committee appreciate the good work done by these States. They, however, desire that nodal Ministry should first of all address all constraints coming in the way of training and utilise the NCBF for the above purpose of capacity building. The Committee also recommend that a follow up from different States be obtained on the extent to which they have adopted the approach of West Bengal and Andhra Pradesh which has been circulated by the Ministry. The Committee may also be apprised of the same.

(iv) ‘Plan Plus Software’

4.31 With regard to the implementation of capacity building of PRIs and simplifying the procedure for decentralized planning, the Ministry has informed that a Plan plus software has been prepared

with NIC and views of Planning Commission and State Governments have been obtained thereon. As per Annual Report of the Ministry for the year 2008-2009 more than 10830 units from different States have started using the Plan Pus package in varying degrees and these are currently available in the public domain at the web site www.planningonline.gov.in. The Ministry also stated that for BRGF details another website www.brgf.gov.in has been set up for showing district-wise releases among other things.

4.32 The Committee wanted to know the response of the State Governments and nodal authorities on new software, the Ministry informed as under:

“The Plan Plus portal offers a transparent mode for effective participatory planning commencing from the grassroots. It also makes it easy to bring about convergence of the various schemes and programmes. The Ministry organized State level Workshops for District Level Functionaries for appreciation and use of Plan Plus in various States during June-July 2009. This was followed by District level Training Programmes. So far, 2534 persons have been trained in the State level Workshops and 7545 at the District level Workshops.

The Plan Plus enables the Panchayats and Municipalities to be the units for planning. It also enables aggregation of these plans at Block and District levels. So far, 70,000 Unit Plans are available in public domain covering different years in various planning units. At the District level, about 175 district Plans have been generated. All these are available in public domain. The Plan Plus would be used in a really effective way only if the resource envelope of all the sectoral schemes are made available to the Panchayats and Municipalities. Accordingly, the Ministry has been advising the States to make available the resource envelope under various schemes and programmes to the Panchayats well in time. As the planning for sectoral schemes is done following the norms of the respective schemes, the Ministry has advised the various Line Ministries to involve the Panchayats in the Schemes through Guidelines. The Ministry has also taken up the matter with the Planning Commission. Thus, while there is improvement in acceptability of the Plan Plus for planning in regard to BRGF, its full potential will be realized once all the sectoral schemes are routed through it, which the Ministry is pursuing with the other Ministries, Planning Commission and State Governments.”

4.33 The Committee wanted to know whether using the software by only 10,830 units across the country is adequate, the Ministry clarified:

“As of now, Plan Plus is being adopted in the BRGF Districts only. The use of the Plan Plus software by the Planning Units has been increasing steadily. The current status is as follows:

Planning Unit	Total No. (in the BRGF Districts)	Number of Unit using Plan Plus	Percentage
District Panchayat	250	175	70
Block Panchayat	3134	2352	75
Gram Panchayat	108416	68498	63
Urban Local Bodies	1623	836	51

Thus more than 70000 Planning Units in the 250 BRGF districts have adopted the package relating to the years 2007-08, 2008-09 and 2009-10.”

4.34 The Committee are constrained to note that expected progress has not been made on the issue of simplification of decentralized planning under BRGF through introduction of the software ‘Plan Plus’. In this connection the Committee are constrained to note that only 70,000 planning units in 250 BRGF have adopted the software in three years period from 2007-2008 to 2009-2010. The Committee have been informed that full potential of the software will be realized once all sectoral schemes are routed through it. The Committee feel that the initiative is quite good however its coverage is far from satisfactory. They desire that the matter of routing all the schemes through the software be taken up expeditiously with all concerned for its optimal utilization.

(v) Strategy for training increased number of women PRI functionaries if 50% reservation legislation is enacted

4.35 It came out during the course of examination that Union Cabinet has given its nod for 50 per cent reservation of women in Panchayats and a Bill in this regard has already been introduced in Parliament for necessary enactment which would lead to large number of women becoming Panchayati Raj members. The Committee wanted to know the details of preparations made for the greater role of women

representatives in Panchayati Raj Institutions and how the Ministry have planned to train these women Panchayati Raj members. The Ministry clarified:

“In order to address the empowerment of Elected Women Representatives and Elected Youth Representatives in a systematic, programmatic manner, the Ministry of Panchayati Raj has launched a new scheme in September 2007. During 2007-08, 119 batches each comprising 35 elected representatives (25 Women & 10 Youth) representatives (25 Women & 10 Youth) were provided training/sensitization under the scheme. During 2008-09, 288 batches of elected representatives were provided training/sensitization under the scheme.”

At present women elected members of PRIs constitute around 38% of the total Elected Representatives. They are provided training alongwith male members. After passage of the bill for reservation of 50% of seats for women in Panchayats, it is anticipated that large number of women who would mostly be first timers, would become members of PRIs. They would require focused training on specific aspects such as leadership, communications skills as also literacy programmes. These aspects are covered under the national Capacity Building Framework, which is implemented through the BRGF and RGSY. The Ministry is also implementing through the BRGF and RGSY. The Ministry is also implementing the scheme of Panchayat Mahila Shakti Abhiyan which would be expanded to cover the new entrants.”

4.36 During the course of evidence also this issue came up for discussion. The Secretary, Panchayati Raj, while agreeing with the Committee about huge task of training women elected representative if the 50% reservation is enacted by Parliament, informed:

“Madam, you have rightly said that when we have 50 per cent women in Panchayats, the task is going to be mammoth.”

4.37 On the issue of training of increased number of women elected representatives in Panchayats in the country, if the legislation relating to 50% reservation for women in PRIs is enacted, the Committee have been informed that the increased number of women members will be taken care of jointly under ‘National Capacity Building Framework’ (NCBF) and Panchayat Mahila Shakti Abhiyan. The Committee find that as admitted by the Secretary, Panchayati Raj the task is mammoth. The Committee, therefore, recommend that a study/survey be undertaken in advance to identify the correct

number of women representatives of PRIs in different States who would be required to be trained as there is complete absence of data in this regard.

(viii) Creation of National Institute of Panchayati Raj

4.38 The Ministry of Panchayati Raj in its Annual Report 2008-2009 has stated that to build up the capacity of elected representatives and officials of the Panchayati Raj, a national level training and resource centre is required. Accordingly, the Ministry has proposed to set up the National Institute of Panchayati Raj and has taken up this matter with the Ministry of Urban Development for allotment of suitable space.

4.39 During the course of examination, the Ministry had advocated that since national Institute of Rural Development (NIRD) is pre-occupied with rural development work as an apex institution for research, training and advisory services for Panchayati Raj the proposed National Institute of Panchayati Raj will work as a think tank and also play a major role in implementing National Capacity Building Framework (NCBF). The Ministry has also informed that in fact the Ministry of Rural Development has already proposed for such an Institute when Panchayati Raj was under that Ministry.

4.40 The Committee appreciate the idea of setting up a National Institute for Panchayati Raj for imparting training of PRI functionaries across the country instead of individual efforts of different SIRDs in this regard. The Committee recommend that in order to have a coordinated approach on training of PRI functionaries as well as officials involved in the implementation of all rural development schemes, this kind of national level institute be set up expeditiously as currently National Institute of Rural Development (NIRD) is already pre occupied with other works relating to rural development.

(b) Infrastructural building of Panchyats

4.41 Infrastructural requirement of Panchayats are being taken care of under the biggest scheme of the Ministry in Backward Regions Grants Fund (BRGF) and in Infrastructure Development Component of Rashtriya Gram Swaraj Yojana. Under BRGF infrastructure like Gram Panchayat buildings, Anganwadi buildings etc. are built.

4.42 During the course of evidence the Secretary, Panchayati Raj detailing out the current scenario of infrastructure available with Panchayats clarified:

“According to available information received from States, about 68,000 Panchayats in the country are running without Panchayats Buildings 58,000 Panchayats need major renovation/repairs of Panchayat Ghars. We thought that if we ask State Governments, the details about cost will be running into billions. So we have prepared a model, based on that, a cost of Rs. 10,000 crore is required for Panchayat Ghars for a period of three years so that every Panchayat will have its own good building. When the building will not be there, how the Panchayat can function? For this our proposal is to spend Rs. 2000 crore for next two years and in the subsequent year our plan is to spend Rs. 3000 crore.”

4.43 When the Committee desired to know the targets of Panchayat Ghars for the coming three years, the Secretary, Panchayati Raj clarified:

“...The target of Minister for Panchayati Raj is to that in coming three years an attempt should be that every Panchayat will have its own building.”

4.44 In reply to another query the Secretary, Panchayati Raj further clarified:

“Madam, we are going to use scheme of BRGF in that all Panchayats are at liberty to build their Panchayat buildings. In fact, we have seen the trend how BRGF are being utilized. Largely 20% funds are being given for Anganwadis and 10% of funds are being given for Panchayat buildings. Our Ministry’s impression is that Gram Panchayats prefer to construct Anganwadis to Panchayat Bhavans. We have issued an advisory to State Governments that in the case of BRGF funds that go to Gram Panchayats, it should be tried that where there are no Panchayat Ghars, first of all the Panchayat Ghars be constructed. Side by side BRGF Guidelines are proposed to be amended.”

4.45 The Secretary, Panchayati Raj further added:

“Here another issue of Gram Panchayat which are functioning without any Gram Panchayat buildings of their own was raised. As a result Gram Panchayats meetings were held in the residence of Gram Pradhans. We are trying that every Panchayat has its own building, leaving no room for this issue.”

4.46 The Committee also wanted to know whether the Panchayat Bhavan will be permitted under NREGA the Secretary, Panchayati Raj clarified:

“As you are aware under NREGA Act as also in NREGA Guidelines, Panchayats have been given central role. Since our Minister is common, an effort is being made that NREGA should be primarily handled by the Panchayats. In that sequence, it has been decided to have one Rajeev Seva Kendra as NREGA office in the Panchayats. In addition some preference should be given to Panchayat Ghars.”

4.47 The Committee are unhappy to note that even after five years of creation of the Ministry there are as many as 68000 Panchayats without their own Panchayat Buildings and another 58,000 Panchayat Bhavans across the country require major repairs. The Ministry is stated to have come up with a three years plan to build Panchayat Bhavans with increased funds. Simultaneously the Ministry has been impressing upon the States to utilise the BRGF funds first for building Panchayat Ghars. As recommended by the Committee in a previous chapter, a holistic and long term plan is necessary for solving this problem related with infrastructure of the Panchayats in the country. The Committee desire that the construction of Panchayat buildings in all the 68,000 Panchayats which do not have a building should be taken up in the right earnest so that each Panchayat in the country has a building of its own within the next three years. The Committee have also been informed assigning the Panchayats an exclusive role to handle the NREGA scheme is being contemplated. The Committee welcome this development and desire that further details in this regard be furnished to them.

C. Re-structuring of Centrally Sponsored Schemes (CSSs) for providing centrality of PRIs for the purpose of convergence of schemes

4.48 The Eleventh Schedule of the Constitution lists out 29 subjects (Appendix III) which the different States may devolve to Panchayats under Article 243 G of the Constitution. In the light of this provision the Ministry in their Outcome Budget 2009-2010 has informed that it has been advocating that for implementation of schemes necessary devolution of subjects be done to Panchayats by way of giving them necessary role in various Centrally Sponsored Schemes (CSSs) of various Central Ministries/Departments. With a view to accelerate this

process, the Ministry have informed that the Committee under the co-Chairpersonship of Secretary (co-ordination public grievances) and Secretary, Panchayati Raj which was constituted in August, 2007 had reviewed the institutional mechanism of 13 Central Ministries/ Departments. Certain measures were agreed for consideration for ensuring the centrality of Panchayats in CSSs. The Ministry has forwarded the same to Central Ministries/State Governments for further action *vide* Secretary, Panchayati Raj letter No. N-11019/681/08-Pol. I of 19 January, 2009 (Appendix IV) to the Union Ministries/ Departments. They have been requested to urgently undertake activity mapping of the CSS/Additional Central Assistance (ACA) with which they are concerned, and in conformity with the suggestions made in the said letter, amend the scheme guidelines accordingly and give effect to them from 1 April 2009. Pursuant to this letter, Secretary, Planning Commission, *vide* D.O. letter dated 2 March 2009, has written to the Union Ministries/Departments, urging them to take the required action to ensure that revised guidelines become effective from 1 April 2009. The letter of 19 January, 2009, *inter alia*, elucidates :

- (a) Annual action plan of the scheme to flow out from the participatory and holistic decentralized Plan of the concerned tier;
- (b) Every activity assigned to a specific level of Panchayat to be supported with appropriate authority over functionaries and powers to handle finances;
- (c) Provision of sufficient untied/flexible funds for addressing specific local needs and also for meeting the additional administrative expenses of PRIs on account of the scheme;
- (d) Specific mode and time line by which funds are transferred, the entities that handle funds, and the system of utilization report. Seamless and time bound flow of funds to the expenditure levels or just-in-time delivery of funds would both require IT for electronic tagging and tracking of funds;
- (e) Specific measures to build competencies at the appropriate level with training programmes, modalities of training, basic core content and pedagogy. FAQs, self learning tools, IEC literature, etc. 1-2 per cent of the total funds could be earmarked as non-divertible for the purpose;
- (f) The method by which accountability will be measured and enforced;

- (g) How data on the planning and implementation of the scheme will be placed in the public domain through *suo moto* disclosures, its process and periodicity;
- (h) Details of the annual audits and evaluation mechanisms prescribed;
- (i) Systems for financial accountability, taking care not to violate specific financial rules and guidelines;
- (j) System of performance based rewards for Panchayats, as done in the case of Rural Sanitation Programme (Nirmal Gram Puraskar).

4.49 The Ministry has also informed that it has pursued and discussed the issue with concerned Ministries and drafted Activity Mapping matrices of large number of schemes during 2008-2009 with the request that same may be incorporated in the relevant Guidelines. The broad scheme-wise details of such Centrally sponsored Schemes on which this query has been given is at Appendix V.

4.50 During the course of examination the Committee wanted to know whether the CSSs/ACRs are being restructured for providing Centrality to PRIs, the Ministry clarified:

“.....It is because of the concerted efforts of the Ministry of Panchayati Raj that the Activity Mapping matrix of the Mid-Day Meal Scheme has been incorporated in the Scheme guidelines. Several schemes already accord a central role to PRIs in their implementation, most notably the NREGS, where at least 50% of the works are to be executed by the Gram Panchayats. Under the Sarva Shiksha Abhiyan, the Village Education Committee has been made a sub-committee of the Gram Panchayat. Under the IAY, the identification of beneficiaries is done by the Gram Sabha. It has been decided that Panchayats would be involved in the planning, implementation and monitoring of the ICDS, the Rashtriya Madhyamik Shiksha Abhiyan and Sarva Shiksha Abhiyan as also the Sakshar Bharat Scheme for Adult Education.”

4.51 In this connection the Secretary, Panchayati Raj in reply to a query from the Committee also clarified:

“The Committee had asked whether Planning Commission had asked Ministries to give central role to Panchayats. In fact we have issued a circular in January, 2009 to different Ministries about what role to be given to Panchayats. Today’s the misconceptions

that are prevailing on this issue. We are trying to remove those. How we are going to do activity mapping at the level of Gram Panchayat, at the level of Gram Sabha or what powers should be given to Block, Panchayat, State Government, Central Government etc. do all. We are pursuing all. Many people are unwilling to trust the Panchayats or whatever reasons may be. We are pursuing and after recommendation of the Committee are received we will be redoubling our efforts.”

4.52 The Committee are constrained to note that on the issue of centrality of PRIs in Centrally Sponsored Schemes not much progress has been made over the years. In this connection, the Committee find that on 19 January, 2009 a circular has been issued by the Ministry to different Ministries urging them to give Central role to Panchayats in their different schemes run by these Ministries. In this connection the Committee have been informed by Secretary, Panchayati Raj that desirable headway has not been made on this issue. The Committee recommend that a task force under the Chairmanship of Secretary Panchayati Raj be set up on the issue of giving central role to Panchayats in the different schemes run by the Ministries. The Committee may hold inter-Ministerial consultations with different Ministries as also with Planning Commission and should submit their findings within three months time suggesting specific action required on the part of all the authorities/agencies involved in order to achieve this objective of strengthening the Panchayats.

D. Devolution of Functions, Functionaries and Finances from State Governments to Panchayats

4.53 Devolution of Functions, Functionaries and Finances from State Governments to Panchayats so that Panchayats can run as a unit of self-Government is one of the objective and spirit under Article 243 G of the Constitution. For such devolution the State Governments may transfer 29 subjects like agriculture, land improvement, minor irrigation, water management and watershed development, etc. as shown in **Appendix VI** to Panchayats and simultaneously devolve functionaries and finances also to the Panchayats. These are listed in **Appendix VII & VIII**. The Ministry has also informed that Eleventh Plan document also charts out among others the following two issues at thrust areas for the Ministry during the Eleventh Plan period:

- (i) States can no longer delay or side step ‘the devolution process involving devolution of 3 Fs *viz.* Functions, Functionaries and Finances from State Government to PRIs.

- (ii) Identifying activities mapping, creation of a Panchayat sector window in the State and Central Budgets and effective utilization of taxation powers of Panchayats Keys Step in PRIs empowerment.

4.54 Over the years this issue has been receiving the attention of the Committee over the years and the committee have been persistently pursuing the matter with the Ministry in their 12th Report (para 2.44) 21st Report (para nos. 2.45, 2.46) 30th Report (para nos. 2.44, 2.45, 2.46) and 38th Report (para nos. 3.25, 3.26 and 3.27)

4.55 The devolution of 3 Fs to Panchayats is to be done through an exercise of Activity Mapping and by way of incentivising States for empowering Panchayats through PRI Empowerment Devolution Index (DI) under Panchayat Empowerment and Accountability Incentive Scheme (PEAIS).

Progress on Activity Mapping

4.56 Out of 27 States and 7 UTs the exercise of Activity Mapping is undertaken only in 24 States as remaining four States of Mizoram, Meghalya, Nagaland and J&k are exempted/excluded from this exercise since these are Sixth Scheduled States and J&K has its own Panchayat Act.

4.57 The Ministry has given the updated position with regard to devolution of functions through legislations and Activity Mapping as shown in **Appendix VI**. As per the information the progress of activity mapping in terms of completed, partially completed etc. in 24 States where the exercise is applicable is as under:

Name of the States	Number of States
1	2
A. States where it has been completed Kerala, Karnataka, West Bengal, Sikkim, Tripura, Arunachal Pradesh	6
B. States where it has been partially completed Assam, Bihar, MP, UP, Tamil Nadu, Chhattisgarh, Gujarat, Haryana, Himachal Pradesh, Andhra Pradesh, Orissa, Punjab	12

1	2
C. States where approval awaited Rajasthan and Uttarakhand	2
D. States where State Panchayat Raj Act delineates functions Maharashtra, Manipur and Goa	3
E. No Information Jharkhand as there are no Panchayats elections in the State	1

4.58 The Ministry has given the updated information with regard to devolution of functions, functionaries and finances from State Governments to PRIs in **Appendix VI, VII & VIII**.

4.59 The Committee wanted to know by when the exercise of Activity Mapping will be over in States where it is partially completed. The Ministry clarified:

“MoPR has undertaken detailed analysis of the Activity Mapping done by the States through an analysis of the legislative provisions and executive orders, notifications issued by the States. As some of the States, e.g., Bihar and Kerala have expressed the desire to revisit the Activity Mapping already undertaken by them, MoPR has written to the SIRDs of all States requesting for research proposals on Activity Mapping which would bring out the updated position of the devolution of 3Fs including after field verification. So far, we have received proposals from the SIRDs of Kerala, Karnataka, west Bengal, Orissa, Uttarakhand, Andhra Pradesh and common framework of the study is being formulated in consultation with the SIRDs.”

4.60 During the course of evidence also the issue of activity mapping came up for discussion. In this connection, the Secretary, Ministry of Panchayati Raj submitted:

“The second issue is devolution of three Fs to Panchayats for their actual empowerment. Here two things are necessary, one every State Government should open a Panchayat window in their budget. Several States have done this. Second issue is Planning Commission should at least link to Panchayats a portion of their Central Assistance to State Plans.”

4.61 The Committee are constrained to note that the two issues of devolution of functions, functionaries and finances from different States to Panchayats and Activity Mapping which have been outlined by the Ministry as major areas during Eleventh Plan have not progressed on expected lines as mandated by the Constitution and as recommended by the Committee from time to time. The Committee have analysed the position with regard to devolution in their earlier reports and expressed serious concern on the slow pace of devolution in the country. The analysis of the aforesaid data reveals that no significant improvement has taken place and status quo has been maintained for most of the States. The Committee are dismayed to note that the progress on exercise of Activity Mapping which started way back in 2005 in 24 different States could not progress well during the last four years. For instance it has been completed in only 6 States of Kerala, Karnataka, West Bengal, Sikkim, Tripura and Arunachal Pradesh. Further in another 12 States of Assam, Bihar, Madhya Pradesh, Uttar Pradesh, Tamil Nadu, Chhattisgarh, Andhra Pradesh, Orissa and Punjab it is partially completed. In remaining 5 States of Rajasthan, Uttarakhand, Maharashtra, Manipur and Goa it is at interim stage. In this connection the Committee have been informed by the Secretary, Panchayati Raj that for necessary devolution of 3 Fs to Panchayats two things are essentially required one every State has to open a Panchayat window in their budget and second the Planning Commission should link a portion of their central assistance to State plans. In Committee's opinion the views expressed by the Secretary, Panchayati Raj are relevant and the matter should be taken up with Planning Commission and with State Governments earnestly and effectively in order to achieve devolution in remaining period of the Eleventh Plan.

(i) Incentivising States empowering PRIs

4.62 Incentivizing States empowering PRIs is done under Panchayat Empowerment and Accountability Incentive Scheme that is under implementation since 2005-2006. Under the Scheme States are incentivized based on devolution index as shown in **Appendix IX**. Under the Scheme only States can get incentives based on two stage assessment. First stage is the States which fulfill the four Constitutional requirements *viz.* establishing State Election Commission, holding of elections to PRIs, set up State Finance Commission (SFC) and Constituting District Planning Committee (DPCs) become eligible for evaluation in terms of indicators of Devolution Index. States are then given incentives based on their scores in Devolution Index.

Performance of States and UTs

4.63 Evaluation of performance of 21 States that qualified the Framework criteria, in respect of the 3 Fs criteria and for over all DI is as under:

Rank	States	Score of functions	Score of finances	Score of functionaries	Overall score
1.	Madhya Pradesh	4.52	4.08	4.71	4.44
2.	West Bengal	5.00	3.68	4.43	4.37
3.	Tamil Nadu	5.00	3.62	4.29	4.30
4.	Kerala	5.00	2.82	4.29	4.04
5.	Karnataka	5.00	3.29	3.64	3.98
6.	Sikkim	5.00	3.20	3.29	3.83
7.	Himachal Pradesh	3.83	2.97	4.14	3.65
8.	Haryana	4.45	2.53	3.29	3.42
9.	Chhattisgarh	4.31	2.89	2.86	3.35
10.	Assam	4.60	2.47	2.64	3.24
11.	Andhra Pradesh	3.72	3.29	2.14	3.05
12.	Uttar Pradesh	3.83	3.01	2.00	2.95
13.	Maharashtra	2.52	2.69	3.57	2.93
14.	Arunachal Pradesh	5.00	1.53	1.93	2.82
15.	Rajasthan	3.30	2.80	2.00	2.70
16.	Goa	3.42	3.34	1.29	2.68
17.	Tripura	3.86	0.93	2.21	2.34
18.	Orissa	2.69	1.92	2.29	2.30
19.	Bihar	3.60	0.73	2.43	2.25
20.	Punjab	1.10	1.51	2.21	1.61
21.	Manipur	0.54	2.20	1.64	1.46
	Average	3.82	2.64	2.92	3.13

4.64 For the year 2008-09, the Ministry has awarded 10 prizes in all, as follows:

First Prize	Madhya Pradesh, West Bengal, Tamil Nadu & Kerala	Rs. 1.50 crore each
Second Prize	Karnataka, Sikkim, Himachal Pradesh and Haryana	Rs. 75 lakh each
Third Prize	Chhattisgarh and Assam	Rs. 50 lakh each

4.65 The Committee are constrained to note that the Panchayat Empowerment and Accountability Scheme that envisages incentivizing States for Empowering PRIs based on devolution index has also not progressed well. For instance only ten States of Madhya Pradesh, West Bengal, Tamil Nadu, Kerala, Karnataka, Sikkim, Himachal Pradesh, Haryana, Chhattisgarh and Assam could get the benefit of this scheme, whereas the remaining States are far behind. The Committee feel that in many States the nodal agencies might not conceptually clear about the scheme. The Committee, therefore, recommend that all necessary steps should be taken to encourage the States to take benefit of the scheme. This would also help in quickening the pace of devolution.

E. District Planning Committees (DPCs)

4.66 The Ministry of Panchayati Raj has outlined the following agenda with regard to District Planning Committees (DPCs):—

- (i) Constitution of DPCs in two States of Uttarakhand and Jharkhand;
- (ii) Professionalizing DPCs for preparing truly integrated and participatory plans;
- (iii) Mass training in decentralizing planning.

4.67 During the course of examination the Committee wanted to know in what way DPCs are being professionalized for the assigned task. The Ministry clarified:

“Secretary, Ministry of Panchayati Raj has written to the Chief Secretaries of the States and Union Territories concerned on 29th May 2009 drawing their attention to the need for professionalizing and activating decentralized planning. The Ministry of Panchayati Raj has sanctioned funds to the National Institute of Rural

Development, Hyderabad for organizing training of trainers on District Planning. Ministry of Panchayati Raj has also held a National Orientation Programme for Technical Support Institutions (TSIs) on the process of planning as per the Manual for Integrated District Planning, on 8-9th October 2009. The States have been requested to organize State Level Workshops to be followed by District Level Workshops to train the state and District level functionaries in the process of District Planning. Technical Support Institutions would be part of the resource pool and would assist the process of district planning.

Preparation of an integrated District Plan is being attempted for the first time in the country under the BRGF programme. In view of the complexity of the task and lack of previous experience by the members of DPC, the Ministry in consultation with Planning Commission has identified competent organisations and empanelled them as Technical Support Institutions (TSIs). The States/districts could avail the services of TSIs or similar organisations of their choice for preparation of the district plan. For the first year, the Ministry also extended a financial assistance of Rs. 10 lakh per district for this purpose. For the subsequent years also, the State/district can avail the services of such organisations, if necessary, and meet the expenses under the BRGF Programme.

As per the guidelines issued by the Planning Commission in August 2006, Integrated plans are to be prepared by all districts and submitted by the State Governments as part of their 11th Plan proposals. However, it is understood that several districts are not able to meet this challenging task without the assistance of competent institutions.

Now the Planning Commission has prepared a Scheme for extending financial assistance to the States for strengthening of the planning units at district and State levels. MoPR has already conveyed its support on the proposal to the Planning Commission."

4.68 The Committee find that with regard to District Planning Committee's (DPCs) there are three tasks before the Ministry. One relates to constitution of DPCs in Uttarakhand and Jharkhand, second pertains to professionalizing all the DPCs and third mass training for decentralized planning. The Committee are constrained to note that DPCs have not been constituted in Uttarakhand. The Committee recommend that the matter of constitution of DPCs be taken up with Uttarakhand Government. As for DPCs in Jharkhand,

the Committee were informed that the elections are to held in the State. The Committee recommend that soon after the formation of Government the issue of early constitution of DPCs should be taken up with State Government of Jharkhand.

4.69 As regard, professionalizing DPCs, the Committee find that the process of integrated planning at district level was started way back in August, 2006. However, it took three years for the Ministry to even sanction funds to the National Institute of Rural Development for organizing training of trainers on District Planning and for organizing orientation programme for Technical Support Institutes (TSIs). The Committee are of the opinion that serious efforts need to be made in this regard if the concept of Integrated District Plan is to succeed. They also desire that details of work done about professionalizing DPCs in terms of trainers trained, empanelling of reputed organizations as Technical Institutes (TSIs) etc. in different BRGF States be furnished to them.

F. Implementation of Panchayats (Extension of Scheduled Areas) Act, 1996 (PESA)

4.70 The Panchayats (Extension of Scheduled Areas) Act, 1996 (PESA) extends Part IX of the Constitution to the Fifth Schedule Areas, namely Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa and Jharkhand subject to certain exceptions and modifications.

Basic Features

4.71 The Act has defined a village a ordinarily consisting of a habitation or a group of habitations or a hamlet or a group of hamlets comprising a community and managing its affairs in accordance with the traditions and customs. It has been laid down that every village have a Gram Sabha, which will be competent to safeguard and preserve the traditions and customs of the people, their culture identity, community resource, and customary mode of dispute resolution.

Reservation for Scheduled Tribes

4.72 The manner of reservation of seats at each level of Panchayats has been provided for in the Act. It has been stipulated that reservation for the Scheduled Tribes will not be less than half of the total number of seats and that all seats will be reserved for the Scheduled Tribes (STs). Further, it has been provided that the State Government will nominate persons belonging to such STs as have no representation in

the Panchayat at the intermediate level or the Panchayat at the district level and that such number will not exceed one-tenth of the total members to be elected in that Panchayat.

Functions and responsibilities of Gram Sabhas

4.73 Mandatory executive functions and responsibilities of Gram Sabhas are as below:—

- (a) Gram Sabha to approve plans, programmes and projects for social and economic development before they are taken up for implementation by the Panchayat at the village level;
- (b) Gram Sabha to identify beneficiaries of poverty alleviation and other programmes;
- (c) Gram Sabha to issue certification of utilization of funds by the Panchayat at the village level for the programmes;
- (d) Planning and management of minor water-bodies will be done by the Panchayats in consultation with Gram Sabha.

Overriding powers of Gram Sabhas

4.74 Before acquisition of land in the Scheduled Areas for development projects and before resettling rehabilitated persons affected by such projects, it is mandatory to consult the Gram Sabha or the Panchayat at the appropriate level.

4.75 The recommendation of the Gram Sabha or the Panchayat at the appropriate level is required prior to the grant of prospecting license or mining lease for minor minerals. Similarly, prior recommendation of the Gram Sabha or the Panchayat is required for grant of concession of the exploitation of minor minerals by auction.

4.76 PESA enjoins the State Governments to endow Gram Sabhas with the power to enforce prohibition, ownership of minor forest procedure, power to prevent alienation of land and restore unlawfully alienated land, power to manage village markets, power to exercise control over money lending, power to exercise control over institutions and functionaries in all social sectors.

Shortcoming noticed in implementation

4.77 During the course of examination the Committee wanted to know as to what shortcomings have been noticed in the implementation of PESA, the Ministry clarified:—

“While all States have enacted the requisite compliance legislations by amending the respective Panchayati Raj Acts, certain gaps

continue to exist. Further, some States are also yet to amend the subject laws, like those relating to money lending, forest, excise, etc. Consequently, compliance remains incomplete, perfunctory, and formal in most States. Vital issues, such as the ownership of Minor Forest Produce, planning and management of minor water-bodies, prevention of alienation of tribal lands, etc., which have been duly recognised in PESA as the traditional rights of tribals living in the Scheduled Areas, have still not received the warranted attention and the necessary correctives remain unapplied. There are also issues relating to powers statutorily devolved upon the Gram Sabha and the Panchayats not being matched by a concomitant transfer of funds and functionaries, resulting in the non-exercise of such powers.”

Work done on PESA

4.78 When the Committee also wanted to know the steps that have so far been taken for its effective implementation and with what results, the Ministry informed:—

“The Ministry of Panchayati Raj has written to all the PESA States in October, 2008 exhorting them to issue necessary executive instructions for implementation of PESA. States have also been urged to enact rules for implementation of PESA. The Ministry itself is undertaking the exercise of drafting model rules for PESA. Earlier, a draft PESA Code/Operational Guidelines for vesting Gram Sabha with powers under PESA was circulated to the States and Tribal Research Institutes (TRIs) for comments. States were urged to include a section on the implementation of PESA in the Annual Governor’s Report on Fifth Schedule Areas. At the Conference of Governors held in September, 2008. Her Excellency, the President had underlined the need for effective implementation of PESA and urged the States to take necessary action in the matter. It may be noted that the Ministry had commissioned a study of various State subject laws relating to Excise, Forest, Revenue, Money Lending etc. through Indian Law Institute (ILI) and amendments in these laws were drafted and forwarded to the States. Some of the States have made some amendments; however, the cooperation of the line departments concerned is also required for making necessary amendments. Towards this end, Consultation Workshops have been held in three States, namely, Maharashtra, Rajasthan and Orissa wherein the proposed amendments were discussed with the line Departments and objections if any were considered. States have been asked to conduct similar workshops in the remaining PESA

States. The Ministry of Panchayati Raj also proposes to undertake special training and capacity building of elected representatives, officials as well as civil society representatives in the PESA areas to enhance awareness of the provisions of PESA and to strengthen the functioning of the Gram Sabha.”

4.79 About strengthening of PESA, the Secretary, Panchayati Raj during the course of evidence also clarified:—

“PESA Act is very good law. Gram Sabhas have been given wide powers by Parliament under this law. However, in practice Gram Sabhas are unable to exercise these powers. PESA has to be activated. Particularly you will visualize that in Central India where naxalism is widely prevalent, it is concentrated in largely in PESA areas or in their vicinity. Even if we deploy huge police force, strengthen the administration, I have worked in Jharkhand, experts have recommended, Planning Commission and Administrative Reform Commission have recommended, all these have recommended that unless you empower the Gram Sabhas and Panchayats, this problem will continue or aggravate.”

4.80 The Committee find that Panchayats (Extension to Scheduled Areas) Act (PESA), 1996 empowering Gram Sabhas with special powers in 9 PESA States of Andhra Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, Orissa, Gujarat, Himachal Pradesh, Jharkhand and Chhattisgarh has not progressed on expected lines. Some States are yet to amend the subject laws like those relating to money lending, forest, excise etc. Consequently compliance remains incomplete perfunctory and formal in most States as has been admitted by the Ministry. Not only that, the Committee are dismayed to learn that vital issues like ownership of minor forest produce, planning and management of minor water-bodies etc. which have been duly recognized in PESA as the traditional rights of tribals living in the scheduled areas, have still not received the required attention. Powers statutorily devolved upon Gram Sabhas and Panchayats have also not been matched by corresponding transfer of funds and functionaries, resulting in the non-exercise of such powers. The Secretary, Ministry of Panchayati Raj has contended before the Committee that empowerment of Gram Sabhas and Panchayats is also necessary in order to solve the problem of naxalism prevalent in Central India. The Committee, therefore, recommend the Ministry to follow up vigorously with the PESA State Governments to take all measures necessary for implementation of PESA in letter and spirit. The Committee would like to be informed of the efforts made by the Ministry in this regard.

G. Twelfth Finance Commission Grants

4.81 The Twelfth Finance Commission (TFC) has recommended that a sum of Rs. 20,000 crore be made available as grants during the period of 2005-2010 to augment the Consolidated Funds of States to supplement the financial resources of the Panchayats.

Purpose

4.82 As per the recommendations of the TFC, the PRIs should be encouraged to take over the assets relating to water supply and sanitation and utilise the grants for repairs/rejuvenation and meeting the operations and maintenance (O&M) costs. PRIs should also give high priority to expenditure on creation of a database and maintenance of accounts through the use of electronic management information systems as far as possible.

4.83 Grants for local bodies are being released in two equal installments in January and July every year. It is mandatory for States to transfer the grants released by the Central Government to the PRIs within 15 days of the same being credited to the States. In case of delayed releases States have to pay interest to PRIs at the RBI rate. Funds of TFC Grants are being released by the Ministry of Finance. The Inter-State allocation recommended by TFC for PRI alongwith grants released as on 31st March, 2009 is given below:—

Statement Showing Release of Grants of 12th Finance Commission as on 31st March, 2009

(Rs. in lakh)

State	Total allocation	Amount of one installment (6 monthly)	2008-09		Total Grants released by MoF so far
			1st installment	2nd installment	
1	2	3	4	5	6
Andhra Pradesh	158700	15870	15870	0	111090
Arunachal Pradesh	6800	680	0	0	680
Assam	52600	5260	0	0	15780
Bihar	162400	16240	16240	16240	129920
Chhattisgarh	61500	6150	6150	6150	49200
Goa	1800	180	0	0	1080

1	2	3	4	5	6
Gujarat	93100	9310	9310	9310	74480
Haryana	38800	3880	3880	3880	31040
Himachal Pradesh	14700	1470	1470	1470	11760
Jammu and Kashmir	28100	2810	0	0^	5286
Jharkhand	48200	4820	0	0^	0
Karnataka	88800	8880	8880	8880	71040
Kerala	98500	9850	9850	0	68950
Madhya Pradesh	166300	16630	16630	0	116410
Maharashtra	198300	19830	19830	19830	158640
Manipur	4600	460	0	0	1272
Meghalaya	5000	500	500	500	4000
Mizoram	2000	200	200	200	1600
Nagaland	4000	400	400	400	3200
Orissa	80300	8030	8030	8030	64240
Punjab	32400	3240	0	0	19440
Rajasthan	123000	12300	12300	12300	98400
Sikkim	1300	130	130	130	1040
Tamil Nadu	87000	8700	8700	8700	69600
Tripura	5700	570	0	0	1710
Uttar Pradesh	292800	29280	29280	29280	234240
Uttarakhand	16200	1620	0	0	6480
West Bengal	127100	12710	12710	12710	101680
Total	2000000	200000	180360	138010	1451795

^Grant not being released due to non-holding of election.

MoF : Ministry of Finance

(i) Monitoring at Central Level

4.84 A Central Review Committee headed by Secretary, Ministry of Finance, including representatives of Panchayati Raj, Urban Development and Poverty Alleviation, Home Affairs and Ministry of Finance (Department of Expenditure), has been constituted to review the release and utilization of grants.

4.85 During the course of examination it came out that the last meeting of the Committee was held on 16th April, 2007. On being asked about the reasons for not holding any meeting after 16th April, 2007, the Ministry clarified as under:—

“A separate Committee for PRIs has been constituted to monitor the mode of release of local body grants to Panchayats, which is chaired by Secretary, Ministry of Panchayati Raj. This Committee is required to bring out the points of intervention by the Ministry of Panchayati Raj and Ministry of Finance to ensure smooth flow of funds to PRIs. The 10th and 11th Meetings of the Review Committee were held on 7th November, 2008 and 24th March, 2009 respectively. The 12th meeting is scheduled to be held shortly.”

Monitoring at State Level

4.86 About monitoring of TFC grants at State level it has been stated that High Level Committees (HLCs) at State level have been constituted to ensure proper utilization of local bodies grants. These are required to meet in every quarter to review the utilization of grants. The Committee wanted to know whether the HLCs in all States were meeting regularly. The Ministry clarified as under:—

“As per information received from the Ministry of Finance, every State has constituted High Level Committee (HLC) to ensure proper utilization of Local Bodies Grants. The Chief Secretary to the State Government heads the HLC and Finance Secretary and Secretaries of the concerned Departments are included as members.

HLC is responsible for the approval of the projects at the beginning of every year to be undertaken in each sector, quantify the targets, both in physical and financial terms and lay down a time-table for achievement of specific milestones. It is also responsible for monitoring both physical and financial target and ensuring adherence to the specific conditionalities in respect of each grant, wherever applicable. In all the States HLC meet at least once in every quarter to review the utilization of grants and to issue directions for mid-course correction, if considered necessary.”

4.87 The Committee are constrained to note that release position in respect of Twelfth Finance Commission Grants to different States for supplementing the resources of Panchayats has not been encouraging as per latest figures. In this connection the Committee note that out of the total of Rs. 20,000 crore recommended by the Twelfth Finance Commission, the actual releases has been only

around Rs. 14,522 crore so far indicating a big gap of around Rs. 5478 crore. The Committee find from the State-wise releases during 2008-2009 that in respect of many States like Arunachal Pradesh, Assam, Goa, Punjab, Tripura, Uttarakhand both 1st and 2nd Installments have not been released. Further, in respect of States of Kerala, Madhya Pradesh, the second installment was not released. In this connection the Committee recall that the issue of expeditious releases of Twelfth Finance Commission Grant was also recommended by the Committee last year also (para 3.57 of 38th Report). In view of huge amount of Rs. 5478 crore lying unspent as also non-release of 1st and 2nd installments in respect of States referred above, the Committee strongly recommend that the Ministry should adopt a pro-active approach in this regard so that unreleased amount is made available to the Panchayats. If the grants are not optimally used, the whole purpose is defeated. The Committee would, therefore, recommend that the Ministry should take stringent measures to ensure that cent percent funds are utilized to get the intended results.

CHAPTER V

ISSUES RELATED WITH BACKWARD REGION GRANT FUND (BRGF)

Backward Region Grant Fund (BRGF)

BRGF comprises two funding windows one Capacity Building Fund of Rs. 250 crore and second a substantially united grants of Rs. 3500 crore totalling to Rs. 4750 crore in a year in 250 BRGF districts in 27 States for supplementing financial resources and converging existing developmental inflow in identified districts for addressing regional imbalances in development. BRGF insists on Integrated, Decentralised and Participatory Plans consolidated by District Planning Committees (DPCs). The funding pattern under BRGF is largely as follows: 25% for Anganwadis, 16% for schools, class rooms, compound etc., 14% for drinking water and 10% for Gram Panchayat Buildings, etc.

5.2 During the course of briefing of the representatives of Ministry of Panchayati Raj on Demands for Grants (2009-2010) various issues regarding implementation of BRGF came up for examination. Some of the points are as under:—

- (i) Need for taking up schemes from Gram Sabha level instead of District level so that schemes on their own reflect the ground reality;
- (ii) Ignoring the proposals for BRGF from members of Parliament at District level;
- (iii) Need for change of Panchayati Raj Acts in different States for electoral reforms at Gram Panchayat level;
- (iv) Evaluation of BRGF Scheme for assessing actual removal of regional imbalances;
- (v) Need for transparency in implementing Projects under BRGF.

5.3 Replying to the various queries of the Committee, it was clarified by the Ministry that for addressing issues concerning Gram Sabhas a Circular has been issued to State Governments for effectively dealing with such matters. Besides on the issue of release of funds

States are at liberty to give funds to Panchayats. However approval of scheme rests with Panchayats. On the issue of amending Panchayati Raj Acts in different States it has been stated that a Model Panchayati Raj Act has been circulated to all States as a guiding principle for framing necessary laws as per their needs in different States. On the issue of evaluation of BRGF, it has been informed that a report is awaited by December, 2009.

5.4 The Committee wanted to know whether surveillance by the Ministry on the Gram Sabhas is necessary for bringing about improvement in the functioning of Gram Sabhas in different States, the Ministry stated:—

“We agree.....”

(i) Shortcomings coming in implementation

5.5 In reply to a query from the Committee about shortcomings coming in implementation of BRGF, the Ministry clarified:—

“The Ministry has faced the following shortcomings in the implementation of the programme:

- (i) Transfer of funds from State Governments to implementing authorities is time consuming and delays the implementation of approved projects.
- (ii) The quantum of grant per Panchayat, which averages to Rs. 2 to 3 lakh per year, is too small to have any significant impact.
- (iii) Even though the Constitution had mandated setting up of the DPCs by the States as early as in 1993, most States did not have the DPCs when the BRGF was launched, in later part of the FY 2006-07. This did not let the programme take off in several major States such as Uttar Pradesh, Maharashtra, Jharkhand, Gujarat, Uttarakhand etc. On the persuasion of the MoPR, such States started constituting the DPCs. However, two States, namely, Jharkhand and Uttarakhand, are yet to constitute the DPCs.
- (iv) The DPCs have now been constituted in most States without any substantive technical support staff.
- (v) Securing convergence of the large number of Central/State schemes operational at the District/sub-district levels is proving to be a huge challenge, especially when the DPCs are functionally weak.

- (vi) Absence of a clear policy at various levels to have Panchayat-wise resource envelope under different schemes has diluted the effectiveness of the planning process envisaged under the Programme for the Panchayats, Municipalities and the DPCs.
- (vii) Lack of a clear policy at various levels in regard to the decentralised planning mechanism has made the BRGF as perhaps the only GOI programme which is mandated to be placed before the DPC. This has seriously eroded the attainment of integrated decentralised planning, which is one of the core objectives of the BRGF.
- (viii) Inadequate availability of infrastructure, man-power and basic information required for integrated planning with the Panchayats has made it difficult to secure a methodical perspective plan to come from the local bodies."

5.6 During the course of examination the Committee wanted to know what measures are taken to ensure that cent percent funds are utilized to get the intended results under the various sectors for which the funds are meant, the Ministry clarified:—

"The following measures have been taken by the Ministry to ensure cent per cent utilization of funds:

- (i) All the States have been requested to expedite the planning process right from the Gram Panchayat level to the State High Powered Committee level in order to ensure submission of the duly approved district plans for 2010-11 by January, 2010. This will facilitate BRGF funds release in the first quarter of 2010-11.
- (ii) The States have been advised to submit the schedule of implementation along with their proposed monthly expenditure at the beginning of the financial year.
- (iii) The Ministry has also been vigorously pursuing matters through several interactions at various levels with elected representatives, programme managers, State secretariat personnel, SIRD staff etc. These interactions have given an impetus for district plan preparation in States.
- (iv) Despite sustained efforts of the Ministry, some States delay in releasing funds to the implementation authorities well beyond 15 days, as stipulated in the programme guidelines of the BRGF. This results in slow pace of implementation

of the programme and consequent utilization of the BRGF funds. The Ministry has communicated to the States its decision of imposing penal interest for delayed transfer of BRGF funds from the Consolidated Fund of the States to the implementation authorities.

- (v) The Ministry helped the States in identifying the technical support institutions for assisting Panchayats and Municipalities to prepare plans and DPCs to consolidate them.

5.7 The Committee note that BRGF is facing a large number of constraints in implementation like time consuming process in transfer of funds from State Governments to implementing agencies, absence of technical staff of DPCs, difficulty in convergence of all schemes at DPC level specially in the case of financially weak DPCs etc. The Committee have been informed about various remedial measures like faster transfer of funds to Panchayats, helping States to identify the technical support to DPCs etc. The Committee desire that Ministry should deal with the problems coming in the way of implementation of BRGF in a more resolute manner.

(ii) Restructuring of BRGF

5.8 During the course of evidence the issue of re-structuring of BRGF came up for discussion. In this connection the Committee wanted to know the details in this regard, the Secretary, Panchayati Raj clarified:—

“Madam, you wanted to know about the details of the proposed restructuring of BRGF. It is only a proposal. As I had mentioned, the President in Her Address to Members of Parliament mentioned about this restructuring. That announcement emphasized two issues. One was building capacity of Panchayats and Panchayat representatives and secondly institutionalizing this planning capacity. Accordingly, our restructuring proposal consists of three parts. One is capacity building of Panchayats, provide building, manpower, computer, infrastructure etc. and also very good training. Second component is institutionalizing this decentralized plan.”

5.9 In this connection the Ministry in a written note has further submitted:—

“The Ministry has constituted a National Advisory-cum-Review Committee (NARC) on BRGF under the chairpersonship of Sh. V. Ramachandran, former Chief Secretary to the Government of Kerala.

The Committee is expected to give its first report in the month of December 2009. The Term of Reference of Committee is given as under:—

- (i) Assess the extent to which objectives of BRGF (including redressing backwardness and decentralized planning) have been fulfilled.
- (ii) Need for modification in the objective and design of BRGF including the Block as the Unit for BRGF funding.
- (iii) Review the quality of programme management at Central, State and District levels; and adequacy of the monitoring mechanism.
- (iv) Assess the quality of district plans, frequently occurring deficiencies, aspects of capacity building, planning process, role of TSIs etc.”

5.10 During the course of evidence the Secretary, Panchayati Raj also informed:—

“So far as programme component is concerned, the biggest programme is BRGF. If someone says that with Rs. 4670 crore the regional backwardness is to be removed, then it will be very big thing. We have constituted a National Advisory Committee under Shri Ramachandran. I am not going to read the term of reference given to it. But that Committee has also been given the work that on three things the Committee should give clear recommendations. First of all that whether the design of BRGF is appropriate or not. What is the shortcoming in its implementation? Whether it has removed backwardness or not? If not why... Hon’ble President had announced that BRGF will be restructured. On these points restructuring is being done. First of all capacity building of Panchayats like infrastructure, manpower training etc. Second is regarding enhancing planning capacity. In that professional manpower and other facilities are involved. Third level is of development grant. The proposal we have given is very modest. During the last three years the allocation in the BRGF was Rs. 4670 crore. We have proposed that next year it should be enhanced to Rs. 7300 crore. Thereafter, by the end of the Eleventh Plan it should be Rs. 9300 crore.”

5.11 The Committee’s examination has revealed that even the achievement of major BRGF objective of removal of imbalances is in doubt. The Ministry has concurred with the Committee’s view

that for proper implementation of BRGF scheme at Gram Sabha level certain degree of surveillance from the Ministry is needed. In this connection the Committee have been informed that a Committee viz. Ramachandran Committee is already looking into various aspects of BRGF including the issue of its restructuring. The Committee have been informed that by December, 2009 the Committee was likely to submit its Report. The Committee would like to be informed of the findings of the Ramachandran Committee. They also desire that expeditious action on these findings should be taken including restructuring of BRGF, so that the various difficulties being faced in the implementation of the programme can be removed.

(iii) Other issues

5.12 Various other issues relating to BRGF also came up for examination. These include non-inclusion of proposals of MPs on BRGF, BRGF districts getting higher funds compared to RGSY progress of enactment of State Panchayati Raj on the pattern of model Panchayati Raj Act, etc. On the issue of non-inclusion of proposal of MPs on BRGF, the Committee wanted to know the reasons, the Ministry clarified:—

“BRGF is an Additional Central Assistance (ACA) to the State Plans and hence the Ministry cannot add any work to the Action Plans prepared by the Local Bodies and consolidated/approved by the DPCs/HPC. However, proposals for inclusion of works received in the Ministry are brought to the notice of the State Governments concerned.”

5.13 Likewise the Committee also wanted to know how many States have enacted their Panchayati Raj Acts on the lines of the Model Act circulated by the Ministry, the Ministry clarified:—

“The Model Panchayati Raj and Gram Swaraj Act has been circulated to the States/UTs for necessary action. No State has so far amended its PR Act on these lines as per our records.”

5.14 It also came out during the course of examination that whether funds for capacity building under BRGF are higher than similar funds under RSGY, the Ministry clarified:—

“.....for the 250 BRGF districts, the allocation for Capacity Building is @ Rs. 1 crore per district per year. In the non-BRGF districts which number above 350, the scheme of RGSY (TCB) with an allocation of Rs. 40 crore caters to the training requirements. This is grossly insufficient....”

5.15 The Committee note that funds are being given for capacity building of Panchayats under BRGF at the rate of Rs. 1 crore per district per year. Thus for 250 BRGF districts Rs. 250 crore are being given. On the contrary in 350 non-BRGF districts for capacity building, Rs. 40 crore only are being allocated. The Committee concur with the Ministry's view that amount given under RSGY is grossly insufficient for training requirements. The Committee, therefore, recommend that the issue of up-scaling of funds for non-BRGF districts be examined in consultation with the Planning Commission.

NEW DELHI;
16 December, 2009

25 Agrahayana, 1931 (Saka)

SUMITRA MAHAJAN,
Chairperson,
Standing Committee on
Rural Development.

APPENDIX I

2008-2009

Sl.No.	Name of Programme	Financial			
		Targets		Achievements (Rs. in Crore) Upto 31.3.09	Percentage Achievement
		BE	RE		
1.	Rashtriya Gram Swaraj Yojana Training & Capacity Building	30.00	41.85	41.84	99.97
2.	Mission Mode Project on e-Panchayats	5.00	5.00	5.00	100.00
3.	Panchayat Empowerment & Accountability Incentive Scheme	10.00	10.00	10.00	100.00
4.	Media & Publicity	6.90	18.90	17.20	91.01
5.	Rural Business Hubs	2.00	2.00	1.92	96.00
6.	Panchayat Mahila Evam Yuva Shakti Abhiyan	4.00	4.00	4.00	100.00
7.	Action Research and Research Studies	2.00	3.00	2.98	99.33
8.	Secretariat Economic Services	8.00	9.15	7.70	84.15
9.	UN Assisted Projects	5.00	5.00	5.00	100.00
10.	Contribution to Commonwealth Local Government Forum	0.10	0.10	0.05	50.00
11.	Provision for North Eastern Areas	11.00	11.00	8.30	75.45
12.	Backward Regions Grant Fund	4670.00	3890.00	3889.76	99.99
13.	Technical support for Capacity Building and Training of Functionaries of DPCs and Zilla Parishads	25.00	-	-	-
14.	National Panchayat Fund	1.00	-	-	-
Total		4780.00	4000.00	3993.75	99.84

APPENDIX II

**DETAILS OF ELECTED REPRESENTATIVES PROVIDED TRAINING UNDER THE SCHEMES OF
RGSY AND BRGF (CAPACITY BUILDING COMPONENT)**

SL.No.	Name of State/UT	Last elections to PRIs held in	Total of ERs	ERs trained in 2007-08 under RGSY by State Governments	ERs trained in 2007-08 under RGSY by NGOs	ERs trained in 2007-08 under BRGF	Total No. of ERs trained in 2007-08 under RGSY+ BRGF	ERs trained in 2008-09 under RGSY by State Governments	ERs trained in 2008-09 under NGOs	ERs trained in 2008-09 under BRGF	Total No. of ERs trained in 2007-08 under RGSY+ BRGF	Total No. of ERs trained in 2008-09 under RGSY+ BRGF	Total No. of ERs trained in 2007-08 and 2008-09
1	2	3	4	5	6	7	8	9	10	11	12	13	
1.	Andhra Pradesh	August, 2006	224003	252368	NA	134417	386785	129268	NA	NA	129268	516053	
2.	Arumachal Pradesh	April, 2008	8260	441	NA	NA	441	3000	NA	NA	3000	3441	
3.	Assam	January 2008	25436	1840	NA	7985	9825	20885	NA	5619	26504	36329	
4.	Bihar	June, 2006	130091	NA	NA	NA	NA	NA	NA	NA	NA	NA	
5.	Chhattisgarh	January, 2005	160548	11275	NA	62	11337	12067	NA	NA	12067	23404	
6.	Bihar	May, 2007	1559	1482	NA	NA	1482	400	NA	NA	400	1882	
7.	Gujarat	December, 2006	114187	NA	NA	52582	52582	NA	NA	NA	NA	52582	
8.	Haryana	April, 2005	69805	11270	NA	NA	11270	39062	NA	NA	39062	50332	

1	2	3	4	5	6	7	8	9	10	11	12	13
9.	Himachal Pradesh	December, 2005	24581	NA	NA	915	915	23976	NA	NA	23976	24891
10.	Jammuy and Kashmir	N.A.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
11.	Jharkhand	N.A.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
12.	Karnataka	February, 2005	96090	19849	NA	NA	19849	68806	NA	NA	68806	88655
13.	Kerala	September, 2005	18482	NA	NA	3955	3955	15223	NA	NA	15223	19178
14.	Madhya Pradesh	January, 2005	396516	NA	1669	47973	49642	16410	NA	NA	16410	66052
15.	Maharashtra	December, 2006	229740	NA	NA	147893	147893	20530	NA	NA	20530	168423
16.	Manipur	September, 2007	1736	1558	6118	NA	7676	3068	NA	NA	3068	10744
17.	Meghalaya	N.A.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
18.	Mizoram	N.A.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
19.	Nagaland	N.A.	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
20.	Orissa	February, 2007	92454	6246	5035	NA	11281	NA	NA	NA	NA	11281
21.	Punjab	May, 2008	90963	NA	NA	NA	NA	NA	NA	NA	NA	NA
22.	Rajasthan	February, 2005	120247	37805	NA	3755	41560	58000	NA	NA	58000	99560

1	2	3	4	5	6	7	8	9	10	11	12	13
23.	Sikkim	October, 2007	986	1414	NA	NA	1414	6679	NA	NA	6679	8093
24.	Tamil Nadu	October, 2006	116488	NA	NA	NA	NA	7516	NA	NA	7516	7516
25.	Tripura	July, 2009	5733	NA	NA	NA	NA	NA	NA	NA	NA	NA
26.	Uttar Pradesh	August, 2005	771661	NA	NA	NA	NA	NA	NA	NA	NA	NA
27.	Uttarakhand	July, 2008	57500	1585	NA	NA	1585	NA	NA	NA	NA	1585
28.	West Bengal	May, 2008	58828	4999	NA	NA	4999	NA	NA	NA	NA	4999
29.	Andaman & Nicobar Islands	September, 2005	856	NA	NA	NA	NA	NA	NA	NA	NA	NA
30.	Chandigarh	December, 2008	187	NA	NA	NA	NA	NA	NA	NA	NA	NA
31.	D&N Haveli	October, 2005	125	NA	NA	NA	NA	NA	NA	NA	NA	NA
32.	Daman & Diu	September, 2005	97	NA	NA	NA	NA	NA	NA	NA	NA	NA
33.	Lakshadweep	January, 2008	110	NA	NA	NA	NA	NA	NA	NA	NA	NA
34.	Puducherry	July, 2006	1021	213	NA	NA	213	NA	NA	NA	NA	213
Total			2818290	352345	12822	399537	764704	424890	NA	5619	430509	1195213

APPENDIX III

ELEVENTH SCHEDULE LISTS 29 MATTERS FOR PANCHAYATS

Agriculture, incl. extension	Drinking Water	Cultural activities
Land improvement, land reforms, consolidation soil conservation	Fuel and fodder	Markets and Fairs
Minor irrigation, water management watershed development	Roads, culverts, bridges, ferries, waterways other means of communication	Health and sanitation hospitals. Primary Health centres dispensaries
Animal husbandry, dairying and poultry	Rural electrification, distribution of electricity	Family welfare
Fisheries	Non-conventional energy	Women & Child development
Social forestry farm forestry	Poverty alleviation programme	Social Welfare, Welfare if handicapped and mentally retarded
Minor forest produce	Education, including primary and secondary schools	Welfare of the weaker sections, in particular of SCs and STs
Small scale industries, food processing industries	Technical training vocational education	Public distribution System
Khadi, village and cottage industries	Adult and non-formal Education	Maintenance of community assets
Rural housing	Libraries	

APPENDIX IV

No. N-11019/681/08-POL. I
GOVERNMENT OF INDIA
MINISTRY OF PANCHAYATI RAJ
KRISHI BHAVAN,
NEW DELHI-110 001

Dated: 19th January, 2009

From: A.N.P. Sinha,
Secretary

To Secretaries,
All Ministries/Departments of Government of India.

Subject: Delineation of role and responsibilities of Panchayati Raj Institutions (PRIs) in CSSs/ACAs.

Sir,

According to Art. 243 of the Constitution, State legislatures are to *inter alia* endow Panchayats with such powers and authority as may be necessary (i) to enable them to function as institutions of Local Self Government (LSG), (ii) to prepare plans and schemes for economic development and social justice, and (iii) implement them including those in relation to 29 matters listed in the Eleventh Schedule (Appendix-I). These Constitutional provisions have, however, not been used as an effective trigger to make Panchayats function as institutions of LSG. While most states have strong Panchayati Raj Acts that purport to devolve extensive powers, functions and responsibilities on Panchayats, there persists in many States, weak administrative action in regard to actual transfer of Functions, Funds and Functionaries (3Fs) to the Panchayati Raj Institutions (PRIs).

2. The Union Government has a critical role to play in the devolution of 3Fs upon the PRIs, because of its basic responsibilities to ensure governance in accordance with the constitutional provisions and also because of the increasingly large fiscal transfers it makes to the States in the functional domain of the PRIs, mainly through Centrally Sponsored Schemes (CSSs) and Additional Central Assistance Schemes (ACAS). Every Scheme guideline is a potential vehicle to

carry the message of strengthening Panchayats as envisaged by the constitution and the impact of such signals cannot be underestimated.

3. Doubts are often expressed about the capacity and accountability of PRIs. This is a vicious circle since, unless 3Fs are devolved, the PRIs would not be able to prove their comparative advantage. Empowering Panchayats, with clear roles and authority assigned to different levels through activity mapping, is a strong incentive to build capacity and also to get other pre-requisites for effective performance into place. This is amply proved by the implementation of NREGA through the Panchayats, which after some initial difficulties has now stabilized. This Ministry (MoPR) is working at addressing the overarching elements of capacity for PRIs which include, *inter alia*, necessary trained manpower, a simple & robust accounting & auditing system, providing IT facility & connectivity for all aspects of e-Governance, seamless transfer of funds and real time tracking of expenditure, and training elected representatives & official functionaries on their roles & responsibilities including and especially in implementation & monitoring of schemes. The memorandum submitted by this Ministry to the 13th Finance Commission, even if partially accepted, would go a long way in enabling PRIs financially, administratively and otherwise to perform their functions meaningfully and smoothly.

4. It is widely recognized that most of the schemes exist in silos, planned and implemented as stand alone schemes, without any horizontal convergence or vertical integration, resulting in multiple district plans-unrelated to each other and often mutually conflicting-prepared without any integrated vision or perspective. The existing mechanism of implementation is also not very effective, efficient and economical. Ownership, operation & maintenance of the assets & services that are created, levy of user charges and such issues remain unresolved.

5. The much needed convergence of related schemes & resources is possible only through the mechanism of constitutionally mandated decentralised and holistic planning through LSGs and the District Planning Committees (DPCs). The Guidelines issued by Planning Commission on August 25, 2006 go a long way in this direction. The Eleventh Plan document also seeks to substantially empower and use PRIs as the 'primary means of delivery of essential services that are critical to inclusive growth' (para 1.147). It details several steps such as activity mapping, creation of Panchayat sector windows in the State & Central budgets, and IT enabling of Panchayats as key steps in this direction.

6. Through his D.O. letter dated November 8, 2004, Cabinet Secretary had conveyed to all Union Secretaries dealing with CSSs, the Prime Minister's directive that they should review their respective schemes in the light of Article 243 (G) read with the Eleventh Schedule with a view to incorporating the schemes, the import of the constitutional provision in letter and spirit. MoPR was required to be consulted in this exercise and the same was to be completed within two months. Cabinet Secretary again reminded the Secretaries in 2005 and 2006. Since progress made by the Ministries/Departments in this regard was not satisfactory, a Committee was set up by the Cabinet Secretariat in August 2007 (Appendix-II) to review the existing Guidelines so as to ensure and enhance the centrality of PRIs in the planning and implementation of CSSs. The report of the Committee has been furnished to the Ministries concerned. But the progress in the matter is slow.

7. The departmental CSS and ACA guidelines have not taken a consistent approach to institutional structures for implementation. Therefore, they could be panchayat-friendly, panchayat-parallel, panchayat-ignorant or panchayat-unfriendly, often depending upon the personal experience of the designer rather than on the constitutional position in regard to Panchayats. Quite often, they are ambivalent. While on the one hand they might leave the engagement of panchayats optional on the ground that local government is a state subject, on the other hand, they also might contain rigid conditionalities such as the setting up of district missions etc., which can turn the clock back on Panchayati Raj. We also, however, have schemes that have incentivized States to devolve more powers and responsibilities to the Panchayats. We believe that if the scheme guidelines follow certain key principles of devolution of 3Fs to the PRIs, States would follow these in respect of their own schemes.

8. Any direct and upfront involvement of PRIs in the planning and implementation of CSSs/ACAs, that is otherwise done through departmental structures, does impact outcomes positively by making interventions more appropriate, location-responsive and user-friendly. The scheme guidelines, therefore, need to be modified to (a) provide centrality to PRIs (which would also enhance the coverage & outreach), and (b) specify roles & functions of different levels of Government, including the three tiers of the PRIs, through detailed Activity Mapping.

9. Improperly designed Activity Mapping, however, could leave local governments both confused and ill equipped to perform functions and open them to criticism. Activity Mapping implies that subjects are not sought to be devolved wholesale. Subjects need to be unbundled into activities and assigned to different levels of

government on the basis of clear principles of public finance and public accountability, and above all, the governance principles of Subsidiarity, Democratic Decentralisation, and Citizen-Centricity. The result of good activity mapping would be clearly identify where competency, authority and accountability lie. Contrary to persisting notions, there is little gain or loss of power through Activity Mapping. On the contrary, it helps the key players in understanding their respective roles and responsibilities clearly. Good activity mapping would permit higher levels of government to concentrate more on policy making, legislation system building, addressing issues of equity & regional imbalance and in more effectively discharging oversight responsibilities.

10. An indicative model format of Activity Mapping is given at Appendix-VI. Once the Activity Mapping is conceptualized, the scheme guidelines need to address the following aspects:

- (a) Annual action plan of the scheme to flow out from the participatory & holistic decentralised Plan of the concerned tier.
- (b) Every activity assigned to a specific level of Panchayat to be supported with appropriate authority over functionaries and powers to handle finances.
- (c) Provision of sufficient united/flexible funds for addressing specific local needs and also for meeting the additional administrative expenses of PRIs on account of the scheme.
- (d) Specific mode and time line by which funds are transferred, the entities that handle funds and the system of utilisation report. Seamless and time bound flow of funds to the expenditure levels or just-in-time delivery of funds would both require IT for electronic tagging and tracking of funds.
- (e) Specific measures to build competencies at the appropriate level with training programmes, modalities of training, basic core content and pedagogy, FAQs, self learning tools, IEC literature etc. 1-2% of the total funds could be earmarked as non-divertible for the purpose.
- (f) The method by which accountability will be measured and enforced.
- (g) How data on the planning and implementation of the scheme will be placed in the public domain through *suo moto* disclosures, its process and periodicity.

- (h) Details of the annual audits and evaluation mechanisms prescribed.
- (i) Systems for financial accountability taking care not to violate specific financial rules and guidelines.
- (j) System of performance based rewards for Panchayats, as done in the case of Rural Sanitation Programme (Nirmal Gram Puraskar).

11. Often, Parallel Bodies (PBs) are created for supposedly speedy implementation and greater accountability. However, there is little evidence to show that such PBs have avoided the evils including that of partisan politics, sharing of spoils, corruption and elite capture. 'Missions', in particular often bypassing mainstream programmes, create disconnect, duality, and alienation between the existing and the new structures and functions. In addition, there are issues of continuity beyond the life of CSSs/ACAs, subsequent operation & maintenance and continued accountability. PBs usurp the legitimate space of PRIs and demoralize the PRIs by virtue of their superior resource endowments, though such resources are available only during the lifetime of schemes. Arguments such as protection of funds from diversion have now weakened since advances in core banking systems, treasury computerization and connectivity can enable instantaneous, seamless and just-in-time transfer of funds directly to the implementing PRI. Expenditures by PRIs can also be monitored on a real time basis thus doing away with the need for intermediate parallel bodies to manually transfer funds and collect, pool and analyse data on expenditures. Ministries should, therefore, rapidly phase out such PBs from their schemes. If necessary, the technical & professional component of these PBs could be retained as Cells or Units within the PRIs, for carrying out their technical & professional functions.

12. In conclusion, it is requested to kindly do the activity mapping urgently in conformity with the above suggestions amend scheme guidelines accordingly and give effect to these from 1.4.09. We are available for any assistance in the matter. Action taken may be conveyed to us at the earliest.

Yours faithfully,

Sd/-
(A.N.P. Sinha)

Copy to:

- (a) Chief Secretaries, All States/UTs
- (b) Principal Secretaries/Secretaries, Department of Finance/ Planning/Panchayati Raj, All States/UTs.

APPENDIX V

THE BROAD SCHEME-WISE DETAILS OF CENTRALLY SPONSORED SCHEMES (CSS)

Sl.No.	Name of the Scheme
1	2
	(A) Department of Agriculture and Cooperation
1.	National Horticulture Mission (NHM)
2.	Macro Management of Agriculture (MMA) Scheme
3.	Micro Irrigation
	(B) Ministry of Human Resource Development
4.	Sarva Shiksha Abhyan (SSA)
5.	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)
6.	Strengthening of Boarding and Hostel facilities for girls' students for secondary and Higher Secondary Schools.
	(C) Ministry of Health and Family Welfare
7.	National Rural Health Mission (NRHM)
	(D) Department of Land Resources
8.	Integrated Watershed Management Programme (DAP, DDP & IWDP)
	(E) Department of Rural Development
9.	National Rural Employment Guarantee Programme (NREGA)
10.	Rural Housing/IAY
11.	SGSY
12.	PMGSY
	(F) Ministry of Women and Child Development
13.	Integrated Child Development Services (ICDS)
14.	Rajiv Gandhi National Creche Scheme

1	2
15.	Rajiv Gandhi Scheme for Empowerment of Adolescent Girls
16.	Dhanalakshmi Conditional Cash Transfer Scheme
	(G) Ministry of Social Justice and Empowerment
17.	Pre-Matric Scholarships for OBC Students
18.	Post-Matric Scholarships for OBC Students
19.	Babu Jagjivan Ram Chhatrawas Yojana (effective from 1.1.2008)
20.	Hostels for Other Backward Classes (OBCs)
21.	Coaching and Allied Assistance for weaker sections, including Scheduled Castes, Other Backward Classes and Minorities
22.	Integrated Programme for Older Persons
23.	Deen Dayal Disabled Rehabilitation Scheme (formerly Scheme to Promote Voluntary Action for Persons with Disabilities)
24.	National Scheme of Incentive to Girls for Secondary Education
	(H) Ministry of Environment and Forests
25.	National Environment Policy
26.	Integrated Development of Wild Life Habitats
27.	Gram Van Yojana Scheme

APPENDIX VI

DEVOLUTION OF FUNCTIONS THROUGH LEGISLATIONS AND ACTIVITY MAPPING

(Based on the information furnished by the State Governments and records of the Ministry)

Sl.No.	State	Transfer of matters listed in the Eleventh Schedule to the Panchayats through Legislation	Subjects Covered under Activity Mapping/State Government Orders	Comments
1	2	3	4	5
1.	Andhra Pradesh	Zila Parishad Mandal Parishad Gram Panchayat	ZP MP GP	<p>On the State Panchayati Raj Act: The AP Panchayat Raj Act has established the Panchayat system as a hierarchy, with the ZP at the top. Therefore, although only one original power relating to a matter listed in the Eleventh Schedule has been given to the ZP (to establish, maintain or expand secondary, vocational and industrial schools), it has also been given approval, coordination, planning and supervision powers over Mandals and powers to advise the government.</p> <p>Comments on activity mapping: Government issued 9 Orders between January-March, 2008, devolving activities to the three levels of Panchayats as indicated.</p>

1	2	3	4	5		
2.	Assam	Zila Parishad Anchalik Panchayat Gaon Panchayat	ZP 21	AP 21	GP 21	The State undertook a revised activity mapping exercise and published it <i>vide</i> its Notification bearing number PDA 336/2001/Pt-III/32 dated 25th June 2007. As per this notification, 21 functions listed in the 11th Schedule have been devolved to the 3 tier PRIs. It has also made provision in the State Budget to provide substantial funds to PRIs through a new budget line.
3.	Arunachal Pradesh	Zila Parishad Anchal Samiti Gram Panchayat	ZP 21	AP 21	GP 21	The Arunachal Pradesh Panchayat Raj Act, 1997 devolves all the 29 subjects, listed in the Eleventh Schedule, to at least one of the tiers of Panchayats in the State. The executive order for devolution of 29 subjects of Activity Mapping was issued on 21st October, 2008 for devolution of 29 subjects covering 20 departments. There is overlap of some of the functions devolved to different tiers of Panchayats.
4.	Bihar	Zila Parishad Panchayat Samiti Gram Panchayat	Zila Parishad 23	Panchayat Samiti 24	Gram Panchayat 27	As per the Bihar Panchayati Raj Act, 2006, all the functions of the Eleventh Schedule have been devolved to either of the tiers of Panchayats. The State Government had issued executive orders in respect of 28 matters and only the subject "Technical training and vocational education has been executed". The State propose to revisit the activity mapping aimed at greater devolution of functions, functionaries and funds to the Panchayat.

1	2	3	4	5				
9.	Himachal Pradesh	Zila Panchayat Samiti	Gram Panchayat	ZP	PS	GP	24	which activities of 10 departments, namely, Irrigation, Food and Supplies, Education, Public Health Department, Women and Child Development, Social Justice and Empowerment, Health Department, Animal Husbandry, Agriculture and Forest Department. The ten departments cover ten matters listed in the Eleventh Schedule.
		17	16	11	22	23	24	On the State Panchayati Raj Act: In respect of ZPs and PSs, the Act gives specific powers to the General body and its Standing Committees. Both have been reckoned in the overall devolution to the body.
								On Activity Mapping: A general notification on devolution of functions issued for 15 departments in July, 1996. However, only 8 departments have issued orders in 2001-02.
10.	Jharkhand	Zila Panchayat	Intermediate Panchayat	Gram Panchayat				No elections held to Panchayats.
		27	27	27	0			
11.	Karnataka	Zila Panchayat	Taluk Panchayat	Gram Panchayat	ZP	TP	GP	Activity Mapping has been completed in accordance with the recommendations of the GOI task force, in August 2003.
		26	27	25	29	29	29	

1	2	3	4	5			
12. Kerala	District Panchayat	Block Panchayat	Gram Panchayat	ZP	TP	GP	Activity mapping (Responsibility mapping) has been incorporated into the law through an amendment and matches legislative devolution. The responsibility mapping undertaken is now being revisited by the State.
13. Madhya Pradesh	Zila Parishad	Janpad Panchayat	Gram Panchayat	21	18	26	26
	7	17	8		25		25
14. Maharashtra		28			28		28

On the State Panchayati Raj Act: The MP Act, apart from devolving powers and responsibilities to the three Panchayat levels has also devolved 18 matters to Gram Sabhas.

On activity mapping: Executive orders have been issued for 25 matters. The State is revisiting activity mapping.

Devolution in Maharashtra is derived from the Bombay Village Panchayats Act, 1958 and the Maharashtra Zila Parishads and Panchayat Samitis Act, 1961. Except the subject Non-Conventional Energy Sources, all other subjects of XIth Schedule are broadly covered in these legislations.

It was reported that activities devolved to Panchayats are listed in the legislations itself.

1	2	3	4	5				
15.	Manipur	29	16	<p>The State Panchayati Raj Act of 1994 details the devolution of functions to the PRIs, all the subjects listed in Schedule 11 of the Constitution have been devolved to the PRIs. The Activity Mapping approved by the State Cabinet in September 2005 lists only 16 of these subjects. The State Government issued orders on Activity Mapping in September, 2005. Subsequently funds were also transferred in respect of only 5 departments.</p>				
16.	Orissa	Zila Panchayat Parishad 16	Panchayat Samiti 5	Gram Panchayat 21	ZP 18	PS 18	GP 18	<p>Activity Mapping document was issued in October 2005. It covers activities relating to 11 departments. Subsequently, the schemes of water supply and sanitation have also been devolved to PRIs.</p>
17.	Punjab	Zila Parishad 27	Panchayat Samiti 27	Gram Panchayat 26				<p>Various notifications were issued by the State Government between 2003 and 2006 for devolving 13 subjects pertaining to 7 Departments.</p>
18.	Rajasthan	Zila Panchayat 22	Panchayat Samiti 25	Gram Panchayat 26		13	24	<p>Executive Orders have been issued between 2001 and 2003 devolving 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 mapping. A final decision is awaited.</p>

1	2	3	4	5
19. Sikkim	Zila Panchayat 15	Gram Panchayat 18	ZP 17	GP 19
20. Tamil Nadu	District Panchayat 2	Panchayat Union 11	DP 29	IP 29
		Gram Panchayat 12		GP 29
21. Tripura				29

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.

On the State Panchayati Raj Act: There is no unequivocal mandate contained in the State PR Act regarding functional devolution. The act only enables the State Government to do so by official notification. Concrete and definite powers have been devolved in respect of 2, 11 and 12 matters in case of District Panchayat, Intermediate Panchayat and Gram Panchayat, respectively in the Act.

The Government had issued orders for devolution of functions pertaining to all 29 matters, but these are largely restricted to planning and promotional responsibilities.

Activity Mapping was completed in 2005. This covers 29 subjects mentioned in the 11th Schedule of the Constitutional and applies to 21 departments. The Government of Tripura has taken a decision to implement the Activity mapping in phases. Till now, irrigation Schemes, Primary Schools, Institutions relating to WCD have been transferred to the Panchayats through executive orders.

1	2	3	4	5		
22.	Uttar Pradesh	Zila Panchayat Samiti	Panchayat Samiti	Gram Panchayat	16	<p>The UP Panchayati Raj Act 1947 and the UP Kshetra Panchayats and Zila Panchayats Act, 1961 provide for devolution of functions.</p> <p>Functions relating to 12 departments have been transferred to Panchayats. Activity mapping is still under the consideration of the Government.</p>
23.	Uttarakhand	Zila Panchayat Samiti	Panchayat Samiti	Gram Panchayat	14	<p>The UP Panchayati Raj Act 1947 and the UP Kshetra Panchayats and Zila Panchayats Act, 1961 providing for devolution of functions are applicable in the State as the State legislation on Panchayati Raj is under preparation.</p> <p>The Activity Mapping of 11 departments related to 14 subjects was released in August 2005. However, the Government has not issued the necessary notifications to operationalize the Activity Mapping. Cabinet Sub-Committee has been constituted to consider the Activity Mapping and the outcome is awaited.</p>
24.	West Bengal	Zila Parishad	Panchayat Samiti	Gram Panchayat	18	<p>The State Government has devolved all 29 functions included in the 11th Schedule to the 3 tier PRIs. Activity Mapping has been completed for 28 subjects accepting technical and vocational education. As per orders dated 7.11.05, 25.7.06 and 29.10.07, 9 departments have so far issued necessary matching orders. 3 departments have opened separate Panchayat Window for transferring funds to the PRIs.</p>

APPENDIX VII

STATUS OF DEVOLUTION OF FUNDS TO PANCHAYATI RAJ INSTITUTIONS IN VARIOUS STATES/UTs

Name of the State	Status of Devolution of Funds
1	2
Andhra Pradesh	Grants are being released by State Governments to Panchayats either (a) directly transferred through the treasury, or (b) transferred by the GOI directly to the parallel bodies at the district level. Funds, including State contribution to Centrally Sponsored Schemes are sent by the line department concerned into the personal accounts of the Panchayats either to treasury accounts or Bank Accounts as the case may be. TFC grants are also being released to PRIs as per guidelines.
Arunachal Pradesh	The schemes of the Department of Rural Development <i>i.e.</i> IAY, SGSY, NREGS and Total Sanitation Programme are implemented through DRDA. Under NREGS, GPs prepare project proposals and send them to block level at which projects are also prepared and combined with GPs plans and sent to DRDA. The governing body of DRDA places these project proposals before Zilla Parishad after approval. DRDA is concerned with monitoring of the scheme.
Assam	Funds of schemes such as MPLAD, Member of Legislative Assembly Constituency Development, Self Sufficiency Scheme and Central Rural Sanitation Procaine Schemes, implemented through Anchalik Panchayats. Development grants under various Government sponsored programmes implemented through Gaon Panchayats. TFC grants are also being released to PRIs as per guidelines.

1	2
Bihar	The funds of Centrally sponsored schemes like the NREGS are transferred to Panchayats as per instruction of the Schemes. 50% of the total fund is made available to the GP, 30% to Panchayat Samities and 20% to Zilla Parishad. TFC grants are also being released to PRIs as per guidelines.
Chhattisgarh	The allocations of funds are based on the 1998 order by which each department whose functions are devolved, have been earmarking schemes relating to these functions and devolved funds relating to these schemes into the concerned budget head. The funds of Rs. 103674.61 millions for 12 departments have been earmarked for the year 2008-09.
Goa	Matching grants linked to tax collection, grants in lieu of octroi, salary/establishment grants, grants to weaker Panchayats for strengthening administration, grant-in-aid for rural infrastructure, DRDA grants, Centrally sponsored schemes grants are devolved to PRIs. TFC grants are also being released to PRIs as per guidelines.
Gujarat	The funds pertaining to functions devolved are being transferred to PRIs. In all, Panchayats were devolved Rs. 2880.40 crore, which also include Rs. 293 Crore of additional devolution consequent to the State Finance Commission's recommendation. TFC grants are also being released to PRIs as per guidelines.
Haryana	The funds pertaining to functions devolved to PRIs, Centrally Sponsored Schemes <i>i.e.</i> DDP and IWDP are being transferred to PRIs. TFC Grants are also being released through banking channels to PRIs as per guidelines.
Himachal Pradesh	The funds pertaining to Centrally Sponsored Schemes and Member of Legislative Assembly Constituency Development fund are being

	released to PRIs. TFC grants are also being released to GP, PS & ZP in the ratio of 75:15:10 on the basis of per capita population as per guidelines.
Jammu and Kashmir	TFC grants is being released to PRIs as per recommendation of Finance Commission. Funds under SGRY are being earmarked to the extent of 50% of the total availability of individual Panchayats. The State Government has been contributing matching share under various Centrally Sponsored Schemes like IAY, SGSY, NREGA, IWDP & DPAP, where consequently the schemes are being implemented through PRIs.
Jharkhand	Panchayat elections have not been held in the State due to court case pending in Supreme Court. However, it is reported that there is a strong system of traditional Panchayats functioning in other areas in the form of Manki-Munda and the Parha system. During 2005-06, the State Government decided to allot Rs. 50,000/- each to the traditional Panchayats. In the absence of elected Panchayats, the issue of sending of untied funds to Panchayats does not arise. TFC grants are not being given to Panchayats, as election to Panchayats have not been held.
Karnataka	The funds pertaining to functions devolved to PRIs, Centrally Sponsored Schemes <i>i.e.</i> NREGA and other Centrally Sponsored Schemes are being transferred to PRIs. TFC grants are also being released through banking channels to PRIs as per guidelines.
Kerala	The State initiatives of devolving Funds to Local Self Government Institutions (LSGIs) are a significant initiative towards fiscal decentralization. The untied funds allocated under three main categories are Development

	<p>expenditure, Maintenance of assets and Traditional Functions to LSGI. Developments funds are released in 10 equal instalments on the first working day of the month from May to February. Funds for implementing Centrally Sponsored Schemes <i>i.e.</i> PMGSY, Rural Health Mission, Sarva Siksha Abhiyan, Rashtriya Krishi Vikas Yojana, NREGA and TFC grants are also being released to PRIs.</p>
Madhya Pradesh	<p>The funds pertaining to functions devolved are being transferred to PRIs. The funds under Centrally Sponsored Schemes <i>i.e.</i> NREGA, mid day meal, old age pension, Indira Awas Yojana etc. are being released to PRIs directly and all such programmes have a direct accountability of the Sarpanch. DRDA continue to exist as separate and distinct bodies with the President of ZP as its Chairman. Funds pertaining to rural development programmes are channelised through the DRDA. The schemes like SGSY, IAY, PSYSVBY & SSPY are being handled by DRDA. TFC grants are also being directly transferred to PRIs through Electronic Clearing System wherever possible.</p>
Maharashtra	<p>The funds pertaining to function devolved to PRIs, Centrally Sponsored Schemes and TFC grants are being released to PRIs.</p>
Manipur	<p>The funds pertaining to functions devolved to PRIs, development schemes like Mahila Shakthi Abhiyan, Hariyali Scheme etc. and NREGA and TFC grants are also being released to PRIs as per guidelines.</p>
Orissa	<p>The funds pertaining to functions devolved to PRIs, State Plan Schemes (for development of rural poor, unemployed youth & accommodation to poor people through Rural Housing Programme), Centrally Sponsored Plan Schemes (NREGA etc.), Central Plan Schemes (IYA etc.) and TFC grants are also being released to PRIs as per guidelines.</p>

Punjab	The funds pertaining to functions devolved to PRIs, Centrally Sponsored Schemes, Gram Panchayat have little or no control and independence in utilization of their funds because lack of control over function and functionaries at Gram Panchayat level. Gram Panchayat simply follow the instructions from Block Development Officer & Panchayat Officer. TFC Grants are also being released to PRIs as per guidelines.
Rajasthan	The funds pertaining to function devolved to PRIs & Centrally Sponsored Schemes & State grants are being released to PRIs. TFC grants also being released through banking channels to PRIs as per guidelines.
Sikkim	Budget of Rs. 1818 lakh were earmarked to Panchayats in 18 departments during the year 2007-08. Each Gram Panchayat and Zilla Panchayat receives the untied block grant of Rs. 10 lakh and Rs. 60 lakh respectively. The State has secured only 1st instalment of Rs. 1.30 crore for the year 2005-06. High Level Committee constituted as per guidelines of Finance Commission has approved to utilize the grant <i>i.e.</i> Rs. 20 lakh for creation of Data base, Rs. 10 lakh for maintenance of Accounts of PRIs and Rs. 1270 lakh for O&M cost for civic services.
Tamil Nadu	The funds pertaining to function devolved to PRIs are being released. To ensure adequate fund to weaker Village Panchayats, State Government has proposed to allocate a minimum grants of Rs. 3 lakh to each Village Panchayat. The Panchayat Union Council can sanction and execute works up to Rs. 10 lakh from their general funds without any external approvals. However, for Centrally Sponsored and State Schemes, prior administrative approval of DC is necessary. TFC grants are also being released to PRIs as per guidelines.

1	2
Tripura	<p>Devolution of funds of line departments, only parts funds relating to Lift Irrigation Scheme of the PWD (Water Resource) Deptt. have been transferred to PRIs. Some funds of Primary Schools of the School Education Deptt., Social Welfare and Social Education Deptt. and Pension funds were being transferred to PRIs. Untied funds are renamed as Panchayat Development Fund and are transferred to three tier PRIs in the ratio of 20:30:50. DRDAs implement the programmes of the Ministry of RD and CSS after the approval of Gram Panchayats. The State has secured only 1st Instalment of Rs. 5.70 crore for the year 2005-06 of TFC grants. TFC grants are also being transferred to PRIs similarly to Panchayat Development Funds.</p>
Uttar Pradesh	<p>The funds pertaining to function devolved to PRIs, Centrally Sponsored Schemes & State grants are being released to PRIs. TFC grants are also being released to PRIs as per guidelines.</p>
Uttarakhand	<p>The funds pertaining to minor irrigation and watershed departments have completely been devolved to PRIs. Untied funds are being given to Gram Panchayats, Keshetra Panchayats and Zilla Panchayats. TFC grants are also being released to PRIs as per guidelines.</p>
West Bengal	<p>The State Government provides financial support to the Panchayat bodies to discharge the responsibilities entrusted upon them. Funds are provided by the State Government for meeting establishment cost including salary and pension of the employees of Panchayat bodies and honorarium or remuneration and travelling allowance of elected functionaries. The other major source of fund available to the Panchayats is those, which are released by the Centre and State Government for implementation of various Programmes/ Schemes. TFC grants are being released to Gram Panchayats, Panchayat Samitis and Zilla Parishad in ratio of 60:20:20.</p>

1	2
Dadar and Nagar Haveli	Funds are being transferred to Panchayats as grants-in-aid. Only Village Panchayats are empowered to collect taxes and also utilize completely. Panchayats have received Rs. 46.85 lakhs as untied funds in 2006-07.
Daman and Diu	Matching with the devolution of function to the district Panchayat, simultaneous devolution of finances for implementation at the Panchayat level has been carried out. A separate sector for District Panchayat has been carved out in the annual budget of UT, which contain both plan and non-plan heads. In addition the funds received under the Central plan schemes concerning the 29 matters of the 11th Schedule are also directly transferred to the district Panchayat for implementation.
Lakshadweep	The funds pertaining to functions devolved to PRIs are being received by Panchayats from various departments over the last 5 years. Village Panchayats receive annual untied grants of Rs. 5 lakhs which can be utilized only after Panchayats have submitted their plan for the same and the Director of Panchayat have approved the plan. The District Panchayats receives annual untied grant of Rs. 20 lakhs which can be spent only after the DPC chaired by Collector approves the plan for the same. However, District Panchayats can spend, at their discretion, upto Rs. 25 lakhs from the tax revenue.
Andaman and Nicobar Islands	Tied and Untied funds provided by A&N Islands are utilized by the Panchayats with flexibility in case of untied funds. Untied funds are released in the ratio of 15:15:70 to Zilla Parishad, Panchayat Samitis and Gram Panchayat. Sectoral Funds for road and water are distributed in the ratio of 1/3rd of the total provision to all the three tiers. Grant-in-aid released by the Administration is used for all the developmental activities, maintenance of created assets, infrastructure, office expenses etc.

1	2
Chandigarh	<p>There are only 13 villages with 12 Gram Panchayats in UT Chandigarh. Therefore, activity mapping could not be undertaken for Panchayats. However, schemes of Rural Development Department are being implemented through the Panchayats and funds for implementing these schemes are released to Panchayats by drawing from the State exchequer and then the Panchayats utilize the funds by maintaining their own bank accounts.</p>
Puducherry	<p>Financial assistance in the form of tied and untied grants-in-aid are being given to PRIs. With respect to financial autonomy, the Commune Panchayats have been empowered to incur expenditure toward the execution of civil works upto a limit of Rs. 10 lakhs for each work and Village Panchayats are empowered to incur expenditure of Rs. 1 lakh towards the execution of civil works for each work. For Centrally Sponsored Schemes <i>i.e.</i> Sarva Shiksha Abhiyan, Village Education Committees and School Level Committees have be re-constituted for implementation of the scheme by appointing Village Panchayat President as the President of the Committee. Under NRHM, UT Health & Family Welfare Department have constituted four Committees which, <i>inter alia</i>, include Commune Panchayat Councillor as the representative of the Commune Panchayats. National Rural Employment Guarantee Scheme is proposed to be implemented <i>w.e.f.</i> 1.4.2008 through Village Panchayats.</p>

APPENDIX VIII

STATUS OF DEVOLUTION OF FUNCTIONARIES TO PANCHAYATI RAJ INSTITUTIONS IN VARIOUS STATES/UTs

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 Government to Panchayat level post, covering 11 departments.

1	2	3
8.	Haryana	Activity mapping of February 2006 devolves staff through deemed deputation in respect of 3 departments.
9.	Himachal Pradesh	Staff is with State Government. Panchayats are appointing authority for 6 types of employees of group C&D category. In addition, Panchayats can report on physical attendance in respect of 2 categories of people.
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.

1	2	3
16.	Orissa	Officials of departments are to report to Panchayats in respect of transferred schemes. Panchayats do not make any appointments of their own.
17.	Punjab	Seven departments propose to delegate powers of supervision to Panchayats. In health department, the powers of outsourcing the running of PHCs has been devolved to Panchayats. Recently. In education department, powers of recruitment of teachers has been given to Panchayats.
18.	Rajasthan	Officials of 8 departments placed with each Panchayat through deputation from Government.
19.	Sikkim	Staff on deputation from the Government. Panchayat secretary elected by the members. Draft 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.

1	2	3
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 IX

INDICATORS FOR DEVOLUTION INDEX SURVEY 2008-09

Functions	Finances	Functionaries
1	2	3
<p>1. <i>De facto</i> transfer of 29 functions listed in 11th Schedule.</p> <p>2. Detailed Activity Mapping conducted for these 29 functions.</p> <p>3. Whether DPC is involved in the preparation of District Plan?</p> <p>4. Are GP implementing the major Flagship Programmes?</p> <p>5. All GP fully empowered to prepare plans for expenditure?</p>	<p>6. Authorisation of PRIs to collect taxes, duties, tolls etc.</p> <p>7. PRIs own revenue as % of PRIs expenditure.</p> <p>8. Timely action on latest SFC's major recommendations.</p> <p>9. Percentage of funds devolved to PRIs that are untied (Plan).</p> <p>10. Percentage of funds devolved to PRIs that are untied (Non-Plan).</p> <p>11. Promptness with which Twelfth Finance Commission Funds transferred to PRIs.</p> <p>12. Allocation of funds to PRIs based on a p p o r t i o n m e n t formula.</p> <p>13. Are GP fully empowered to sanction expenditure?</p> <p>14. Whether there is a separate budget line for PRIs in the State Budget for 2007-08?</p>	<p>21. Expert Institutions and entities to support PRIs for the preparation of their Annual Plans specified.</p> <p>22. Expert institutions and entities of support capacity building/ training of elected officials of PRIs specified.</p> <p>23. Amount of money provided for the capacity building/ training of <i>elected</i> officials of PRIs.</p> <p>24. Amount of money provided for the capacity building/ training of <i>appointed</i> officials of PRIs.</p> <p>25. Annual Report for last fiscal year released.</p> <p>26. Functionary wise accountability to PRIs : GP.</p> <p>27. Functionary wise accountability to PRIs : IP.</p>

1	2	3
15. Devolution of finances corresponds to functions?	28. Functionary wise accountability to PRIs : DP.	
16. Percentage of PRIs whose accounts are audited (GP).	29. Average days of training of Functionaries : Elected Officials; GP	
17. Percentage of PRIs whose accounts are audited (BP).	30. Average days of training of Functionaries : Appointed Officials; GP	
18. Percentage of PRIs whose accounts are audited (DP).	31. Average days of training of Functionaries : Elected Officials; IP	
19. Specify the registers in which the accounts of GP are updated.	32. Average days of training of Functionaries : Appointed Officials; IP	
20. Do any funds directly go to the GP with respect to the functions?	33. Average days of training of Functionaries : Elected Officials; DP	
	34. Average days of training of Functionaries : Appointed Officials; DP	

APPENDIX X

COMMITTEE ON RURAL DEVELOPMENT (2009-2010)

EXTRACTS OF THE MINUTES OF THE THIRD SITTING
OF THE COMMITTEE HELD ON WEDNESDAY,
THE 14 OCTOBER, 2009

The Committee sat from 1500 hrs. to 1800 hrs. in Committee Room
No. '139', First Floor, Parliament House Annexe, New Delhi.

PRESENT

Shrimati Sumitra Mahajan—*Chairperson*

MEMBERS

Lok Sabha

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Sidhant Mohapatra
6. Shri Rakesh Pandey
7. Shri P.L. Punia
8. Shri A. Venkatarami Reddy
9. Shri Jagdish Sharma
10. Shri Navjot Singh Sidhu
11. Shri Jagdanand Singh
12. Dr. Sanjay Singh
13. Shri Makansingh Solanki
14. Shri Kodikkunnil Suresh
15. Shrimati Usha Verma
16. Shri Ramesh Vishwanath Katti

Rajya Sabha

17. Shri Ganga Charan
18. Shri Silvius Condpan
19. Dr. Ram Prakash
20. Shri P.R. Rajan
21. Shri Bhagwati Singh
22. Shrimati Maya Singh
23. Miss Anusuiya Uikey

6. Thereafter, the members raised queries which were responded to by the Secretary, Ministry of Panchayati Raj. The Chairperson thanked the representatives of the Ministry of Panchayati Raj for briefing the Committee on the different schemes of the Ministry.

The Committee then adjourned.

A record of the verbatim proceedings has been kept.

***Relevant portions of the minutes not related to the subject have been kept separately.

APPENDIX XI

COMMITTEE ON RURAL DEVELOPMENT (2009-2010)

MINUTES OF THE FIFTH SITTING OF THE COMMITTEE HELD ON MONDAY, THE 9 NOVEMBER, 2009

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

PRESENT

Shrimati Sumitra Mahajan—*Chairperson*

MEMBERS

Lok Sabha

2. Shri Kunvarjibhai Mohanbhai Bavalia
3. Shri Sanjay Dhotre
4. Shri Sandeep Dikshit
5. Shri Rakesh Pandey
6. Shri A. Venkatarami Reddy
7. Shri Jagdish Sharma
8. Shri Navjot Singh Sidhu
9. Shri Jagdanand Singh
10. Shrimati Usha Verma
11. Shri Ramesh Vishwanath Katti

Rajya Sabha

12. Shri Ganga Charan
13. Dr. Ram Prakash
14. Shri P.R. Rajan
15. Shri Bhagwati Singh
16. Miss Anusuiya Uikey

SECRETARIAT

1. Shri P.K. Grover — *Joint Secretary*
2. Shri V.R. Ramesh — *Director*
3. Shri A.K. Singh — *Additional Director*
4. Shri Sundar Prasad Das — *Under Secretary*

WITNESSES

Representatives of the Ministry of Panchayati Raj

1. Shri A.N.P. Sinha — Secretary
2. Shri Arvind Mayaram — Additional Secretary & Financial Adviser
3. Shri Sudhir Krishna — Additional Secretary
4. Shri J.M. Pathak — Additional Secretary
5. Smt. Rashmi Shukla Sharma — Joint Secretary
6. Shri D.K. Jain — Joint Secretary
7. Shri Avtar Singh Sahota — Joint Secretary

2. At the outset, the Chairperson welcomed the witnesses to the sitting of the Committee convened for taking oral evidence of the representatives of the Ministry of Panchayati Raj on Demands for Grants (2009-2010).

3. Direction 55(1) of the Directions by the Speaker was read out. Thereafter, the Secretary, Department of Rural Development with the prior permission of Chairperson showed a video film on empowerment of Panchayats. The Committee, thereafter, took oral evidence of the representatives of the Ministry of Panchayati Raj on Demands for Grants (2009-2010). The main issues that came up for discussion include activating Gram Sabhas in the country, ensuring central role to Panchayats in all central sector schemes, quantum enhancement of funds for Panchayats from current level for the purposes of training, e-governance and capacity building, restructuring of Backward Regions Grant Fund (BRGF) Scheme for addressing the emerging needs to Panchayats in the country etc. Thereafter, the Secretary, Ministry of Panchayati Raj replied to various queries by members. The Chairperson thanked the representatives of Ministry of Panchayati Raj.

4. A verbatim record of the proceedings has been kept.

The Committee then adjourned.

APPENDIX XII

COMMITTEE ON RURAL DEVELOPMENT (2009-2010)

EXTRACTS OF THE MINUTES OF THE SEVENTH SITTING
OF THE COMMITTEE HELD ON MONDAY, THE
14 DECEMBER, 2009

The Committee sat from 1500 hrs. to 1630 hrs. in Committee Room
'A', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shrimati Sumitra Mahajan—*Chairperson*

MEMBERS

Lok Sabha

2. Shri Pulin Bihari Baske
3. Shri Kunvarjibhai Mohanbhai Bavalia
4. Shri Sanjay Dhotre
5. Shri Sidhant Mohapatra
6. Shri Rakesh Pandey
7. Shri P.L. Punia
8. Shri A. Venkatarami Reddy
9. Shri Jagdish Sharma
10. Shri Navjot Singh Sidhu
11. Shri Jagdanand Singh
12. Dr. Sanjay Singh
13. Shri Makansingh Solanki
14. Shri Kodikkunnil Suresh
15. Shrimati Usha Verma
16. Shri Ramesh Vishwanath Katti

Rajya Sabha

17. Shri Ganga Charan
18. Shri Silvius Condpan
19. Shrimati Maya Singh

SECRETARIAT

1. Shri P.K. Grover — *Joint Secretary*
2. Shri V.R. Ramesh — *Director*
3. Shri A.K. Singh — *Additional Director*
4. Shri Sundar Prasad Das — *Under Secretary*

2. *** *** ***

3. The Committee, thereafter, took up for consideration the Draft Reports on Demands for Grants (2009-2010) of the following Departments/Ministry:

- (i) *** *** ***
- (ii) *** *** ***
- (iii) Ministry of Panchayati Raj

The Committee adopted the aforesaid Draft Reports without any modifications.

4. *** *** ***

5. The Committee then authorised the Chairperson to finalise the aforesaid Draft Report on the basis of factual verification from the concerned Ministry/Department and present the same to both the House of Parliament.

The Committee then adjourned.

***Relevant portions of the minutes not related to the subject have been kept separately.

APPENDIX XIII

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS

Sl. No.	Para No.	Recommendations/ Observations
1	2	3
1.	2.3	The Committee are glad to note that the Statement by the Minister under Direction 73A of 'Directions by the Speaker' showing the status of implementation of recommendations of the Standing Committee on Rural Development contained in the Thirty Eighth Report has been made within the stipulated period. The Committee trust that in future also the Ministry would be abiding by the above Direction by the Speaker.
2.	2.4	The Committee have been informed that the recommendations of the Committee are reviewed from time to time with the intent to ensure their implementation in review meetings as also in Quarterly Review Meetings (QRMs) with State Panchayati Raj Departments. The Committee, are, however constrained to find that in the case of majority of the recommendations, the Statement has merely reproduced from the action taken replies submitted three months after presentation of the Report. The Committee feel that this defeats the very purpose of the Statement which should depict the progress made in the implementation of the recommendations of the Committee. The Committee, therefore, desire that in future instead of repeating the action taken replies in the Minister's Statement, the precise status of implementation of the recommendations should be indicated in the Statement made under Direction 73A. This will

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		enable the Committee to understand the progress of work done in a more focused manner.
3.	3.7	The Committee are constrained to note that the important Ministry of Panchayati Raj that has been assigned the pioneering role of looking after all the responsibilities of Panchayati Raj Institutions (PRIs) throughout the country covering around 24 lakh Panchayats with 2.8 million elected Panchayati Raj representatives has not been receiving necessary funds since its inception in 2004 commensurate with the task and challenges before the Ministry. They find that an amount of Rs. 4780 crore has been made available during 2009-10 to the Ministry even after the two historic legislations of 73rd Constitution (Amendment) Act of 1992 and the Panchayats (Extension to Scheduled Areas) Act (PESA) of 1996 have come into operation in the country. The Committee observe that during the Tenth Plan (2002-2007) the total funds to the tune of Rs. 2080 crore were available to the Ministry. These have gone up to Rs. 24,226.37 crore during Eleventh Plan period (2007-2012). The Committee recommend that keeping in view the stupendous task and responsibilities of over 2.8 million elected representatives in the country a countrywide study is necessary for making the Ministry more purposeful and action oriented.
4.	3.8	The Committee's examination has revealed that the Ministry is getting flow of funds the under two categories—one under Backward Region Grant Funds (BRGF) and the Other Schemes like Rashtriya Gram Swaraj Yojana (RGSY), e-Panchayats etc. The Committee also find that actual flow of funds for Panchayats in the country started at the end of the Tenth Plan with the arrival of Backward Region Grant

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		<p>Scheme in 2006-2007 with an outlay of Rs. 1925 crore (RE) that has risen to the present level (2007-2008 onwards) of Rs. 4670 crore. Excluding this amount a small allocation of Rs. 110 crore for Other Schemes is being made available to Ministry to take care of 24 lakh of Panchayats. In Committee's view the total amount of Rs. 4780 crore provided during 2009-10 is inadequate for the Panchayats in the country from any yardstick let alone their upliftment in view of emerging demands. Since Panchayats are being given more power, more funds need to be released for infrastructural purposes. The Committee, therefore, recommend that sufficient funds commensurate with the task involved should be made available.</p>
5.	3.9	<p>While the funds being made available to the Ministry are not adequate in the opinion of the Committee, the trend so far during Eleventh Plan shows that the utilization of even these funds has not been encouraging as compared to Tenth Plan (2002-2007). The Committee find that as against the total allocation of Rs. 24,226.37 crore the actual expenditure during first two years of the Plan viz. 2007-2008 and 2008-2009 is Rs. 7680.81 crore only. The Committee apprehend that with the present rate of utilization the Eleventh Plan outlay may not be utilized fully. They, therefore, recommend that all efforts need to be made to utilize at least the available funds fully.</p>
6.	3.10	<p>The Committee have been informed that the Ministry of Panchayati Raj now proposes to have the allocation for three big schemes of BRGE, RGSY and e-governance enhanced in a big way for the remaining years of the Eleventh Plan and beyond. For instance for</p>

BRGF quantum of funds is proposed to be hiked from present level of Rs. 4670 crore in 2009 to Rs. 7300 crore in 2010-2011 and Rs. 9300 crore in 2011-2012. Similarly, for RGSY the Ministry is planning to have the existing allocation of Rs. 40 crore increased to Rs. 1000 crore during 2010-2011 and doubling the same in 2011-2012. Likewise for e-governance the Ministry has a proposal to increase the present allocation of Rs. 24 crore in 2009-2010 to Rs. 1000 crore in 2010-2011 and Rs. 1500 crore by 2011-2012. The Committee feel that aforesaid enhancement of funds for one-two years in major schemes of the Panchayats is not going to comprehensively address the requirements of Panchayats in the country. The utilization of available funds purposefully is most essential. The Committee also desire that a long term perspective plan for Panchayats in the country be drawn up bringing out clearly the present state of Panchayats and their likely role and responsibilities by 2020.

7. 3.14 While examining the requirement of funds during the previous two years *viz.* 2007-2008 and 2008-2009 of the Ministry of Panchayati Raj, the Committee are constrained to note that funds available under BRGF have been significantly lowered at RE stage from Rs. 4670 crore to Rs. 3597.50 crore during 2007-2008 and from Rs. 4670 crore to Rs. 3890 crore during 2008-2009. Non-receipt of enough proposals for claiming BRGF funds from State Governments and delay in constitution of District Planning Committees (DPCs), a pre-requisite for claiming BRGF funds in different States like U.P., Gujarat, Maharashtra etc. have been attributed as reasons for drastic reduction of funds at Revised Estimates stage. Besides, non-submission of district plans by various States like Sikkim, Tamil Nadu, J&K etc. in 2007-2008

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		and failure to claim grants in 2008-2009 by the States of Karnataka, Kerala and Mizoram have been the reasons advanced by the Ministry for lowering of funds.
8.	3.15	The Committee feel that the aforesaid reasons of non-receipt of proposals/non-submission of district plans were very well within the domain of the Ministry. In their opinion being the nodal Ministry it is incumbent upon the Ministry of Panchayati Raj to have track on above issues with the States. The Committee, therefore, conclude that had the Ministry taken timely interventions, aforesaid reduction could have been avoided. The Committee, therefore, feel that a mechanism be evolved for taking care of these issues so that no reduction of budgeted amount is required to be made at revised estimates in future. The Committee, therefore, strongly recommend that such issues should be vigorously pursued with the State Governments. The concrete action taken in this regard should be communicated to the Committee.
9.	3.18	As regards availability of funds before the Ministry during the current year 2009-10, the Committee are constrained to note that an amount of Rs. 6720 crore as proposed by the Ministry has been drastically reduced to Rs. 4780 crore by the Planning Commission. The Committee after perusing scheme-wise proposed <i>vis-a-vis</i> agreed amount, are constrained to note that for BRGF as against the proposed amount of Rs. 6000 crore only Rs. 4670 crore have been approved. Similarly, for other schemes as against the proposed amount of Rs. 720 crore only Rs. 110 crore has been approved. The scheme of the Department have tremendous impact on increasing capacity building thereby improving rural infrastructure.

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		<p>The Committee, therefore, strongly recommend to the Department to take up the matter with the Planning Commission for providing adequate allocation commensurate with the requirements with a view to achieve inclusive growth so that the benefit are shared by the poorest of poor in the country.</p>
10.	4.6	<p>The Committee have been informed that various guidelines with regard to conduct of Gram Sabha meetings in a proper manner have been issued. However, they have a feeling that all of them are not being followed in letter and spirit leaving much to be desired. In this connection the Committee have also been informed about various initiatives like sending of advisories to State Governments in the form of circular issued in January, 2009 in this behalf. The Committee recommend that in order to ensure proper implementation of such Guidelines, some methodology like presence of officials of the Panchayati Raj Ministry when gram Sabha meetings are in progress in some of the selective States be evolved. This would also enable the Ministry to have an idea of the actual activities of Gram Sabhas in the country and take further steps to strengthen the Gram Sabha which is the backbone of democracy.</p>
11.	4.10	<p>The Committee are constrained to note that in the absence of proper technical knowhow and personnel the Sarpanchs in different States are facing difficulties in running the different rural development programmes like NREGA and that in many cases the Panchayat Secretary generally does not guide the Gram Sabha properly. Not only this the expected cooperation from Government functionaries like BDOs/Junior Engineers is also not forthcoming owing to large responsibility of covering more</p>

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		<p>than one Gram Sabhas given to these Government officers. All these revelations have been candidly admitted before the Committee by the Secretary, Panchayati Raj while assuring necessary remedial steps. The Committee trust that these issues will be taken care of by the nodal Ministry for appropriate action. They would like to be informed of the precise remedial steps taken in this regard.</p>
12.	4.11	<p>On the issue of making available technical support to Panchayats the Committee have been informed that based on the findings of World Bank team in eight States with problem of large BRGF districts, a view has come up that Panchayats can perform better independently without Governments' support or other technical support. In Committee's opinion the findings of the World Bank team may hold good for selective areas only. Considering dismal infrastructure available with Panchayats in general in the country, the Committee feel that desired technical know-how and personnel be made available to Panchayats so that these can function in a vibrant manner.</p>
13.	4.15	<p>The Committee find at present Panchayat functionaries like Gram Pradhans and members of Panchayats are not being provided remuneration as in the case of members of other elected bodies. In this connection the Committee have been informed by the Secretary, Panchayati Raj that this issue alongwith manpower and buildings for Panchayat Ghars were among those submitted before the 13th Finance Commission whose award is yet be announced. The Committee have also been informed that financial implications have been discussed with Principal Secretary Panchayati Raj. The Committee would await the 13th Finance Commission Report before making detailed comments in this regard.</p>

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14.	4.16	Another related issue that came up before the Committee is of filling up of large number of vacancies of Panchayat Secretary and Gram Sewaks in Panchayats. The Committee feel that this issue can be suitably addressed by the nodal Ministry itself by taking up the matter with the State Governments. They would, therefore, like that the Ministry to take desired action in this regard.
15.	4.23	The Committee are constrained to note that the Ministry of Panchayati Raj does not even have the basic data about the number of elected representatives of Panchayats trained in different States. In Committee's opinion a sorry state of affairs is currently prevailing over this vital aspect relating to training of Panchayat functionaries in the country. The Committee find from the State-wise details made available to them that in almost all the States figures are not available with the Ministry. In the absence of necessary data, the Committee would wonder how the claims of the Ministry that out of 28.8 lakh elected representatives a total of 11.95 lakh elected representatives have been trained can be relied upon. The Committee expressed their concern over the under achievement of targets with regard to the training of elected representatives. The Committee, strongly recommend that all initiatives should be taken to ensure that fixed targets for training of Panchayat functionaries in the country are achieved and make the training programme more effective.
16.	4.24	In view of the foregoing the Committee feel that business like approach is essential on the issue of training of elected representatives in different States. The Committee are also of the view that Ministry's claim that within one year the remaining elected representatives would be

trained provided the enhanced funds of Rs. 1000 crore are made available under RGSY is also not based on any assessment particularly when everything is vague and inconclusive on the issue of training in different States. The Committee, therefore, feel that before asking for higher funds, the Ministry has to put its own house in order to take care of higher funds in future. They, therefore, desire that the Ministry should without any delay make realistic assessment of the elected representatives in PRIs who are yet to be trained so that it can gear itself to the task accordingly. According to the Ministry it has advised the Planning Commission to introduce integrated district planning through Centrally Sponsored Schemes/State Sector Schemes. Planning Commission is stated to have proposed a scheme for planning units at State and District level is for which the inter-Ministerial consultations are in progress. They recall that more or less a similar scheme was also floated by the Ministry last year but it could not see the light of the day. The Committee, therefore, feel that instead of charting out a flip-flop approach, a time bound programme for training of PRI functionaries on the pattern of 'Bharat Nirman' should be prepared so that Panchayats in the country can work as a unit of self-Government in the real sense.

17. 4.30 The Committee regret to note that the important aspect of training of elected representatives of PRIs is beset with various constraints like non-submission or delay in submission of capacity building plans, late arrival of funds at nodal agency level etc. Besides the noble programme of 'National Capacity Building Framework' (NCBF) has also not come up to the expectations. The

Committee have also been informed that in order to accomplish the task, faster training would be done through private partnership basis. The experience of States like West Bengal and Andhra Pradesh on the training aspect have been forwarded to other States for their benefit. The Committee appreciate the good work done by these States. They, however, desire that nodal Ministry should first of all address all constraints coming in the way of training and utilise the NCBF for the above purpose of capacity building. The Committee also recommend that a follow up from different States be obtained on the extent to which they have adopted the approach of West Bengal and Andhra Pradesh which has been circulated by the Ministry. The Committee may also be apprised of the same.

18. 4.34 The Committee are constrained to note that expected progress has not been made on the issue of simplification of decentralized planning under BRGF through introduction of the software 'Plan Plus'. In this connection the Committee are constrained to note that only 70,000 planning units in 250 BRGF have adopted the software in three years period from 2007-2008 to 2009-2010. The Committee have been informed that full potential of the software will be realized once all sectoral schemes are routed through it. The Committee feel that the initiative is quite good however its coverage is far from satisfactory. They desire that the matter of routing all the schemes through the software be taken up expeditiously with all concerned for its optimal utilization.
19. 4.37 On the issue of training of increased number of women elected representatives in Panchayats in the country, if the legislation relating to 50% reservation for women in PRIs is enacted, the

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- Committee have been informed that the increased number of women members will be taken care of jointly under 'National Capacity Building Framework' (NCBF) and Panchayat Mahila Shakti Abhiyan. The Committee find that as admitted by the Secretary, Panchayati Raj the task is mammoth. The Committee, therefore, recommend that a study/survey be undertaken in advance to identify the correct number of women representatives of PRIs in different States who would be required to be trained as there is complete absence of data in this regard.
20. 4.40 The Committee appreciate the idea of setting up a National Institute for Panchayati Raj for imparting training of PRI functionaries across the country instead of individual efforts of different SIRDs in this regard. The Committee recommend that in order to have a coordinated approach on training of PRI functionaries as well as officials involved in the implementation of all rural development schemes, this kind of national level institute be set up expeditiously as currently National Institute of Rural Development (NIRD) is already pre-occupied with other works relating to rural development.
21. 4.47 The Committee are unhappy to note that even after five years of creation of the Ministry there are as many as 68000 Panchayats without their own Panchayat Buildings and another 58,000 Panchayat Bhavans across the country require major repairs. The Ministry is stated to have come up with a three years plan to build Panchayat Bhavans with increased funds. Simultaneously the Ministry has been impressing upon the States to utilise the BRGF funds first for building Panchayat Ghars. As recommended by the Committee in a previous chapter, a holistic and long term plan is
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		<p>necessary for solving this problem related with infrastructure of the Panchayats in the country. The Committee desire that the construction of Panchayat buildings in all the 68,000 Panchayats which do not have a building should be taken up in the right earnest so that each Panchayat in the country has a building of its own within the next three years. The Committee have also been informed assigning the Panchayats an exclusive role to handle the NREGA scheme is being contemplated. The Committee welcome this development and desire that further details in this regard be furnished to them.</p>
22.	4.52	<p>The Committee are constrained to note that on the issue of Centrality of PRIs in Centrally Sponsored Schemes not much progress has been made over the years. In this connection, the Committee find that on 19 January, 2009 a circular has been issued by the Ministry to different Ministries urging them to give Central role to Panchayats in their different schemes run by these Ministries. In this connection the Committee have been informed by Secretary, Panchayati Raj that desirable headway has not been made on this issue. The Committee recommend that a task force under the Chairmanship of Secretary Panchayati Raj be set up on the issue of giving Central role to Panchayats in the different schemes run by the Ministries. The Committee may hold inter-Ministerial consultations with different Ministries as also with Planning Commission and should submit their findings within three months time suggesting specific action required on the part of all the authorities/agencies involved in order to achieve this objective of strengthening the Panchayats.</p>
23.	4.61	<p>The Committee are constrained to note that the two issues of devolution of functions,</p>

functionaries and finances from different States to Panchayats and Activity Mapping which have been outlined by the Ministry as major areas during Eleventh Plan have not progressed on expected lines as mandated by the Constitution and as recommended by the Committee from time to time. The Committee have analysed the position with regard to devolution in their earlier reports and expressed serious concern on the slow pace of devolution in the country. The analysis of the aforesaid data reveals that no significant improvement has taken place and *status quo* has been maintained for most of the States. The Committee are dismayed to note that the progress on exercise of Activity Mapping which started way back in 2005 in 24 different States could not progress well during the last four years. For instance it has been completed in only 6 States of Kerala, Karnataka, west Bengal, Sikkim, Tripura and Arunachal Pradesh. Further in another 12 States of Assam, Bihar, Madhya Pradesh, Uttar Pradesh, Tamil Nadu, Chhattisgarh, Andhra Pradesh, Orissa and Punjab it is partially completed. In remaining 5 States of Rajasthan, Uttarakhand, Maharashtra, Manipur and Goa it is at interim stage. In this connection the Committee have been informed by the Secretary, Panchayati Raj that for necessary devolution of 3 Fs to Panchayats two things are essentially required one every State has to open a Panchayat window in their budget and second the Planning Commission should link a portion of their Central assistance to State plans. In Committee's opinion the views expressed by the Secretary, Panchayati Raj are relevant and the matter should be taken up with Planning Commission and with State Governments earnestly and effectively in order to achieve devolution in remaining period of the Eleventh Plan.

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24.	4.65	<p>The Committee are constrained to note that the Panchayat Empowerment and Accountability Scheme that envisages incentivizing States for Empowering PRIs based on devolution index has also not progressed well. For instance only ten States of Madhya Pradesh, West Bengal, Tamil Nadu, Kerala, Karnataka, Sikkim, Himachal Pradesh, Haryana, Chhattisgarh and Assam could get the benefit of this scheme, whereas the remaining States are far behind. The Committee feel that in many States the nodal agencies might not conceptually clear about the scheme. The Committee, therefore, recommend that all necessary steps should be taken to encourage the States to take benefit of the scheme. This would also help in quickening the pace of devolution.</p>
25.	4.68	<p>The Committee find that with regard to District Planning Committee's (DPCs) there are three tasks before the Ministry. One relates to constitution of DPCs in Uttarakhand and Jharkhand, second pertains to professionalizing all the DPCs and third mass training for decentralized planning. The Committee are constrained to note that DPCs have not been constituted in Uttarakhand. The Committee recommend that the matter of constitution of DPCs be taken up with Uttarakhand Government. As for DPCs in Jharkhand, the Committee were informed that the elections are to held in the State. The Committee recommend that soon after the formation of Government the issue of early constitution of DPCs should be taken up with State Government of Jharkhand.</p>
26.	4.69	<p>As regard, professionalizing DPCs, the Committee find that the process of integrated planning at district level was started way back</p>

in August, 2006. However, it took three years for the Ministry to even sanction funds to the National Institute of Rural Development for organizing training of trainers on District Planning and for organizing orientation programme for Technical Support Institutes (TSIs). The Committee are of the opinion that serious efforts need to be made in this regard if the concept of Integrated District Plan is to succeed. They also desire that details of work done about professionalizing DPCs in terms of trainers trained, empanelling of reputed organizations as Technical Support Institutes (TSIs) etc. in different BRGF States be furnished to them.

27.

4.80

The Committee find that Panchayats (Extension to Scheduled Areas) Act (PESA), 1996 empowering Gram Sabhas with special powers in 9 PESA States of Andhra Pradesh, Madhya Pradesh, Maharashtra, Rajasthan, Orissa, Gujarat, Himachal Pradesh, Jharkhand and Chhattisgarh has not progressed on expected lines. Some States are yet to amend the subject laws like those relating to money lending, forest, excise etc. Consequently compliance remains incomplete perfunctory and formal in most States as has been admitted by the Ministry. Not only that, the Committee are dismayed to learn that vital issues like ownership of minor forest produce, planning and management of minor water-bodies etc. which have been duly recognized in PESA as the traditional rights of tribals living in the scheduled areas, have still not received the required attention. Powers statutorily devolved upon Gram Sabhas and Panchayats have also not been matched by corresponding transfer of funds and functionaries, resulting in the non-exercise of such powers. The Secretary, Ministry of Panchayati Raj has contended

before the Committee that empowerment of Gram Sabhas and Panchayats is also necessary in order to solve the problem of naxalism prevalent in central India. The Committee, therefore, recommend the Ministry to follow up vigorously with the PESA State Governments to take all measures necessary for implementation of PESA in letter and spirit. The Committee would like to be informed of the efforts made by the Ministry in this regard.

28.

4.87

The Committee are constrained to note that release position in respect of Twelfth Finance Commission Grants to different States for supplementing the resources of Panchayats has not been encouraging as per latest figures. In this connection the Committee note that out of the total of Rs. 20,000 crore recommended by the Twelfth Finance Commission, the actual releases has been only around Rs. 14,522 crore so far indicating a big gap of around of Rs. 5478 crore. The Committee find from the State-wise releases during 2008-2009 that in respect of many States like Arunachal Pradesh, Assam, Goa, Punjab, Tripura, Uttarakhand both 1st and 2nd Installments have not been released. Further, in respect of States of Kerala, Madhya Pradesh, the second installment was not released. In this connection the Committee recall that the issue of expeditious releases of Twelfth Finance Commission Grant was also recommended by the Committee last year also (para 3.57 of 38th Report). In view of huge amount of Rs. 5478 crore lying unspent as also non-release of 1st and 2nd installments in respect of States referred above, the Committee strongly recommended that the Ministry should adopt a pro-active approach in this regard so that unreleased amount is made available to the Panchayats. If the grants are not optimally used, the whole purpose is defeated. The

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29.	5.7	<p>Committee would, therefore, recommend that the Ministry should take stringent measures to ensure that cent percent funds are utilized to get the intended results.</p> <p>The Committee note that BRGF is facing a large number of constraints in implementation like time consuming process in transfer of funds from State Governments to implementing agencies, absence of technical staff at DPCs, difficulty in convergence of all schemes at DPC level specially in the case of financially weak DPCs etc. The Committee have been informed about various remedial measures like faster transfer of funds to Panchayats, helping States to identify the technical support to DPCs etc. The Committee desire that Ministry should deal with the problems coming in the way of implementation of BRGF in a more resolute manner.</p>
30.	5.11	<p>The Committee's examination has revealed that even the achievement of major BRGF objective of removal of imbalances is in doubt. The Ministry has concurred with the Committee's view that for proper implementation of BRGF scheme at Gram Sabha level certain degree of surveillance from the Ministry is needed. In this connection the Committee have been informed that a Committee <i>viz.</i> Ramachandran Committee is already looking into various aspects of BRGF including the issue of its restructuring. The Committee have been informed that by December, 2009 the Committee was likely to submit its Report. The Committee would like to be informed of the findings of the Ramachandran Committee. They also desire that expeditious action on these findings should be taken including restructuring of BRGF, so that the various difficulties being faced in the implementation of the programme can be removed.</p>

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31.	5.15	<p>The Committee note that funds are being given for capacity building of Panchayats under BRGF at the rate of Rs. 1 crore per district per year. Thus for 250 BRGF districts Rs. 250 crore are being given. On the contrary in 350 non-BRGF districts for capacity building, Rs. 40 crore only are being allocated. The Committee concur with the Ministry's view that amount given under RSGY is grossly insufficient for training requirements. The Committee, therefore, recommend that the issue of up-scaling of funds for non-BRGF districts be examined in consultation with the Planning Commission.</p>

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