

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

6

FIFTEENTH LOK SABHA

MINISTRY OF PANCHAYATI RAJ

**DEMANDS FOR GRANTS
(2010-2011)**

SIXTH REPORT



**LOK SABHA SECRETARIAT
NEW DELHI**

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(2009-2010)

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MINISTRY OF PANCHAYATI RAJ

DEMANDS FOR GRANTS
(2010-2011)

Presented to Lok Sabha on 16.04.2010

Laid in Rajya Sabha on 16.04.2010



LOK SABHA SECRETARIAT

NEW DELHI

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CONTENTS

		Page Nos.
	Composition of the Committee	(i)
	Introduction	(ii)
	Abbreviations	(iii)
	REPORT	
CHAPTER-I	Introductory	1
CHAPTER-II	Status of implementation of the recommendations made by the Committee in the Reports presented during the Fourteenth Lok Sabha	2
CHAPTER-III	Overall assessment of Demands for Grants (2010-11) of the Ministry	5
	Unspent Balance	6
	Funds re-appropriated at the end of the financial year	9
	Amount surrendered by the Ministry	14
	Monitoring Mechanism	17
CHAPTER-IV	Major issues in the Demands for Grants (2010-11) of the Ministry	19
	Role of Gram Sabha and holding their meetings four times in a year	19
	Implementation of Part IX of the Constitution	21
	Devolution of functions, functionaries and finances (3Fs) to Panchayats	24
	Parallel Bodies	25
	Devolution Index	25
	Initiatives on Operationalisation of The Panchayat (Extension to the Scheduled Areas) Act, 1996 (PESA)	29
	District Planning	32
	Review of Centrally Sponsored Schemes	34
	Capacity Building and Training of Elected Representatives of PRIs	38
	Accountability and Transparency	41
	Women's Empowerment	42
	Utilisation of funds of PMSA and PYSA	43
	The Nyaya Panchayat Bill	44
	Finance Commissions	45
	Concurrent Evaluation of the Schemes being implemented on or before 2004	50
CHAPTER-V	Performance of Centrally Sponsored Schemes by the Ministry during 2009-10	52
	A. Backward Regions Grant Fund	54
	B. Rural Business Hub	60
	C. Panchayat Mahila Evan Yuva Shakti Abhiyan	62
	D. Rashtriya Gram Swaraj Yojana	64
	E. Action Research and Research Studies	69
	APPENDICES	
Appendix-I	A brief summary of Demands for Grants (2009-10) and BE (2010-11) of the Ministry of Panchayati Raj	71
Appendix-II	Details of the Thirteenth Finance Commission Reports	73
Appendix-III	Extracts of the Minutes of the sitting of the Committee held on 19 March, 2010.	76
Appendix-IV	Extracts of the Minutes of the sitting of the Committee held on 9 April, 2010.	77
Appendix-V	Statement of Observations/Recommendations	78

**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. Vacant**
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 | - | Joint Secretary |
| 2. | Shri V.R. Ramesh | - | Director |
| 3. | Shri Sundar Prasad Das | - | Under Secretary |

* Consequent upon the resignation of Shri Ajay Singh Chautala from the membership of Rajya Sabha w.e.f. 3rd November, 2009 vide Notification No. RS.10/2009-T dated 6 November, 2009.

** Vacant consequent upon the retirement of Shri Silvius Condpan from Rajya Sabha w.e.f. 2nd April, 2010 .

(ii)

INTRODUCTION

I, the Chairperson of the Standing Committee on Rural Development (2009-2010) having been authorized by the Committee to submit the Report on their behalf, present the Sixth Report on Demands for Grants (2010-2011) 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 19 March, 2010.

4. The Report was considered and adopted by the Committee at their sitting held on 9 April, 2010.

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;
13 April, 2010
23 Chaitra, 1932(Saka)

SUMITRA MAHAJAN
Chairperson,
Standing Committee on Rural Development

(iii)

List of Abbreviations and Acronyms

3Fs	Functions, Funds, and Functionaries
4P / PPPP	Public–Private–Panchayat Partnership
ACA	Additional Central Assistance
AG	Accountant General
APL	Above Poverty Line
ARC	Administrative Reforms Commission
ARWSP	Accelerated Rural Water Supply Programme
BPL	Below Poverty Line
BPR	Business Process re-engineering
BRGF	Backward Regions Grant Fund
BRGF-SMS	BRGF Scheme Monitoring System
BSNL	Bharat Sanchar Nigam Limited
CD	Compact Disc
CDAP	Comprehensive District Agriculture Plan
CDLG	Capacity Development for Local Governance
CEB	Census Enumeration Block
CEO	Chief Executive Officer
CFC	Central Finance Commission
CGAR	Core Group on Administrative Reforms
CIDA	Canadian International Development Agency
CII	Confederation of Indian Industry
CLGF	Commonwealth Local Government Forum
CP	Country Programme
CSC	Common Service Centre
CSS	Centrally Sponsored Scheme
DAVP	Directorate of Advertising and Visual Publicity
DCO	Directorate of Census Operations
DDP	Desert Development Programme
DFID	Department for International Development
DI	Devolution Index
DoT	Department of Telecommunications
DPAP	Drought Prone Area Programme
DPC	District Planning Committee
DPR	Detailed Project Report
DRDA	District Rural Development Agency
DRIP	District Rural Industries Project
DSS	Decision Support System
EAA	Extremist Affected Area
EAD	Extremist Affected District
EDI	Entrepreneurship Development Institute of India
EFC	Expenditure Finance Committee
EXIM Bank	Export Import Bank of India
FAQ	Frequently Asked Question
G2B	Government to Business
G2C	Government to Citizen
G2G	Government to Government
GA	Gateway Agency
GIS	Geographic Information System
GoM	Group of Ministers

(iv)

GP	Gram Panchayat
GVT	Gramin Vikas Trust
HLC	High Level Committee
IAY	Indira Awas Yojana
ICDS	Integrated Child Development Services
ICT	Information and Communication Technology
IDB	Inter-American Development Bank
IDEA	International Institute for Democracy and Electoral Assistance
IDLG	Independent Directorate for Local Governance
IDRC	International Development Research Centre
IEC	Information, Education, and Communication
IFAD	International Fund for Agriculture Development
IGNOU	Indira Gandhi National Open University
IIE	Indian Institute of Entrepreneurship
IIPA	Indian Institute of Public Administration
IRMA	Institute of Rural Management Anand
ISDP	Improved Service Delivery Project
ISNA	Information and Service Needs Assessment
ISS	Institute of Social Sciences
IT	Information Technology
IWDP	Integrated Watershed Development Programme
JWG	Joint Working Group
KV	Kilo Volt
KVIC	Khadi and Village Industries Commission
LB	Local Body
LDC	Lower Division Clerk
LWE	Left-wing Extremism
MDG	Millennium Development Goal
MDM	Mid Day Meal
MFP	Minor Forest Produce
MIS	Management Information System
MMA	Macro Management of Agriculture
MNES	Ministry of Non-Conventional Energy Sources
MoC	Memorandum of Cooperation
MoF	Ministry of Finance
MoPR	Ministry of Panchayati Raj
MoU	Memorandum of Understanding
MSME	Ministry of Small and Medium Enterprises
NABARD	National Bank for Agriculture and Rural Development
NCAER	National Council of Applied Economic Research
NCBF	National Capacity Building Framework
NCT	National Capital Territory
NCW	National Commission for Women
NDC	National Development Council
NeGP	National e-Governance Plan
NGO	Non-Governmental Organisation
NHM	National Horticulture Mission
NIC	National Informatics Centre
NICSI	National Informatics Centre Services Inc.
NIESBUD	National Institute for Entrepreneurship & Small Business Development
NIRD	National Institute of Rural Development

(v)

NPP	National Panchayat Portal
NREGA	National Rural Employment Guarantee Act
NREGS	National Rural Employment Guarantee Scheme
NRHM	National Rural Health Mission
NYKS	Nehru Yuva Kendra Sangathan
O&M	operations and maintenance
OBC	Other Backward Class
OL	Official Language
OLIC	Official Language Implementation Committee
OTOP	One Tambon One Product
PAO	Pay and Accounts Office
PCA	Primary Census Abstract
PDS	Public Distribution System
PEAIF	Panchayat Empowerment and Accountability Incentive Fund
PEAIS	Panchayat Empowerment and Accountability Incentive Scheme
PESA	Panchayats (Extension to the Scheduled Areas) Act, 1996
PG	Public Grievances
PMEGP	Prime Minister's Employment Generation Programme
PMEYSA	Panchayat Mahila Evam Yuva Shakti Abhiyan
PMGSY	Pradhan Mantri Gram Sadak Yojana
PPP	Public-Private Partnership
PRI	Panchayati Raj Institution
PRIA Soft	PRI Accounting System Software
PRIA	Society for Participatory Research in Asia
RBH	Rural Business Hub
RBI	Reserve Bank of India
RE	Revised Estimate
REDB	Rural Electricity Distribution Backbone
RGGVY	Rajiv Gandhi Grameen Vidyutikaran Yojana
RGSY	Rashtriya Gram Swaraj Yojana
RLB	Rural Local Body
RMSA	Rashtriya Madhyamik Shiksha Abhiyan
RSVY	Rashtriya Sam Vikas Yojana
RTI	Right to Information
SATCOM	Satellite-based Communication
SC	Scheduled Caste
SDC	Swiss Agency for Development and Cooperation
SEC	State Election Commission
SFC	Standing Finance Committee
SGSY	Swarnajayanti Grameen Swarojgar Yojana
SIDA	Swedish International Development Agency
SIRD	State Institute of Rural Development
SME	Small and Medium Enterprise
SPP	State Partnership Programme
SSA	Sarva Shiksha Abhiyan
ST	Scheduled Tribe
TFC	Twelfth Finance Commission
TGS	Technical Guidance and Support
TSI	Technical Support Institution
TVE	Town and Village Enterprise

UDC	Upper Division Clerk
ULB	Urban Local Body
UNCDF	United Nations Capital Development Fund
UNDP	United Nations Development Programme
UN-ECLAC	United Nations Economic Commission for Latin America and the Caribbean
UN-HABITAT	United Nations Human Settlements Programme
UNIFEM	United Nations Development Fund for Women
UPA	United Progressive Alliance
UT	Union Territory
VEI	Village Electrification Infrastructure
YASHADA	Yashwantrao Chavan Academy of Development Administration

REPORT

Chapter-I

Introductory

The Ministry of Panchayati Raj came into existence on 27 May, 2004 and all matters relating to 'Panchayati Raj and Panchayati Raj Institutions' has been taken out from the Ministry of Rural Development and the new Ministry to deal with the said item was created.

1.2 As per the Outcome Budget 2010-11 of the Ministry, the major functions of the Ministry are to oversee the implementation of Part IX of the Constitution, inserted by the Constitution (Seventy Third Amendment) Act, 1992, the provisions of the Panchayats (Extension to the Scheduled Areas) Act (PESA), 1996 and Article 243ZD of Part IX-A relating to the District Planning Committees read with the Eleventh Schedule which illustratively sets out a list of 29 matters, which might be considered by the State Legislatures for devolution to the Panchayats so as to ensure that they function as 'units of self-government.' Other functions include, servicing of the Empowered Sub-Committee of the National Development Council (NDC) on Administrative and Financial Empowerment of the Panchayati Raj Institutions (PRIs), review of the Central Sector Schemes of Ministries which deal with subjects included in the Eleventh Schedule, capacity building and training of elected representatives of PRIs and promoting transparency and accountability on the part of the PRIs. The Constitution (one hundred and tenth Amendment) Bill , 2009 [amending article 249 D of the Constitution] has also been introduced in Lok Sabha on 26 November, 2009 that aims for increasing reservation of women in Panchayats from current 33 per cent to 50 per cent.

1.3 The overall Demands for Grants of the Ministry of Panchayati Raj for 2010-11 BE are for Rs.5170.71 crore both in Plan and Non-Plan. The Demands for Grants (2010-2011) of the Ministry of Panchayati Raj were laid on the Table of Lok Sabha on 15 March, 2010 under Demand No. 69. A brief summery of the said Demands for Grants is given at **Appendix I**.

1.4 In this Report the Committee have restricted their examination only to the major issues concerning the budget 2010-11 of the Ministry and to the performance of some of the major programmes/schemes that are being implemented by them.

Chapter-II

Status of Implementation of recommendations made by the Committee in the Reports presented during the Fourteenth Lok Sabha

During the Fourteenth Lok Sabha, the Committee had presented five original Reports (Report No. 4th, 12th, 21st, 30th and 38th) on Demands for Grants of the Ministry of Panchayati Raj and five Action-taken Reports (Report No. 6th, 15th, 26st, 34th and 45th) thereon. As per direction 73A of the Directions by the Speaker, Lok Sabha, the Minister concerned shall make once in six months, a statement in the House regarding the status of implementation of recommendations contained in Reports (including those Reports which are on Demands for Grants) of Departmentally Related Standing Committees of Lok Sabha with regard to his Ministry.

2.2 The details of the Statements as per the direction 73A, presented in both Houses of Parliament by the Minister of Panchayati Raj on the recommendations of the action taken Report are as below:

Original Report No.	Recommendation para classified as 'interim' in the Action-taken Report	Action taken Report (ATR) number	Report presented on the date	Statement due on the date	Statement presented by the Minister on the date
(1)	(2)	(3)	(4)	(5)	(6)
4 th (14 th Lok Sabha)	Nil	6 th	19.08.2004	18.02.2005	LS- 18.5.2006 RS- 18.5.2006
12 th (14 th Lok Sabha)	2.23, 2.24, 2.48, 2.53	15 th	20.04.2005	19.10.2005	LS- 18.5.2006 RS- 22.5.2006
21 st (14 th Lok Sabha)	2.28, 2.30, 2.52, 3.20, 3.21, 3.48	26 th	18.05.2006	17.11.2006	LS- 5.9.2007 RS- 6.9.2007
30 th (14 th Lok Sabha)	2.45, 2.46, 2.62, 2.66, 2.70, 3.35	34 th	14.05.2007	13.11.2007	LS- 19.3.2008 RS- 20.3.2008
38 th (Fourteenth Lok Sabha)	5.12	45 th	17.04.2008	16.10.2008	LS- 22.10.2008 RS- 23.10.2008

2.3 When asked about the review made by the Ministry at regular intervals on each of the recommendations of the Committee made during the Fourteenth Lok Sabha as stipulated under direction 73A and the status of the Statements for the aforesaid 17 recommendations categorised as 'interim' in the action-taken Report of the Committee, the Ministry has replied that:-

“The various recommendations of the Standing Committeewere conveyed to State Governments from time to time. These aspects were also discussed in detail in a meeting taken by Secretary, Ministry of Panchayati Raj on 27.11.2009 at New Delhi and the State Governments were requested to keep the Ministry of Panchayati Raj informed from time to time about latest status on the aspects, among others, also for the need for effective mechanism for training of functionaries in Panchayati Raj Institutions (PRIs).”

2.4 Moreover, while analysing the Statements presented, it has been found that, these are merely reproduction of action-taken notes and in most cases no action on effective implementation of recommendations in different States and Union territories are found.

2.5 The Committee note that the Government is not implementing the direction 73 A of the Directions by the Speaker, Lok Sabha, in the right spirit. As per the said direction, the Minister concerned should make the Statement on action-taken by the Government on their recommendations once in six months. The Committee observe that none of the Statements were laid within the stipulated six-months period. Besides, the Statements laid, did not indicate the status of action taken on the recommendations which had been categorised as interim reply in the Action-taken Reports of the Committee. The Committee, therefore, desire that action taken by Government on the recommendations categorized as interim be intimated to them without

any further delay. The Committee also desire that, in future, the Government should review the previous recommendations made by the Committee and intimate the Committee about the stage of their implementation before presentation of the Demands for Grants for the next financial year. Further, the Statement laid should not merely be a reproduction of action taken notes and should reflect the effective implementation of recommendations made by the Committee in different States and Union territories.

Chapter III

Overall assessment of Demands for Grants (2010-11) of the Ministry

The Demands for Grants (2010-2011) of the Ministry of Panchayati Raj have been presented to Parliament vide Demand No.69. In the Detailed Demands for Grants (2010-2011) the following data has been indicated:

(Rs. in crore)

Year	Plan Budget	Non Plan Budget	Plan+ Non Plan Budget Col (2+3)	Increase/reduction Budget	in	Percentage change
(1)	(2)	(3)	(4)	(5)		(6)
2007-08 actuals	3688.19	0.26	3688.45	-		-
2008-09 (BE)	4780	0.50	4780.50	+ 1092.05		+29.61 %
2008-09 (RE)	4000	0.59	4000.59	- 779.91		- 16.31 %
2008-09 actuals	3993.28	0.50	3993.78	- 6.81		- 0.17 %
2009-10 (BE)	4780	0.71	4780.71	+ 786.93		+ 19.70 %
2009-10 (RE)	3780	0.71	3780.71	- 1000		- 20.92 %
2010-11 (BE)	5170	0.71	5170.71	+ 1390		+ 36.77 %

3.2 The Budget of the Ministry, both for plan and non-plan, has been increased from Rs. 3780.71 crore in 2009-10 (RE), to Rs. 5170.71 crore in 2010-2011 BE [i.e. an increase of Rs.1390 crore or (+) 36.77 %].

3.3 When asked about the reason for reduction of 16.31 per cent in 2008-09 RE and the reduction of 20.92 per cent of funds in 2009-10 RE over the amount given in the Budget Estimates, the Ministry have replied as under:-

“Under the Cash Management Scheme of the Ministry of Finance, sixty seven percent 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 Backward Regions Grant Fund (BRGF) at the RE stage in 2008-09 was mainly because of proportionately low expenditure by the second quarter of that year. Enough proposals for claiming BRGF funds from the States were not received by that time. The BRGF scheme is a process oriented scheme.

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. 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. Despite fulfilling/exemption of the conditions of DPC constitution, the States like Karnataka, Kerala and Mizoram did not claim the grants in 2008-09. During 2009-10, the revised estimates were reduced by taking note of expenditure till the end of second quarter, whereas, the Ministry had made significant releases during the third quarter and achieved the targets stipulated under the Cash Management Scheme. The Ministry had also explained the cogent reasons for slow progress in release of BRGF Funds during the first two quarters, namely, the General Election to the Lok Sabha, followed by the administrative reshuffle in many States, monsoons etc. However, the Ministry pursued with the States to remove those impediments and achieved the milestone of the Cash management Scheme by 30.11.2009 and 31.12.2009. However, the Ministry of Finance still chose to reduce the allocation for the Ministry under the 2009-10 RE.”

Unspent Balance (EVI. Reply, Q.No.20-22, pg.17-20)

3.4 The following information regarding unspent balance (as on 31.12.2009) under major Panchayati Raj schemes has been furnished in the Outcome Budget 2010-11 (pp.107-108):-

(Rs. in crore)

Sl. No.	Plan Scheme	UB/OB As on 31.03.2008	UB/OB As on 31.03.2009	UB/OB As on 31.12.2009	UB/OB As on 28.2.2010
1.	Rashtriya Gram Swaraj Yojana (a) Training & Capacity Building (b) Infrastructure Development	77.65	48.35	90.64	93.44
2.	Panchayat Empowerment and Accountability Incentive Scheme	-	10	9	10
3.	Media & Publicity	NA	NA	NA	NA
4.	Backward Regions Grants Fund	5042.01	3729.26	5292.40	4953.80
5.	Secretariat- Economic Services	NA	NA	NA	NA
6.	Projects Assisted by UN Agencies	NA	NA	NA	NA
7.	Contribution to Commonwealth Local Government Forum	NA	NA	NA	NA
8.	Mission Mode Project on e-Panchayats	-	5	NA	NA

9.	Panchayat Mahila Evam Yuva Shakti Abhiyan	2.02	2.70	2.11	2.26
10.	Action Research and Research Studies	3.71	2.90	1.46	1.46
11.	Rural Business Hubs	1.61	3.47	1.41	1.81
12.	Grants for North East Region	NA	8.30	0.94	NA
	Total	5127	3809.98	5397.96	5062.77

3.5 It is found from the above table that the information on unspent balance of six different plan schemes as on 28 February, 2010 is not available with the Ministry.

3.6 Regarding the reasons for such a huge amount of funds lying unspent under seven major schemes for which the data has been available, (except Media & Publicity, Secretariat -Economic Services, Project assisted by United Nations Agencies, Contribution to CLGF and Mission Mode Projects on e-Panchayats) as on 31.12.2009, the Ministry have replied:-

“In so far as, Scheme of Rural Business Hub and PMEYSA are concerned, the amount of unspent balance as on 31.12.2009 is Rs. 1.41 crore and Rs. 2.11 crore respectively. These amounts include the unspent balances for which UCs are not due and also for which UCs became due. Since, both the schemes are demand driven in nature, the funds were released as per requirement of the approved proposal and these can only be liquidated as per the time line indicated in the proposal, which has not become ripe in most of the cases.

The BRGF Programme is implemented by several lakh Panchayats and Municipalities with each implementing agency getting funds to the tune of approximately Rs. 2-3 lakh per annum. The Ministry consistently ensures that the second or subsequent installments of BRGF funds are released only on getting Utilization Certificates of a certain percentage of the released amount to the district and the UCs are accepted for the district level. The system may not capture funds utilization of individual Panchayats which otherwise would have substantially reduced the reported figures of the unspent balances at a given point of time. Thus, there is an information gap between the district level and the Panchayats in the implementation of BRGF. As of now, the unspent balances are, to a considerable extent, unreported expenditure. Still the Ministry is trying to bring in greater discipline in timely utilisation of the Funds by the implementing agencies.

The figures for unspent balances under the scheme of Rashtriya Gram Swaraj Yojana are mainly owing to the present system of reporting of the physical and financial progress only while claiming the next installment. As a result, under the existing system, the unreported expenditures are reckoned as

unspent balances. Further, grants released very recently are also included under the unspent balances.

To overcome this difficulty, the Ministry is in the process of introducing a web based progress reporting system. Once the system is made operational from the next financial year, it is expected that the utilization of grants would be speeded up and the unspent balances would reduce considerably.

Amounts under the Panchayat Empowerment & Accountability Incentive Scheme (PEAIS) are released on the basis of ranking of States as per the Devolution Index developed through an independent agency. Amounts are released after the study is completed and ranking done. States and UTs which were granted incentives under the PEAIS have been reminded to submit UCs promptly.”

3.7 The Committee have further been informed that the unspent balance in respect of RBH scheme as on 31.12.2009, is Rs. 1.41 crore as against Rs. 2.49 crore as on 31.12.2008 as such, there is no increase in the unspent balance. The information in respect of unspent balance of PMEYSA Scheme, as on 31.10.2008 was Rs. 1.96 crore that has increased to Rs. 2.26 crore as on 28.02.2010.

3.8 Regarding the amount surrendered for transfer to the non-lapsable pool for expenditure of funds in the North-east areas under the Major Head 2552, the Committee were informed that between 2005-06 and 2008-09, Rs. 2.76 crore under RGSY has been transferred to the non-lapsable pool.

3.9 The Committee are disturbed to note that huge unspent balances of Rs. 5062.77 crore as on 28.02.2010 were left with the implementing agencies in six different schemes being implemented by the Ministry. The unspent balance for six other schemes is not available with the Ministry which shows lack of sufficient monitoring of the releases made by them. Not only the total unspent balance in six different schemes equals the budgetary allocation of the Ministry in 2010-11 BE. They feel, instead of ensuring that the amount is spent for the purpose it has been sanctioned in the budget, the Government is mindlessly releasing the funds for the implementing agencies at the

fag end of the year and have become a mute spectator for the huge unspent balances. The Committee strongly feel that there is need for planned outflow of funds throughout the year with proper monitoring of expenditure. They apprehend that such a practice might have been the reason for the revised estimate 2009-10 of the Ministry being reduced by Rs. 1000 crore. The Committee while expressing serious concern over the trend of huge unspent balance would like to strongly recommend that the Government should analyse the position State and Union territory wise and take suitable corrective measures accordingly so that funds flow to the States in time. The Committee should also be kept apprised of the follow-up action taken in this regard.

Funds re-appropriated at the end of the financial year

3.10 About the total amount re-appropriated, its details along-with the date of re-appropriation by the Ministry at the end of the financial year, year-wise, since 2004-05 and the reasons there-for, the Committee were informed that this Ministry was carved out from the Ministry of Rural Development in May 2004, and there was only one Plan Scheme namely Panchayat Development & Training (PDT) for Implementation by this Ministry. Hence, no re-appropriation was required in the above said financial year (2004-2005). Requisite details with regard to 2005-06 are not readily available. The details of the information from 2006-07 onwards in this regard is as follows:-

(Rs. in thousand)

Year	Name of the Schemes		Amount	Date	Reason
	From	To			
2006-07	Rashtriya Gram Swaraj Yojana	Secretariat Economic Services	4500	8.02.2007	On Account of filling up of vacant post
	Rashtriya Gram Swaraj Yojana	Project Assisted by UN	49950	19.03.2007	To recoup the funding being provided by UN Agencies
	Media Publicity & Advocacy	Secretariat Economic Services	5900	26.03.2007	To meet the unforeseen expenditure on revocation of office expenses
	Rashtriya Gram Swaraj Yojana	International corporation (CLGF)	500	26.02.2007	To meet the expenditure on New Scheme
	North East Provisions	Other Rural Development Programmes	75000	Different dates	Re-appropriation to Functional Heads
Total			135850		

(Rs. in thousand)

Year	Name of the Schemes		Amount	Date	Reason
	From	To			
	Rashtriya Gram Swaraj Yojana	Action Research & Research Studies	20000	27.9.2007	Implementation of new Schemes against token provision in the first batch of Supplementary Demand for Grants

2007-08	Rashtriya Gram Swaraj Yojana	Panchayat Mahila Evam Yuva Shakti Abhiyan	40000	27.9.2007	Implementation of new Schemes against token provision in the first batch of Supplementary Demand for Grants
	Rashtriya Gram Swaraj Yojana	Rural Business Hub	20000	27.9.2007	-do-
	Rashtriya Gram Swaraj Yojana	Media & Publicity	69000	4.10.2007	-do-
	Grants for Backward Regions (BRGF)	Secretariat Economic Services	25000	17.12.2007	To meet the expenditure towards Programme Management Cell of BRGF Scheme.
	Rashtriya Gram Swaraj Yojana	Action Research & Research Studies	10000	7.2.2008	Due to more research study projects
	Rashtriya Gram Swaraj Yojana	Media & Publicity	11000	7.2.2008	To meet the expenditure for more publicity through TV and Newspapers
	Rashtriya Gram Swaraj Yojana	Secretariat Economic Services	2800	25.2.2008	Due to increase in Pay and Allowances
	Rashtriya Gram Swaraj Yojana	Media & Publicity	99900	27.3.2008	To meet the extra expenditure in connection with National Convention of Presidents of ZPs and intermediate Panchayats
	North East Provisions	Other Rural Development Programmes	100000	Different dates	Re-appropriation to Functional Heads
Total			397700		

(Rs. in thousand)

Year	Name of the Schemes		Amount	Date	Reason
	From	To			
2008-09	Technical Support for Capacity Building and Training of Functionaries of DPCs and ZPs	Media & Publicity	120000	11.11.2008	Due to Committed liabilities of National Convention held in April, 2008.
	Technical Support for Capacity Building, Training of Functionaries of DPCs and ZPs	Secretariat Economic Services	5100	16.1.2009	Due to payment of Arrears of Sixth Pay Commission.
	National Panchayat Fund	Action Research and Research Studies	10000	19.3.2009	Due to receipt of more viable proposals.
	Technical Support for Capacity Building and Training of Functionaries of DPCs and ZPs	Rasthriya Gram Swaraj Yozana	118500	31.3.2009	Due to receipt of more proposals from the States.
	North East Provisions	Other Rural Development Programmes	83000	On different dates	Re-appropriation to Functional Heads
Total			336600		

(Rs. in thousand)

	Name of the Schemes				
Year	From	To	Amount	Date	Reason
2009-10 (As on 19 th February 2010)	Mission Project on e-Panchayats	Secretariat Economic Services	9300	24.12.2009	Due to filling up of some vacant posts
	Rashtriya Gram Swaraj Yozana	Secretariat Economic Services	10000	11.2.2010	Due to shifting of office from Samrat Hotel to LIC Building and payment of extra rent
	North East Provisions	Other Rural Development Programmes	84000	On different dates	Re-appropriation to Functional Heads
Total			103300		

3.11 It can be seen from the above, that the Ministry of Panchayati Raj has re-appropriated funds at the end of each financial year since 2006-07, the details of which is as under:

Sl. No.	Financial Year	Amount re-appropriated (In Rs. crore)
1.	2006-07	13.59
2.	2007-08	39.77
3.	2008-09	33.66
4.	2009-10 (As on 29.02.2010)	10.33
	Total:	97.35

Amount surrendered by the Ministry

3.12 The Committee were informed about the information on the amount surrendered by the Ministry of Panchayati Raj to the Ministry of Finance at the end of each financial year, since 2004-05, as per the table given below.

(Rs.in Crore)

Year	BE	RE	Actual Expenditure	Amount surrendered as compared to BE	Amount surrendered as compared to RE
2004-2005	30	10	8.45	21.55	1.55
2005-2006	50	50	48.70	1.30	1.30
2006-2007	3825	2000	1999.48	1825.52	0.52
2007-2008	4770	3700	3688.81	1081.19	11.19
2008-2009	4780	4000	3993.75	786.25	6.25
Total:	13455	9760	9739.19	3715.81	20.81

3.13 It has further been informed that the Department has surrendered Rs. 2.76 crore to the non-lapsable pool (Centre) regarding the funds released to the North-east area between 2005-06 and 2008-09.

Monthly expenditure as per the target given in the Detailed Demands for Grants

3.14 Regarding the actual monthly expenditure (Total releases made by the Ministry of Panchayati Raj to various States and Union territories) vis-à-vis the monthly expenditure plan as mentioned in the detailed Demands for Grants during 2007-08, 2008-09 and 2009-10 so far, the Committee were informed as below:-

For 2007-08

(Rs.in Lakh)

Month	MONTHLY EXPENDITURE AS PER MEP		Actual Monthly Expenditure	
	Plan	Non-Plan	Plan	Non Plan
April	39750	416	6000	3.38
May	39750	416	8250	6.02
June	39750	417	16830	3.60
July	39750	417	16025	3.62
August	39750	416	9050	1.67
September	39750	417	1450	2.25
October	39750	416	13246	3.67
November	39750	417	60138	3.70
December	39750	417	60150	3.71
January	39750	417	60170	3.74
February	39750	417	60095	2.84
March	39750	417	57477	1.85
Total	477000	5000	368881	40.05

For 2008-09

(Rs.in Lakh)

Month	MONTHLY EXPENDITURE AS PER MEP		Actual Monthly Expenditure	
	Plan	Non-Plan	Plan	Non Plan
April	20000.00	4.16	568	2.12
May	30000	4.16	19823	1.42
June	30000	4.17	23164	5.42
July	32419	4.17	11319	2.76
August	33566	4.16	9409	4.89

September	33566	4.17	647	3.59
October	46903	4.16	38344	10.09
November	46903	4.16	5194	2.89
December	46903	4.16	62134	6.45
January	50000	4.16	8639	4.53
February	50000	4.16	24814	4.28
March	57740	4.16	159067	1.37
Total	478000	50.00	399328	50

For 2009-10

(Rs.in Lakh)

Month	MONTHLY EXPENDITURE AS PER MEP		Actual Monthly Expenditure	
	Plan	Non-Plan	Plan	Non Plan
April	5	6.42	5	6.42
May	6185	2.87	6185	2.24
June	44400	6.11	54	8.66
July	44400	6.25	2730	2.45
August	44400	6.15	110	2.41
September	45110	6.20	52286	8.97
October	44700	6.10	45752	4.70
November	44700	6.15	145624	3.10
December	46400	6.20	75694	4.86
January	43000	6.20	651	2.83
February	43000	6.15	36725	1.85
March	71700	6.20	--	--
Total	478000	71.00		

Monitoring Mechanism

3.15 As far as the general procedure for reporting of expenditure by the three levels of Panchayats to the Ministry of Panchayati Raj is concerned and whether it is same for all the Programmes being implemented by the Ministry and whether the responsibility has been fixed for non-filing of the financial and physical achievements by each level of Panchayats as well as the number of Panchayats at three different levels who have so far submitted their financial and physical achievements during 2009-10, the Committee were informed as under:-

“Under the development grant component of BRGF, consolidated expenditure at the district level is reported by the State Government/ District Administration for funds utilized by the Panchayats and the Municipalities. Funds are not directly released to the Panchayats and the Municipalities and they do not directly report the expenditure to the Ministry.”

3.16 The Committee are not at all happy with the financial practices of the Ministry since its inception in May, 2004. They find that between 2004-05 and 2008-09, Rs. 3715.81 crore was surrendered as compared to the budget estimates. Not only that, total funds amounting to Rs. 97.35 crore have also been re-appropriated between 2006-07 and 2009-10, which is not a standard financial practice. Another disturbing feature is that the Ministry has never achieved the monthly expenditure plan since 2007-08, the information about which has been made available to the Committee. The monitoring mechanism of the Ministry is also found to be not having adequate information with regard to proper monitoring of funds released to the various State Governments, Union territory administrations and the Panchayats at different levels. The Committee, therefore, recommend suitable

corrective measures may be initiated in each of the aforesaid matters and they be apprised accordingly.

3.17 The Constitution (73rd Amendment) Act, 1992 came into effect from 1992 and the Ministry of Panchayati Raj was made a separate Ministry in 2004. The Committee feel that in order to give fillip to the upliftment of Panchayati Raj Institutions in the country, the allocation for the Ministry of Panchayati Raj which is a little above Rs. 5000 crore during 2010-11 BE is too little. Notwithstanding the poor performance and monitoring of implementation of the schemes by the Ministry of Panchayati Raj, the Committee feel that attention to the desired extent has not been paid by the Planning Commission for upliftment of Panchayats at all the three levels as reflected in the meagre allocation to the said Ministry year after year. In order to implement the historic legislation of the Constitution (73rd Amendment) Act, 1992 in its letter and spirit, they recommend strongly that this concern of the Committee be taken up at the highest level so as to have the allocation of the Ministry in the coming years substantially increased.

Chapter IV

Major issues in the Demands for Grants (2010-11) of the Ministry

Role of Gram Sabha and holding their meetings four times in a year

As per provision of Article 243 A of the Constitution, a Gram Sabha may exercise such powers and perform such functions at the village level as the Legislature of a State may, by law, provide.

4.2 The Committee desired to have information regarding the number of Gram Sabhas which have held their meetings, four times in a year across the country during last year, holding of the Mahila Sabha meetings preceding the Gram Sabha meetings, circulation of a model conduct of ideal Gram Sabha meeting to each Gram Panchayats in this country along with the response of the Gram Sabhas, the fact that the Gram Sabhas are over burdened with so many activities that come under the purview of different Ministries of Government of India taken by the Ministry or suggestions given by Ministry to lessen the burden of the Gram Sabhas, sending of all the matters being considered by Gram Sabhas to the Ministry of Panchayati Raj. The Ministry have replied that Since the matter relating to the Panchayats is the concern of the State Government, the functioning of the Gram Sabha also takes place as per the directions/orders of the concerned Legislative body of a State.

4.3 During the First Round Table Conference of Ministers' In-charge of the Panchayati Raj held on 24-25 July 2004 in Kolkata, it was recommended that the State Governments might review the possibilities of constituting Gram Sabhas below a Gram level for better representation of all of the adult voters in each ward, the provision for Mahila Sabha meeting, periodicity of meetings of Gram Sabha and Ward Sabha, provision for consultation with the disadvantaged categories of population, endowing the Gram/Ward Sabha with the power to approve plan and programmes for economic development and social justice prepared by the Gram Panchayats and issue of utilization certificate of funds allocated for Panchayats etc. In order to tone up the effective functioning of the Gram Sabhas, two circulars were issued on 2.10.2009 advising the concerned States/ Union territories inter alia for ensuring that at least four

meetings of the Gram Sabhas are held with a notice of at least 7 days so that adequate participation in the meeting is ensured. A copy of the guidelines was enclosed with the said circulars regarding conducting of the meetings of Gram Sabhas. It is worth-mentioning here that the State Governments have also been requested to observe 2009-2010 as the Year of Gram Sabha in a befitting manner. It is submitted that the circulars have been issued only 4-5 months back and the response of the concerned State Governments etc. about holding of the four meetings of the Gram Sabha, is yet to be received. The concerned States/ Union territories will be requested to furnish information about holding of such meetings. Only the State of Maharashtra has reported organizing Mahila Sabha meetings before Gram Sabha meeting. This information would also be called from other States / UTs.

4.4 The Ministry have further stated that from the above submissions it will be clear that the Gram Sabhas deal with the subjects that the Legislature of a State may endow. The activities/ functions to be performed by the Gram Sabhas are in keeping with the requirement of Statutes and they become their essential responsibilities. There are no reports that Gram Sabhas are overburdened with their work. In fact, there is a need to activate the institution of Gram Sabha further. Since, there are 2.33 lakh village Panchayats, conducting their Gram Sabhas in more than 15 languages, it is impractical to get reports about each Gram Sabha meeting.

4.5 The Committee note with concern that the Ministry of Panchayati Raj does not have requisite information regarding holding of four Gram Sabha meetings in a year or holding of Mahila Sabha and Ward Sabha meetings in the different States and Union territories across the country. Maharashtra is the only State which has reported organizing Mahila Sabha meetings before Gram Sabha meeting. Information in this respect is yet to be collected from other States/Union territories. The Committee feel that by merely circulating

a circular on 2.10.2009 regarding holding of the regular Gram Sabha meetings and declaring 2009-10 as the 'Year of Gram Sabha' does not complete the enormous task entrusted to the Ministry of Panchayati Raj. The Committee, therefore, urge the Ministry to find out the details of holding of Gram Sabha, Mahila Sabha and Ward Sabha meetings in all States and Union territories without any further delay. They also desire the Ministry to circulate a model format regarding conduct of Gram Sabha meetings to each Gram Panchayat in the country and inform the Committee accordingly.

Implementation of Part IX of the Constitution

4.6 The major function of the Ministry of Panchayati Raj has been to monitor progressive implementation of various provisions of Part IX, including Article 243ZD of Part IX-A of the Constitution. In this regard, the following items need special mention.

4.7 Regarding the mandatory provisions of Part IX of the Constitution that remain to be implemented as on date and in which State and Union territory, the Ministry in their written reply submitted as under:

“Wherever Part-IX of the Constitution applies, its mandatory provisions have been fulfilled in respect of all States with the following exceptions:

1. Jharkhand: Elections to the Panchayati Raj Institutions in the State of Jharkhand were held last during 1978 when it was a part of the State of Bihar. Elections to PRIs could not be held due to extensive litigation. However, in the judgment delivered by the Hon'ble Supreme Court on 12th January, 2010, over riding the rulings of the Jharkhand High Court, the Apex Court has held constitutionally valid the proviso to Section 4 (g) of the PESA Act and the enabling provisions of the Jharkhand Panchayati Raj Act (JPRA) i.e. Sections 21(B), 40(B) and 55(B) as also its Section 17(B) (2), 36 (B) (2) and 51 (B) (2) of the Act. The Supreme Court has also decided that total reservations exceeding

50% of the seats in the Panchayats located in Scheduled Areas are permissible on account of the exceptional treatment mandated under article 243-M (4)(b). Government of Jharkhand has been advised on 18.01.2010 to initiate action to hold Panchayat elections at the earliest. As per information available, the State Government has initiated action to issue an Ordinance for amendment of JPRA, the election and the election process is likely to be completed by 31st May 2010. On 19.02.2010, the State Government has been asked to confirm this in writing.

2. Jammu & Kashmir has its own Panchayat Act and has not held elections.
3. Uttarakhand: The District Planning Committees have not been formed in Uttarakhand.

Latest information with respect to Union territories is being obtained.”

4.8 Regarding the implementation of mandatory provisions of Part IX of the Constitution, the Ministry have replied, in Jharkhand, Jammu & Kashmir and Uttarakhand mandatory provisions of Part IX remain to be implemented as on date. No information is available about the implementation of mandatory provisions in all Union territories.

4.9 When asked about the steps taken by the Ministry to ensure that at least mandatory provisions of Part IX are implemented in the aforesaid 9 States, the Committee were informed as under:

“The Ministry of Panchayati Raj has, from time to time, been requesting the States/UTs to ensure implementation of various aspects of Part IX of the Constitution. As a result of these efforts, different rounds of elections to Panchayats have been held in all the States/UTs, except Jharkhand.

As regards Jharkhand elections to PRIs have not been held in the State since 1978 due to continued litigations. The Ministry of Panchayati Raj has pursued with the Government of Uttarakhand through several communications for the constitution of DPCs in the State.

Despite several communications and interactions in meetings and State visits, the Uttarakhand State has not constituted the DPCs.”

4.10 The Committee note with concern that the mandatory provisions of Part IX of the Constitution, which was inserted by the Constitution (73rd Amendment) Act, 1992 remain to be implemented as on date in Jharkhand, Jammu & Kashmir and Uttarakhand. Even after knowing this state of affairs in these States, the Ministry is yet to initiate any concrete measures in this regard. They, therefore, recommend that the defaulter States may be impressed upon to adhere to the provisions of Part IX of the Constitution without any further delay. Action taken in this regard may be intimated to the Committee.

Devolution of functions, functionaries and finances (3Fs) to Panchayats

4.11 The priority area before the Ministry of Panchayati Raj has been to take the States towards meaningful and effective devolution of functions, functionaries and finances to the PRIs.

4.12 As far as information on devolution of 3 Fs in different State and Union territories is concerned as on 31.03.2008, 31.03.2009 and 31.12.2009, the Ministry have submitted as under:-

“Devolution is a highly complex issue. It covers devolution in several stages in 29 subjects of funds, functions and functionaries across the States. Therefore, compiling information in this regard is a huge task, and difficult to undertake in short periods of time. Moreover, the process of devolution is slow, as it involves major and fundamental decisions at the State level and it is difficult to get quick results. Further, only ten States viz. Andhra Pradesh, Assam, Chhattisgarh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, and West Bengal have provided for a Panchayat Sector Window in their budget documents.”

4.13 When the Committee wanted to know as to whether Ministry of Panchayati Raj has fixed any target date for the remaining 18 States and 6 Union territories to provide a Panchayat sector window in their budget documents and if so with what results, the Ministry in their written note submitted as under:-“

“A letter dated 9th April, 2009 was sent to the Chief Secretaries of all States/UTs regarding Panchayat Finances, which clarified that every State should open a Panchayat Window. MoPR have sent letters on 2nd February, 2010 to the remaining 18 States and 6 Union territories requesting them to provide a Panchayat Sector Window in their budget documents. Reply has not been received from any of the State/UT. The Thirteenth Finance Commission has recommended a separate performance based component of grant to PRIs, payable from 2011-12, which will be contingent upon the States fulfilling certain conditions by 31st March, 2010. One of the conditions require the PRIs to present accounts in the manner recommended by the Commission and that the State should place a supplement consolidating Local Body budget with the State Budget. This supplement should show the details of plan and non-plan wise classification of transfers separately for all categories of all tiers of PRIs from major head to object head. This supplement should also incorporate details of funds transferred directly to the local bodies outside the State Government’s budget. The States, which are unable to meet this condition by 31st March, 2011, will be deprived of the performance grant in that year. Hence, this will be a driving force for the States to open a Panchayat Window in their budget...The existing institutions as parallel bodies at the district level should be reconstituted under the chairmanship of the Adhyaksha of the Zilla Panchayat. State level institutions may be continued if necessary.”

Parallel Bodies

4.14 Regarding the existence of Parallel Bodies in different States and Union territories, the Ministry in their written note submitted as under:-

“In all the State and Union Territory, Parallel bodies exist. These parallel bodies are working independent of Zilla Parishads.”

4.15 As regards, the steps taken by the Ministry of Panchayati Raj to abolish the existence of Parallel Bodies in all States and Union territories as found out by them and whether the existing Parallel Bodies are working as per the provisions of our Constitution, the Committee were informed as under:-

“The Ministry had issued detailed advisory on Delineation of Roles & Responsibilities of Panchayati Raj Institutions in CSSs/ACAs vide letter No.N-11019/681/08-Pol.I dated 19.1.2009 (copy enclosed as **Annexure-V**) to the Ministries/Departments of Government of India as well as to the Chief Secretaries of all States and UTs. Para 11 of the same is relevant. MoPR have already requested some Ministries to phase out parallel bodies in their schemes such as Sarva Shiksha Abhiyan, Rashtriya Madhyamiti Shiksha Abhiyan, Strengthening of Joint Forest Committees, etc.”

Devolution Index (DI)

4.16 The Committee have been informed that the Fifth Round Table Conference held in October, 2004 at Srinagar by the Ministry of Panchayati Raj drew up a Devolution Index (DI). The National Council of Applied Economic Research (NCAER) refined the said DI thereafter in February, 2009.

4.17 The indicators for the DI aim at assessing the state of devolution in respect of the 3Fs, namely, Functions, Finances and Functionaries by the respective States/UTs to the PRIs. In all, there are 34 indicators, of which 5 relate to “Functions”, 15 to “Finances” and 14 to “Functionaries”. During 2009-10 the Evaluation of the States under PEAIS has been assigned to Indian Institute of Public Administration (IIPA).

4.18 On the current status of PEAIS study assigned to IIPA, the Ministry has informed that the IIPA was asked to provide the report on formulation of the Devolution Index by 28th February, 2010.

4.19 As regards current status of Devolution Index (DI), the Ministry in their written note informed that for 2008-09, the National Council for Applied Economic Research (NCAER), New Delhi was assigned the task of formulating the Devolution Index and evaluation of the performance of the States under PEAIS. Evaluation of the States under the PEAIS for 2008-09 was based on a two-stage assessment.

The Framework Criteria

4.20 The first stage was called the Framework Criteria, which was based on the following 4 fundamental Constitutional requirements:

1. Establishment of State Election Commission.

2. Holding of elections to the PRIs.
3. Setting up of State Finance Commission.
4. Constitution of the District Planning Committees (DPCs).

4.21 States that fulfilled each of these 4 fundamental requirements qualified for evaluation in terms of various indicators of the DI.

Performance of the States and the UTs

4.22 Evaluation of the performance of the 21 States that qualified the Framework criteria, in respect of the 3Fs criteria and for overall DI, ranked in descending order, is as follows:

Evaluation of the States that have qualified the Framework criteria

Rank	States	Scores 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 DI	3.82	2.64	2.92	3.13

4.23 For the year 2008-09, it was decided to award 10 prizes in all as follows:

First Prize (Top 4 States)	Rs. 1.50 crore each	Madhya Pradesh, West Bengal, Tamil Nadu, and Kerala
Second Prize (Next 4 States)	Rs. 75 lakh each	Karnataka, Sikkim, Himachal Pradesh, and Haryana
Third Prize (Next 2 States)	Rs. 50 lakh each	Chhattisgarh and Assam

4.24 For the year 2009-10, Indian Institute of Public Administration (IIPA) has been engaged for developing the Devolution Index. The survey has been completed by IIPA and their report is expected within March, 2010.

4.25 The Committee are concerned to note that important aspects of Panchayati Raj like devolution of 3Fs viz. Functions, Functionaries and Finances, existence of Parallel Bodies in all States and Union territories of the country etc. have not been given due importance so far by the Ministry in spite of repeatedly being emphasised by this Committee in their various Reports. They strongly recommend that the Ministry should urge all State Governments and Union territory administrations to take decisive steps to devolve 3Fs viz. Functions, Functionaries and Finances, in that order to Panchayats at appropriate levels before resorting to any other step and thereafter take concrete immediate steps to abolish the existence of Parallel Bodies. The Committee note that the study of Devolution Index (DI), has been assigned to the Indian Institute of Public Administration (IIPA) whose report was expected by 28.02.2010. They, therefore, urge the Ministry to expedite the said study to know the exact devolution in all the States and Union territories.

Initiatives on Operationalisation of The Panchayat (Extension To The Scheduled Areas) Act, 1996 (PESA)

Implementation of PESA, 1996

4.26 The PESA, 1996 extends Part IX of the Constitution to the Fifth Schedule Areas in nine States: Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa and Rajasthan with certain exceptions and modifications. The Ministry of Panchayati Raj is mandated to dialogue with States on all issues relating for the PESA States for being used as Rules to be framed by the States.

4.27 Regarding those mandatory provisions of PESA, 1996 which remain to be implemented as on date by each of the States having Fifth Schedule Areas, the Ministry in their written note submitted as under:

“The available State wise status is as follows:

1. **Andhra Pradesh:** The State Panchayati Raj Act is in full compliance with Section 4 of PESA. Subject law on Minor Forest Produce is in compliance with PESA but subject laws relating to Land Acquisition, Excise, Minor Forest Produce, Village Market and Money Lending do not comply with provisions of PESA, 1996.
2. **Chhattisgarh:** Most of the provisions of the State Panchayati Raj Act comply with Section 4, except Clause (k), (l) of Section 4 which provides for the advice of Gram Sabha on grant of prospecting licence or mining lease and concessions for the exploitation. The State Panchayati Raj Act is silent on Sub-Clause (i) and (iii) of Clause (m) of Section 4 but State has incorporated these provisions in its respective subject legislations. The State Panchayati Raj Act is also not in consonance with Sub-Clause (ii) & (v) of Clause (m) of Section 4 of the PESA, 1996. Subject laws on Land Acquisition, Excise and Village Market are in compliance with PESA but Minor Forest produce, Mines & Minerals and Money Lending are not in compliance with PESA, 1996.
3. **Gujarat:** Provisions of the State Panchayati Raj Act are in consonance with provisions of PESA except with the Clause (k), (l) and Sub-Clause (i), (iii) & (vi) of Clause (m) of Section 4 of PESA, 1996. Subject laws on Mines & Minerals, Village Market and Money Lending are also not in compliance with PESA, 1996. Full information is not available regarding subject laws on Excise and Minor Forest Produce.
4. **Hiamchal Pradesh:** The State Panchayati Raj Act complies with Section 4 of the PESA, 1996 except with Sub-Clause (iii) of Clause (m) of Section 4. Subject laws on Land Acquisition, Excise, Minor Forest Produce, Village Markets and Money Lending are not in compliance with PESA, 1996. Full information on laws dealing with Mines & Minerals has to be obtained.

5. **Jharkhand:** The State Panchayati Raj Act is in compliance with Clause (d), (e), (f), (g), (h) and Sub-Clause (iv), (vi) & (vii) of Clause (m) of Section 4 of the PESA, 1996. Regarding compliance of Clause (j) of Section 4 of PESA, information is not clear. Other mandatory provisions, Clause (i), (k), (l), Sub-Clause (i), (ii), (iii) and (v) of Clause (m) of Section 4 of PESA, are not complied by the State Panchayati Raj Act. Subject laws on Land Acquisition, Excise, Minor Forest Produce, Mines & Minerals, Village Markets and Money Lending are not in compliance with PESA, 1996.

6. **Orissa:** The State Panchayati Raj Act of the Orissa has complied with all the Clauses of Section 4 of PESA except with Clause (l) of Section 4 of PESA, 1996. Subject laws on Land Acquisition, Excise, Minor Forest Produce and Money Lending are in compliance with PESA but Mines & Minerals and Village Market are not in compliance.

7. **Maharashtra:** The Maharashtra State Panchayati Raj Act has complied with all the Clauses of Section 4 of PESA, 1996 except with Clause (h) and Sub-Clause (iv) of Clause (m) of Section 4 of PESA. Subject laws on Land Acquisition, Minor Forest Produce, Village Markets and Money Lending are not in compliance with PESA. Full information is not available regarding subject laws on Excise and Mines & Minerals.

8. **Madhya Pradesh:** The provisions of State Panchayati Raj Act is in consonance with mandatory provisions of PESA except with Sub-Clause (i), (ii), (iii) & (v) of Clause (m) of Section 4 of PESA, 1996. Sub-Clause (i) and (iii) are incorporated in other relevant state legislations. Sub-Clause (v) is partly complied to the extent that Gram Sabha exercise control over money lending to the Scheduled Tribes but interest rates in the Money Lenders (Amendment) Act, 2000 are not prescribed. Subject Laws on Land Acquisition, Excise, Mines & Minerals and Village Markets are in compliance with PESA. Minor Forest Produce and Money Lending are not in compliance with PESA.

9. **Rajasthan:** The State Panchayati Raj Act is in full compliance with Section 4 of PESA. Subject laws on Mines & Minerals and Money Lending are in compliance with PESA but laws on Land Acquisition, Excise and Village Market are not in compliance with PESA, 1996.”

4.28 Regarding holding of Panchayat elections as per the provision of the PESA in the Schedule V areas, the Ministry have replied as under:-

“In regard to the Panchayat elections as per the provisions of the PESA in the Schedule V areas, till date there is no information of not conducting elections in these states except in Jharkhand, because of litigation. The delay is result of litigation. In the Dhananjay Mahto and Others vs. State of Jharkhand, judgement dated 2nd September, 2005, the Jharkhand Panchayati Raj Act which provide for 80% reservation for SCs, STs and OBCs and 100% reservation of the offices of Chairpersons of Panchayats in Scheduled Areas for STs were challenged. Provisions were challenged on the grounds of violation of Article 14 of the Constitution. Deciding the writ petition, Hon’ble High Court of Jharkhand struck down the 2nd proviso to clause (g) of Section 4 of the PESA, 1996 which stipulated for reservation of all seats of Chairpersons of Panchayats for STs as

being derogatory of Article 14 and 16 of the Constitution along with Section 21(B), 40(B), 55(B), 51(B)(2), 21(A)(1)(i), 22(D), 40(A)(1), 55(A)(1) of the Jharkhand Panchayati Raj Act, 2001 which provides for the reservation of seats for SCs, STs and OBCs. Against this decision a Special Leave Petition was filed by the Ministry of Panchayati Raj in the Hon'ble Supreme Court which allowed all the submissions of MoPR and held proviso to Section 4(g) of PESA and enabling provisions of the Jharkhand Panchayati Raj Act as constitutionally valid. Election as per PESA provisions are to be held in Jharkhand.”

4.29 The Committee note with concern that the mandatory provisions of the PESA, 1996 remain to be fully implemented in all the nine States viz. Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Orissa, Maharashtra, Madhya Pradesh and Rajasthan on some pretext or the other even after fourteen years since this Act was implemented. They note from the reply of the Ministry that the major violations in these States relate to the aspects of minor forest produce, village market and money lending. They regret to point out that even after knowing this state of affairs, the Ministry is yet to initiate any concrete measures. The Committee, therefore, recommend that the defaulter States may be impressed upon to implement the provisions of the PESA, 1996 without further loss of time and the Committee be apprised accordingly.

District Planning

4.30 The devolution of the 3Fs needs to be backed by grassroots planning in conformity with the provisions of Article 243ZD of Part IX-A of the Constitution. The DPCs have indicated a preference to work in 218 districts out of the 250 BRGF districts in the country. An allocation of Rs. 25 crore at the rate of Rs. 10 lakhs per BRGF district was reportedly released to States for the purpose of engaging experts and institutions for assisting Panchayats and Municipalities to prepare plans and the DPCs to consolidate them.

4.31 As regards, the States in which DRDAs are yet to be merged with District Panchayats, the Ministry submitted as under:

“As per available information, DRDAs have been merged with District Panchayats in Kerala, Karnataka, Rajasthan and West Bengal.”

4.32 When asked about the districts that have not prepared the district plans as of now, the Ministry in their written reply stated as under:-

“The following districts for which Technical Support Institutions (TSIs) were suggested by the Ministry in 2007-08, are yet to submit the district plans:

- (1) Goalpara (Assam)
- (2) Tehri Garhwal (Uttarakhand)
- (3) Chamoli (Uttarakhand)
- (4) Champawat (Uttarakhand)

The funds under the Development Grant of BRGF are released against the District Plans consolidated by the District Planning Committees (DPCs). DPCs have not been constituted in all the three BRGF districts of Uttarakhand. The Ministry has taken up the matter with Government of Uttarakhand at the highest level with several communications requesting for constitution of DPCs in all the districts of Uttarakhand.

The DPC in Goalpara (Assam) could not be constituted as the matter regarding Panchayat election was sub-judice in the Guwahati High Court. In an interim order, the Guwahati High Court has directed that the developmental activities of the Goalpara district should continue under the Commissioner, lower Assam division till holding of Panchayat election in the district which will take sometime as the process of delimitation was still going on. The Ministry has written to the State Government to forward the District Plan duly approved by the DPC and the State High Powered Committee. The District Plan of Goalpara is still awaited.”

Number of rural districts in the country vis-à-vis the District Panchayats

4.33 The Ministry of Panchayati Raj have replied that there are 608 districts in the country (as compared to the Ministry of Rural Development information that there are 619 rural districts in the country as on 01.04.2009) but only 543 District Panchayats are functioning.

4.34 When asked about the rural districts that do not have District Panchayats as on 01.04.2009, the Committee were informed:-

“The information regarding number of Panchayats is based on the State of Panchayats Report: 2007-08 whereas the information regarding number of districts, villages and habitations is based on the information obtained from the Department of Drinking Water Supply. Exact comparison between the number of districts and number of district Panchayats is, therefore, not possible”

4.35 Further, up to date State/Union territory wise figures of rural districts not having District Panchayats as on 1.4.2009 is not available with the Ministry of Panchayati Raj.

4.36 It is quite surprising to find that the Ministry of Panchayati Raj do not have information on the exact number of District Panchayats in the country as on date. The Committee note with concern that 619 different rural districts have only 543 District Panchayats. In this age of super connectivity and information technology, the Ministry of Panchayati Raj is still maintaining the information in this regard which was last collected during 2007-08. While expressing their dissatisfaction over the way in which the Ministry of Panchayati Raj is maintaining the information on number of District Panchayats, Intermediate Panchayats, Village Panchayats and number of villages in the

country, the Committee, strongly recommend that the Ministry should always maintain the updated information in this regard with them.

4.37 The Committee note that District Planning is one of the important functions of the planning process in the country. The devolution of functions, functionaries and finances (3Fs) is one of the main backbone of the grassroots planning process which is also in conformity with the provisions of article 243ZD of Part-IXA of the Constitution. They find that the Ministry of Panchayati Raj has so far not been able to impress upon the States and Union territories to constitute and functionalize District Planning Committees (DPCs) in all districts of the country. They, therefore, urge the Ministry to vigorously persuade all the States and Union territories to immediately constitute and functionalize the DPCs without any further delay. For this purpose, the Ministry may consider linking the formation of DPCs with the release of funds of different schemes, so that the States and Union territories may be impressed upon to constitute these Committees.

Review of Centrally Sponsored Schemes (CSS)

4.38 The largest inflow of resources to State Governments is through the Centrally Sponsored Schemes identified in the Eleventh Schedule for devolution to Panchayats, compatible in letter and spirit of the Constitution 73rd Amendment Act, 1992. Various

ministries implementing Centrally Sponsored Schemes were advised by the Ministry of Panchayati Raj to review their schemes in the light of Article 243G read with the Eleventh Schedule of the Constitution of India.

4.39 The Ministry has informed that as per information made available by the Planning Commission, there are about 180 Centrally Sponsored Schemes and over 800 Central Sector Schemes implemented by various Ministries/Departments of the Government of India.

4.40 As per the Ministry, role to the Panchayats have been provided in the Guidelines of the following Twenty-eight Centrally sponsored/Central Sector Schemes only by the various Ministries/Departments. However, detailed Activity Mapping is yet to be done in spite of persistent persuasion with the Central Ministries: -

Sl. No.	Name of Scheme
(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 Abhiyan (SSA)
5.	Rashtriya Madhyamik Shiksha Abhiyan (RMSA)
6.	Strengthening of Boarding and Hostel Facilities for Girls Students of 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 (DPAP, DDP, and IWDP)
(E) Department of Rural Development	
9.	National Rural Employment Guarantee Programme (NREGA)
10.	Rural Housing/Indira Awas Yojana (IAY)
11.	Swarnajayanti Gram Swarojgar Yojana (SGSY)

12.	Pradhan Mantri Gram Sadak Yojana (PMGSY)
(F) Ministry of Women and Child Development	
13.	Integrated Child Development Services (ICDS)
14.	Rajiv Gandhi National Creche Scheme
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 to the Other Backward Classes for Studies in India
18.	Post-Matric Scholarships to the Other Backward Classes for Studies in India
19.	Rajiv Gandhi Scheme for Empowerment of Adolescent Girls
20.	Babu Jagjivan Ram Chhatrawas Yojana (effective from 1 January 2008)
21.	Hostels for Other Backward Classes Boys and Girls
22.	Coaching and Allied Assistance for Weaker Sections, including Scheduled Castes, Other Backward Classes and Minorities
23.	Integrated Programme for Older Persons
24.	Deen Dayal Disabled Rehabilitation Scheme (formerly Scheme to Promote Voluntary Action for Persons with Disabilities)
25.	National Scheme of Incentive to Girls for Secondary Education
(H) Ministry of Environment and Forests	
26.	National Environment Policy
27.	Conservation and Development of Wild Life Habitats
28.	Van Yojana Scheme

4.41 About the information as to the number of CS & CSS guidelines that clearly mention the role of Panchayats at three different levels separately, the Ministry has replied that only Sakshar Bharat, Mid Day Meals Scheme, Girls Hostels in Educationally Backward Blocks Scheme, National Rural Employment Guarantee Act, Panchayat Yuva Krida Khel Abhiyan etc. are the CSSs which clearly define the roles at three levels of Panchayats separately as on date.

4.42 The Committee note with concern that out of 180 Centrally Sponsored Schemes and over 800 Central Sector Schemes being implemented by various Ministries/Departments of the Government of India, the activity mapping showing the centrality of Panchayats has been made in the guidelines relating to only 28 schemes as on date. Interestingly, the Committee have found that even though the Ministry of Panchayati Raj is implementing 9 different Centrally Sponsored/Central Sector schemes, the centrality of Panchayats has not been made available for the schemes being implemented by the Ministry themselves. Further, since only in respect of 28 schemes the centrality of Panchayats has been mentioned by 8 different Ministries/Departments of the Government of India, it is evident that a gigantic task still lies before all the Ministries if they aim to provide such facilities in each of the Centrally Sponsored/Central Sector schemes. They, therefore, urge the Ministry of Panchayati Raj to initiate measures at the highest level in consultation with the Planning Commission/Ministry of Finance and Cabinet Secretariat, so that the centrality of the Panchayats can be established in all the Centrally Sponsored and Central Sector Schemes within a stipulated time period. They also recommend that to begin with the Ministry of Panchayati Raj should first of all clearly demarcate the role of each tier of Panchayats in all the schemes being administered by them within a month.

Capacity Building and Training of Elected Representatives of PRIs

4.43 The proposed legislation to provide 50 per cent reservation to women in Panchayati Raj Institutions at three levels has been introduced in the Parliament and such 50 per cent reservation for women has already been made in States like Bihar, Chhattisgarh, Himachal Pradesh, Kerala, Madhya Pradesh, Rajasthan and Uttarakhand. The Committee have been informed that the Ministry of Panchayati Raj provides assistance to States and Union territories for capacity building and training of elected representatives of the PRIs, who are mainly illiterate.

4.44 For this purpose, the Ministry of Panchayati Raj reportedly released funds for strengthening infrastructure facilities in State Institute of Rural Developments (SIRDs) under the Ministry of Rural Development. As per the Ministry of Panchayati Raj most of the Panchayats as on date do not have their own office space as well as adequate staff to look after the functions assigned to them. The Ministry of Panchayati Raj provides capital expenditure for establishment of Panchayat Resource Centres/ Panchayat Bhawans at Block/Gram Panchayat levels and also for the cyber connectivity.

4.45 The Committee asked about the provisions/amenities like transport or travelling allowance etc. available to the office bearers particularly women (Chairperson and members) of Panchayats at different levels for visiting the remotest and inaccessible areas of their Panchayats so that they can discharge their duties in an effective manner and the central sector scheme of the Ministry of Panchayati Raj under which such facilities are given at present. The Committee were informed that:

“There is no Central/Centrally Sponsored Scheme of Ministry of Panchayati Raj which provides amenities like transport/travelling allowance to the office bearers to travel within their Panchayats. Different States provide for such amenities/allowances as per their conditions/requirements.”

Panchayat Office Building in different States

4.46 In regard to the number of Panchayats, at three different levels, which do not have own office space, the Ministry has submitted as under:-

Sl. No.	Name of State	Total No. of GPs	No. of GPs having GP Ghars	% of GPs not having GP Ghars
1	Andhra Pradesh	21808	16705	23.4
2	Arunachal Pradesh	1646	N.A.	N.A.
3	Assam	2196	1574	28.3
4	Bihar	8463	6154	27.3
5	Chhattisgarh	9756	9568	1.92
6	Goa	189	180	4.8
7	Gujarat	13693	13693	0.0
8	Haryana	6187	2117	65.8
9	Himachal Pradesh	3243	1142	64.8
10	Jammu & Kashmir	N.A.	N.A.	N.A.
11	Jharkhand	4562	2007	56
12	Karnataka	5628	5063	10
13	Kerala	999	979	2.0
14	Madhya Pradesh	23051	12667	45.0
15	Maharashtra	27893	22587	19.0
16	Manipur	165	103	37.6
17	Meghalaya	-	-	N.A.
18	Mizoram	-	-	N.A.
19	Nagaland	-	-	N.A.
20	Orissa	6234	5742	7.9
21	Punjab	12447	5254	57.8
22	Rajasthan	9188	9174	0.2
23	Sikkim	166	166	0.0
24	Tamil Nadu	12618	12618	0.0
25	Tripura	511	498	2.5
26	Uttar Pradesh	52000	32119	38.23
27	Uttarakhand	7227	7227	N.A.
28	West Bengal	3354	3260	2.8
	TOTAL	233234	159174	31.8

Note: The All State % includes non-reporting States treated as NIL.

4.47 The Ministry of Panchayati Raj could not furnished the information on the Panchayat Ghar/Offices/Bhawans in the six Union territories of the country.

Electricity in Panchayat Offices

4.48 Regarding availability of electricity in Panchayat Offices, the Ministry have informed that the said Information is not available with the Ministry of Panchayati Raj.

Computer connectivity

4.49 On a query as to how in the absence of electricity, the Ministry planned to provide computer connectivity to Panchayats, the Ministry have replied:-

“The e-Panchayat scheme is under formulation and appropriate measure such as solar power/UPS with minute to minute power backup are proposed to take care of this problem.”

4.50 The Committee note that the Capacity Building and Training of Elected Representatives is one of the important aspects of the Panchayati Raj system in the country. They are surprised to find that the Ministry of Panchayati Raj do not have information even about the number of Panchayat Ghar buildings in the States of Arunachal Pradesh, Jammu & Kashmir, Meghalaya, Mizoram, Nagaland, Uttarakhand and in all Union territories of the country except Delhi and Chandigarh as on date. The Committee also cannot understand how in the absence of such basic information as also information regarding availability of electricity in the Panchayat Ghar/Office/Bhawans, the Ministry ambitiously plans for computer connectivity to Panchayats. The Committee, therefore, recommend

that the Ministry should obtain the latest information regarding number of Panchayat Ghars in all States and Union territories and inform them accordingly. The Ministry may also in consultation with other Ministries draw up a Plan under which Panchayat Ghars for all the Panchayats can be constructed by pooling resources of different Centrally Sponsored and Central Sector Schemes together in a time bound manner. In view of the proposed 50 per cent reservation to women in Panchayati Raj Institutions at three levels and the fact that such reservation for women has already been made in States like Bihar, Chhattisgarh, Himachal Pradesh, Kerala, Madhya Pradesh, Rajasthan and Uttarakhand, it should also be ensured that the Panchayat Ghars have the provision for office space and basic amenities like toilets etc.

Accountability and Transparency

4.51 As per the reply, the Ministry of Panchayati Raj in consultation with the Comptroller and Auditor General (C&AG) of India, has urged the State Governments and Union territories to adopt a variety of measures such as activation of the Gram Sabha, activation of the Standing Committees of the Gram Panchayats, constitution of Ward Sabhas, convening of Mahila Sabhas, etc.

4.52 Regarding formation and functioning of Standing Committees in Panchayats, the Committee were informed that the Standing Committees of Gram Panchayats have been constituted in most of the States except Jharkhand, Pudducherry & Tripura.

4.53 As regards the formation and functioning of Ward Sabhas, the Ministry has replied that the said information is being collected from the State Governments.

4.54 The Committee observe that the Ministry of Panchayati Raj do not have information on constitution and functioning of Ward Sabhas and Mahila Sabhas in different Panchayats. They also note that except in Jharkhand, Pudducherry and Tripura Standing Committees of Gram Panchayats are reportedly constituted. The Committee find that only in Maharashtra, Mahila Sabhas precede the Gram Sabha meetings. Therefore, the reason for not holding the Mahila Sabha meeting before the Gram Sabha may be obtained from the States other than Maharashtra and all Union territories expeditiously and the Committee be informed accordingly. The Committee would like the Ministry to collect the detailed information immediately as is the case in each State and Union territory and inform them accordingly.

Women's Empowerment

4.55 Participation of women in the Panchayats as per the Constitution 73rd Amendment Act, 1992, mandated one-third reservation of seats for women at all three tiers of Panchayats. Of the 28 lakh elected Panchayat representatives, around 10 lakh are estimated reportedly to be women. Bihar, Madhya Pradesh, and Uttarakhand have reportedly reserved 50 per cent seats for women in the Panchayats, and Sikkim has reserved 40 per cent seats for women.

4.56 As per the reply furnished by the Ministry, women representatives reportedly been reduced to proxies of their male relatives or being under the control of male-dominated political party systems. The Ministry of Panchayati Raj has a scheme titled Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA) which is targeted at elected women and elected youth representatives. The scheme has two components (a) Panchayat Mahila Shakti Abhiyan (PMSA) and (b) Panchayat Yuva Shakti Abhiyan (PYSA).

4.57 Regarding the performance of PMSA and PYSA in different States and Union territories, the Ministry have replied in their written replies as under:

“PMSA and PYSA are a sort of amalgamated programme namely PMEYSA. The activities under the program are initiated in a State / UT which comes up with proper seeking financial assistance to start the concerned activities in their area. The PMEYSA is presently being implemented in 25 states / UTs.”

Utilisation of funds of PMSA and PYSA

4.58 When asked about the utilisation of funds of PMSA and PYSA separately during 2008-09 and 2009-10, the Ministry in their written reply could give the Statement showing combined utilisation of funds under PMEYSA.

4.59 The Ministry has admitted that taking into account the achievements and pitfalls after the inception of PMEYSA, the Ministry is considering to modify the Scheme. For this purpose a meeting was also taken by Secretary, Ministry of Panchayati Raj on 10th March, 2010 with the representatives of States, their Nodal Officers etc. and the States have been requested to furnish specific suggestion etc. and on receipt of the same, action will be taken to make the Schme more robust and result – oriented.

4.60 When asked about the measures taken to prohibit the spouse of the elected representatives from acting as de-facto Pradhans/ Pramukhs in the guise of Pradhanpati/Real Pradhan, the Ministry furnished as under:

“This Ministry has received complaints that, spouses or male relatives of the Elected Women Representatives (EWRs) act as de-facto Pradhans / Pramukhs inter-alia in the functioning of PRIs. The Ministry has carefully considered this matter and a communication was issued on 19.01.2010 bringing to the notice of the States / UTs Governments the circular dated 17.07.2007 issued by Government of Maharashtra directing all their PRIs that lady office bearers should discharge their duty themselves and their close relative should not interfere in their work. The State Governments were requested to consider taking a similar action in their respective States / UTs. Subsequently, another communication was issued by Ministry of Panchayati Raj to all States /UTs on 16.02.2010 intimating therein that it is also the responsibility of the Panchayat officer / Secretary not to allow the relatives (of the Elected Women Representatives) to attend Panchayat meeting by proxy and that the defaulting officers /Panchayat Secretaries be proceeded against departmentally if found guilty.”

The Nyaya Panchayat Bill

4.61 The Ministry of Panchayati Raj has constituted a Drafting Committee chaired by Prof. Upendra Baxi, to draft the Nyaya Panchayat Bill that was referred to States/UTs Governments and Central Ministries for comments. The Draft Bill had reportedly been revised that was again forwarded for comments to State/UT Governments and Central Ministries and the comments received from them are under consideration. Further, the Ministry of Panchayati Raj is making efforts to build consensus on the Bill.

4.62 The Committee are concerned to note that the Ministry of Panchayat Raj has received complaints that spouses or male relatives of Elected Women Representatives act as de-facto Pradhans/Pramukhs and also interfere in the functioning of the PRIs. The Committee apprehend that such instances may not be only limited to the Women Representatives but also to the weak Pradhans/Pramukhs of the Gram Panchayats. They note that the Ministry has issued only two circulars so far, to the effect that the relatives of Women Representatives may not attend Panchayat meetings by proxy. However, no concrete action has been taken by the Ministry of Panchayati Raj so far in this regard. The Committee urge that the desired initiatives may be taken in this matter.

4.63 The Committee are concerned to note that the Ministry of Panchayati Raj is not giving due importance to the Women's Empowerment as is evident from the reply that the performance of the

Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA) scheme is not that successful so far. Even, though as per the reply, the PMEYSA is being implemented in 25 States/Union territories, the Ministry is considering to modify the scheme due to its non-satisfactory performance. The Committee, therefore, urge the Ministry to find out the reasons as to why the PMEYSA has not been successful so far, take suitable measures on their findings, consult the Panchayats at the three levels before venturing on modifying the said scheme.

Finance Commissions

(i) Twelfth Finance Commission Grants

4.64 The Central Finance Commission recommends funds as grants to the State Governments to augment the Consolidated Fund at State level as also to facilitate the supplementing of financial resources placed at the disposal of the Panchayats and Urban Local Bodies. Local bodies' grants as recommended by the Finance Commission are being released by the Ministry of Finance in two equal installments in July and January every year. States have to mandatorily transfer the grants released by the Central Government to the PRIs within 15 days of the same being credited to the State's Account.

4.65 A Central Review Committee headed by the Secretary (Expenditure), Ministry of Finance, the Ministry of Panchayati Raj, Ministry of Urban Development and Poverty Alleviation and the Ministry of Home Affairs was constituted to review the release and utilization of grants. The said Committee is required to meet at least once in a year.

4.66 There is another Committee chaired by the Secretary, Ministry of Panchayati Raj which should ensure smooth and uninterrupted flow of funds to the PRIs. The said Committee had last met on 22.01.2010.

4.67 All State Governments should constitute a High Level Committee (HLC) headed by the Chief Secretary to the State Government, the Finance Secretary and Secretaries of the Departments concerned for proper utilization of the local bodies grants. The HLCs are required to meet at least once in every quarter to review the utilization of grants and to issue directions for mid-course correction. The minutes of the HLC meetings have to be provided to the Ministries of Finance and Panchayati Raj, Government of India for information.

4.68 The Eleventh Finance Commission had recommended for an additionality in grant money of Rs. 8,000 crore over five years (2000-2005). As regards total allocation, total release and total expenditure of PRI grants recommended separately by the Tenth Finance Commission and Eleventh Finance Commission, the Ministry submitted as under:-

“The aforesaid Review/Monitoring Committees were constituted in pursuance of the recommendations of the 12th Finance Commission. Moreover, periods of 10th and 11th Finance Commissions were 1995-2000 and 2000-2005 respectively, whereas, the Ministry of Panchayati Raj was set up in May, 2004. Hence information regarding releases and expenditure in respect of these two Finance Commissions is not available with this Ministry. However, Ministry of Finance has been requested to furnish the information.”

4.69 The Twelfth Finance Commission had recommended that the grants for PRIs be used to improve service delivery in respect of water supply and sanitation schemes subject to their recovering at least 50% of the recurring cost in the form of user charges. The Commission had also highlighted the importance of building databases and maintenance of accounts by local bodies and urged that part of their support be earmarked by the State Governments for this purpose.

4.70 As per the latest position, only five States i.e. Andhra Pradesh, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal have reportedly received cent per cent of the grants awarded by the Twelfth Finance Commission as on date. The States who have availed all the 10 installments so far are Andhra Pradesh, Bihar, Gujarat, Haryana, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Nagaland, Orissa, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. States who have availed 9 installments are Chhattisgarh, Himachal Pradesh, and Sikkim.

4.71 The Committee have been informed that out of Rs. 20,000 crore recommended by the Twelfth Finance Commission, the actual releases has been around Rs. 18610.89 crore on 22.3.2010. Out of these, the Ministry has received information that Rs. 14588.50 crore has only been utilised by all the States.

4.72 The Grants are released by the Ministry of Finance subject to fulfillment of conditions like mandatory transfer of grants by the State Governments to PRIs within 15 days of being credited to the State's account, existence of elected Panchayat wherever Part-IX applies, furnishing of Utilization Certificate in the prescribed format with requisite details of expenditure duly certified by the State Finance Secretary, etc. States, which do not fulfill the conditions are not permitted to draw the requisite amount. State Governments report the utilization/expenditure through utilization certificates. However, some time gap is found in the release of funds, incurring of actual expenditure and issue of UCs.

(ii) The Thirteenth Finance Commission

4.73 The Ministry has informed that the report of Thirteenth Finance Commission has been submitted to the President and the same is under consideration. As regards the current status of Thirteenth Finance Commission, the Ministry of Panchayati Raj has informed that the Ministry of Finance has issued an Action Taken Report/explanatory memorandum on the recommendations of the 13th Finance Commission. However, detailed guidelines indicating the state-wise allocations and the terms & conditions for release of grant to PRIs are yet to be issued.

4.74 Further details of the recommendations made by the Thirteenth Finance Commission is given at **Appendix-II**.

4.75 During the course of oral evidence, the Secretary, Ministry of Panchayati Raj stated as under:-

“We have studied the report given by the Thirteenth Finance Commission in detailed. We have represented the Thirteenth Finance Commission that a huge allocation for constructing Panchayat Ghar, manpower, infrastructure, TA/DA/Honorarium to be paid to the elected representatives be made in their recommendations. It is not clear as to whether the recommendations given by

the Finance Commission includes our representations or not. We are interpreting the recommendations given by the Thirteenth Finance Commission in this regard.

(iii) State Finance Commission (SFC)

4.76 The Constitution (73rd and 74th Amendment) Act, 1992 have mandated the Local Bodies (LBs) including Panchayati Raj Institutions (PRIs) with several matters as listed in the Eleventh & Twelfth Schedules, for planning and implementation. While the States have generally assigned most of these matters to PRIs, the corresponding devolution of funds remains a critical issue. LBs largely depend on the devolution of funds from the Central and the State Governments and the Finance Commissions because their own funds are very small. In fact, the SFC recommendations also play an important role in the award of the Central Finance Commission (CFC) and augmentation of resources of PRIs.

4.77 However, there has been a growing concern about the functioning and reports of the SFCs. Often the reports are analytically weak, the SFCs themselves are not staffed with adequate and knowledgeable professionals. There are inadequate data and norms for service delivery with which they have to work and their recommendations are ignored. The States have the basic responsibility for enhancing the credibility of the SFCs. The SFCs, therefore, need to be strengthened and their work/reports streamlined in many ways including some standardization in their method and approaches. The Secretary, MoPR have issued detailed guidelines on 27.4.2009 in this regard. Matter would be further pursued with the States for taking necessary actions.

4.78 The Committee are concerned to note the reply furnished by the Ministry of Panchayati Raj that as on date the Ministry do not have the information on the utilisation of funds recommended by the Tenth (1995-2000) and Eleventh (2000-2005) Finance Commissions. They further note that Rs. 18610.89 crore has reportedly been released out of the Rs. 20,000 crore grant as recommended by the Twelfth Finance

Commission (2005-2010) against which the States have furnished utilisation certificate of Rs. 14588.50 crore. The Committee find that as per the existing practice the Ministry of Finance releases the funds, while the role of Ministry of Panchayati Raj is confined to monitoring the funds recommended by different Finance Commissions. The Committee in this regard desire that as far as practicable one nodal Ministry may be entrusted with the task of releasing, implementing as well as monitoring the grants recommended by the Finance Commissions.

4.79 The Committee note that the report of the Thirteenth Finance Commission (2010-15) has since been submitted to the President of India and the same is under consideration for implementation. They also note the reply that the recommendations made by the State Finance Commissions play an important role in the award of the Central Finance Commission for augmentation of resources of the PRIs. The Committee also note that as on date no final decision regarding implementation of the recommendations of the Thirteenth Finance Commission has been made. They urge the Government to initiate measures for implementation of the said recommendations of the Finance Commission immediately. Further they also desire that

the Government should find out ways and means for more effective utilisation of recommendations made by the different State Finance Commissions.

4.80 The Committee recommend that Ministry of Panchayati Raj should impress upon the Ministry of Finance to issue detailed guidelines immediately regarding allocation and utilisation of funds recommended by the Thirteenth Finance Commission to the States and Union territories.

Concurrent Evaluation of the Schemes being implemented on or before 2004

4.81 As per the reply furnished to the Committee, the Ministry of Panchayati Raj had requested the Planning Commission to undertake measurement of the outcomes with reference to the objectives, financial expenditure and evaluate the BRGF programme. Initially in 2009, the Planning Commission had opined that it would be too early to evaluate the programme at that stage. The Planning Commission have, however, recently constituted a Consultancy Evaluation-cum-Monitoring Committee for BRGF with representation from this Ministry also. MoPR has also constituted a national Advisory-cum- review Committee, under the chairmanship of Shri V. Ramachandran, IAS(Retd.) for undertaking a review and evaluation of BRGF on a sustained basis. The Committee is expected to submit its first report in April 2010.

4.82 The following Schemes have so far been taken up for evaluation:

- (a) RGSY: in 2006-07; and
- (b) BRGF: in 2009-10.

4.83 The Ministry has proposed to undertake an independent evaluation of RGSY and RBH in 2010-11. As for the BRGF, the independent evaluation was undertaken through the World Bank in 2009-10.

4.84 No concurrent evaluation has been done by the Ministry of Panchayati Raj for the scheme of Rashtriya Gram Swaraj Yojana. However, Ministry has decided to have another evaluation of RGSY, for which action has been initiated to engage a suitable agency.

4.85 The Committee have been informed that no concurrent evaluation of any single scheme has yet been initiated by the Ministry in six years of its existence. They feel continuance of implementation of schemes from one plan to the other without finding out its real impact and benefits through the system of independent and impartial concurrent evaluation is not a sign of good governance. They, therefore, recommend that the Ministry should ensure that each of the schemes being implemented by it is evaluated concurrently during the Eleventh Five Year Plan itself.

Chapter V

Performance of Centrally Sponsored Schemes by the Ministry during 2009-10

The Committee in this Chapter have analyzed the Demands for Grants and performance of some of the major Central Sector and Centrally Sponsored Yojanas/Programmes/Schemes of the Ministry of Panchayati Raj in the light of BE 2010-11 as indicated under:-

Financial Performance of Schemes being implemented by the Ministry

5.2 The Financial Performance of all the schemes being implemented by the Ministry of Panchayati Raj during 2008-09 and 2009-10 is as follows:-

(Rupees in crore)

Name of Programme	Target		Financial Achievement 2008-09	% achievement 2008-09	Target		Financial Achievement 2009-10	% achievement 2009-10	BE 2010-11
	BE 2008-09	RE 2008-09			BE 2009-10	RE 2009-10			
RGSY	30	41.85	41.84	99.97					
(a) Training & Capacity Building					35	34	23.46	69	34
(b) Infrastructure Development					4	4	4	100	9
Mission Mode Project on e-Panchayats.	5	5	5	100	20.60	19.67	6.60	33.55	21.60
Panchayat Empowerment & Accountability Incentive Scheme	10	10	10	100	9	9	-	-	9
Media & Publicity	6.90	18.90	17.20	91.01	6.20	7.20	1.58	21.94	7.20
Rural Business Hubs	2	2	1.92	96	1.80	1.80	0.59	32.78	1.80
Panchayat Mahila Evam Yuva Shakti Abhiyan	4	4	4	100	3.60	2.60	0.85	32.69	2.70
Action Research and Research Studies	2	3	2.98	99.33	2.70	2.70	0.46	17.04	2.70
Secretariat Economic Services	8	9.15	7.70	84.15	11	12.93	5.88	45.48	15
UN Assisted Projects	5	5	5	100	5	5	-	-	4.90
Contribution to Commonwealth Local Government Forum	0.10	0.10	0.05	50	0.10	0.10	-	-	0.10
Provision for North Eastern Areas	11	11	8.30	75.45	11	11	0.94	8.55	12
Backward Regions Grant Fund	4670	3890	3889.76	99.99	4670	3670	3240	88.28	5050
Technical Support for Capacity Building & Training of functionaries of DPCs and Zila Parishads	25	-	-	-	-	-	-	-	-
National Panchayat Fund	1	-	-	-	-	-	-	-	-
Total	4780	4000	3993.75	99.84	4780	3780	3284.36	86.89	5170

5.3 The financial and physical performance of each of the Centrally Sponsored Scheme/ Central Sector Schemes being implemented by the Ministry in the light of Demands for Grants (2010-11) is as under:-

A. Backward Regions Grant Fund (BRGF)

5.4 BRGF comprises two funding windows one Capacity Building Fund of Rs.250 crore and second a substantially untied grants of Rs.3500 crore totaling to Rs.3750 crore in a year in 250 BRGF districts in 27 States (except for Goa) 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.

5.5 The Development Grant of BRGF is largely untied in nature and the PRIs / ULBs would decide the actual projects to be taken up. The enhanced entitlements to the districts will be communicated to them soon. They would work out the annual plans keeping in view the ongoing/ incomplete works and the local demands.

5.6 The BRGF scheme is being implemented since 2005-06. The insistence on preparing integrated, decentralised, participatory planning initiated by the scheme is now familiar to almost all the States and programme Districts. The BE 2009-10 was Rs. 4670 crore that has been reduced to Rs. 3670 crore in RE. The BE 2010-11 is increased to Rs. 5050 crore. The Ministry is proposing to allocate the enhanced allocation to the Most Extremist Affected Districts (MEADs).

5.7 **System of expenditure:** The Ministry releases funds in respect of both Development Grant and the Capacity Building components of BRGF into the Consolidated Fund of the State Governments. States in turn release the same to the Implementing Agencies (IAs) such as the PRIs, ULBs, SIRDs etc. The IAs report the expenditure to their State Government, who, in turn, submit the same to MOPR after due consolidation, along with the proposals for releases of the next installment.

5.8 Against the RE of Rs. 3670 crore for the BRGF Programme Rs. 3486 crore was released by 28-02-10. The balance available fund as on 1.3.2010 was Rs. 184 crore, which is 5.01 per cent of the RE and will be released by the end of March 2010.

5.9 The BRGF Programme, earlier handled by the Planning Commission as Rashtriya Sam Vikas Yojana(RSVY), was transferred to the Ministry in August 2006. The RSVY was subsumed in BRGF in the year 2006.

Performance of BRGF

5.10 The Ministry has informed no specific physical target for BRGF funds are fixed because the untied grants are used to meet the gap identified by the Panchayats and Municipalities.

5.11 Regarding performance of BRGF, the Ministry had replied, there was low expenditure of BRGF by the second quarter of 2008-09. Enough proposals for claiming BRGF funds from the States were not received by that time during 2008-09. Similarly States like Gujarat, Maharashtra and Punjab could not constitute the DPCs during 2008-09. Uttarakhand is yet to constitute the DPCs even now. Further, States like Karnataka, Kerala and Mizoram, even though otherwise eligible did not claim grants in 2008-09.

5.12 When asked about the steps taken by the Ministry after 2008-09, so that each of the problem in the implementation of BRGF do not recur, the Committee were informed as under:-

“States like Gujarat, Maharashtra and Punjab had constituted the District Planning Committees (DPCs) and claimed the Development Grant in 2009-10, after getting the District Plans consolidated by the DPCs. The Ministry has also taken up with the Government of Uttarakhand regarding constitution of the DPCs, several times.

In April, 2009, the Ministry requested all the State Governments for forwarding their monthly expenditure plan under the BRGF. Thereafter several communications were addressed for ensuring adherence to their expenditure plans. Consequently, all the States except for Uttarakhand, Jammu & Kashmir and Assam (some districts), had claimed the first installment of their development grant entitlement for 2009-10 by December, 2009.

The Ministry had observed that one of the reasons for slower implementation of the Programme was delayed transfer of funds from the State Governments to the implementing entities, e.g. the Panchayats and the

Municipalities. The Ministry has invoked provision of charging penal interest on the State Governments in cases of delayed transfer of Grants from them to the implementing entities.

The Ministry had sent circulars in October, 2009 to all the States requesting them to submit the approved District Plans for 2010-11 by January, 2010. Some States have conducted meetings of the High Powered Committees and DPCs to consider the District Plans for 2010-11. The Ministry has proposed conducting Workshops in the State Capitals in April – May, 2010, to expedite the processing of the Annual Plans 2010-11 for release of the Grant”.

5.13 Further, the Ministry has replied, that they display on their website, the District wise entitlement under BRGF in advance. It has further been mentioned that State Governments should inform PRIs about their entitlement in advance during the financial year.

5.14 When asked about the difficulties being faced by the Ministry of Panchayati Raj, in case PRI-wise entitlement is intimated in advance under BRGF, the Committee were informed as under:

“The Ministry on getting the budgetary allocation, computes the District wise entitlement under Development Grant in pursuance of Para 1.7 of the BRGF Guidelines that envisage distribution among the Districts in a manner that a fixed amount of Rs. 10 crore per annum is provided to every District and 50% of the balance allocation under the scheme are allocated on the basis of share of the population of the District and area of the District vis-à-vis the total population and area of all the BRGF Districts.

Para 1.8 of the BRGF Guidelines provide that the State Governments should indicate the normative formula for the allocation of BRGF funds to each Panchayati Raj Institution (PRI) and Urban Local Body (ULB). The inter-se allocation between the PRI/ ULBs and among them is to be decided considering the relative strengths and developmental requirements that are State/ District specific.

The annual entitlement of funds to each of the PRI/ ULB will depend on the total allocation for the Programme, entitlement for the district and thereafter the norms decided by the State Govts. for inter-se distribution. Therefore, the Ministry is constantly persuading the State Govts. to decide the inter-se allocation based on a transparent formula and publish it among the PRIs/ ULBs as early as possible so that they can prepare more realistic plans.”

5.15 During the course of oral evidence, the Secretary, Ministry of Panchayati Raj stated that:

“For BRGF, Rs. 4670 crore in each of the Five Year were supposed to be allocated during the Eleventh Five Year Plan. However, the Ministry had requested to provide Rs. 8000 crore each year for 170 backward districts identified by the Inter-Ministerial Technology Group. At the time of implementing the BRGF, the number of districts has been increased to 250, whereas the allocation has been drastically reduced. The outlay for BRGF is so low at present that the basic project and infrastructure can not be fully met out of the funds provided.....Unfortunately, this allocation for BRGF during 2009-10 was cut by Rs. 2000 crore because in the first six months, the expenditure was not up to the mark. But subsequently, we spent more than the Ministry of Finance guidelines. Then, they restored Rs. 1000 crore. We are still hoping that the Ministry of Finance will restore our full budget. In fact, we are fully prepared. There is no question of surrendering the funds this year, if the Ministry of Finance provides the funds allocated to us in the BE. We will spend all the money.”

5.16 The Committee are concerned to note that the financial achievement of the BRGF has been reduced from 99.99 per cent in 2008-09 to 88.28 per cent in 2009-10. The fact that no physical targets are fixed under the scheme and expenditure is not up to the mark as admitted by the Secretary, gives the impression that the BRGF being implemented in 250 districts of 27 different States is losing its momentum. Non-fixing of physical targets year after year have resulted in improper assessment of the scheme. The Committee are also constrained to note that the capacity building component of the BRGF has not been used properly in almost all the States and there is no linkage between the funds given at the National Level, State Level and the Zila Parisad Level. The Committee, therefore, strongly recommend that the Ministry of Panchayati Raj should find ways and

means to have a linkage for capacity building at all these levels and fix some physical targets for the scheme and the objectives of the Programme may be suitably restructured to show a clear logical framework (from inputs to impacts) with specific results, indicators and progress measures so that BRGF can be assessed properly.

5.17 The Committee also find that the Ministry has not been able to adhere to the monthly expenditure plan under BRGF since inception of the scheme in 2005-06. They apprehend that this might have been one of the reasons for the reduction in the revised estimates for the BRGF over that of the budget estimates during the preceding years. They, therefore, recommend that suitable corrective measures in the implementation of BRGF may be initiated this year and the Committee may be apprised accordingly.

5.18 The Committee also observe that one of the reasons for slower implementation of the programme as admitted by the Ministry is delayed transfer of funds from the State Governments to the implementing entities, e.g. Panchayats. They also note that the Ministry has invoked provision of charging penal interest from the State Governments for cases of delayed transfer of Grants from States to the Panchayats. The Committee find that the Ministry of

Panchayati Raj has not fixed responsibility themselves for delay in releasing of grants.

5.19 The Committee also note that at present the Ministry displays district-wise entitlement under BRGF in advance whereas the State Governments have been given the task to inform the Panchayati Raj Institutions about their entitlement during the financial year. They also note that as per the guidelines of the scheme the State Government should indicate the normative formula for the allocation of BRGF funds to each PRIs. The Committee find that this is not being done in most of the cases rendering the system to be ineffective from the point of view of the Panchayats. They are of the opinion that Ministry of Panchayati Raj can obtain the normative formula from the respective State Governments and place the allocation of each Panchayat on their website at the beginning of the financial year. Action taken in this regard may please be intimated to the Committee at the earliest.

5.20 The Committee also recommend that the role of District Planning Committee (DPC) and the High Power Committee (HPC) should change from approval of plans under BRGF to preparation, guidance, coordination and support to the local planning process and

strengthening of horizontal coordination between PRIs and line departments. Further, technical capacity of DPCs may be strengthened. The Ministry may consider empowering the States to allow PRIs to choose the service that is most useful for them under the capacity building component.

B. Rural Business Hub (RBH)

5.21 The RBH, a Central Sector Scheme applicable to 250 BRGF districts and all districts of North-east region is in operation since September, 2007. The RBH aims at providing technical support and marketing linkages to rural products / producers, to promote rural industrialization to diversify rural enterprises and to augment Non Farm Rural employment, providing economic and social development in the rural areas etc. The Ministry of Panchayati Raj extends financial support for the viable RBH project, and the balance project cost is to be converged through other Central/State Government Scheme/Financial Institution/ Implementing Organization etc.

5.22 The funds for implementing the scheme of Rural Business Hub (RBH) are released in two installments to the Implementing Agencies(IAs). In the first installment funds to the extent of 75% of the total amount sanctioned are released after considering their proposal in consultation with the Finance Division of the Ministry. Thereafter, the implementing agency has to furnish the utilization certificate of the earlier funds released, provide details of completion of project/ up to that stage etc. in support of their request for release of second installment of the balance amount. The matter is processed thereafter in consultation with Finance Division and if the proposal is convincing, the balance amount is also released to the Agency.

5.23 **System of expenditure:** Under the scheme of Rural Business Hub, the 1st installment of about 75% of the total sanctioned MoPR's contribution is released to the implementing agency. When Implementing Agencies come up with the proposal of release of the balance amount. The 2nd installment is released only after examining on

merit the utilisation of the amount released as per 1st installment and the satisfactory progress of the project till then.

5.24 During 2008-09 the physical target of RBH was 50. The same target of 50 RBH has been fixed by the Ministry to be achieved during 2009-10. Thirty five districts, mostly covered under BRGF scheme, were identified as pilot districts for RBH initiative. Gateway Agencies were identified for 33 districts* and so far RBH workshops have been held and potential products identified in 29 of them. So far 206 MoUs have been signed for setting up RBHs across 19 States.

5.25 When asked about the criterion for selecting only 19 States under the RBHs and whether 206 MoUs signed so far for setting up of RBHs reflect the satisfactory implementation of the scheme, the Ministry in their written reply stated as under:

“35 districts have been identified in consultation with State Governments as pilot districts for focused RBH intervention. The services of reputed organisations as Gateway Agencies are being utilized for facilitating the RBH process in each focus district. So far 219 MoUs have been signed across 20 States. Nevertheless RBH is a demand driven scheme and funds can be sanctioned only on receiving eligible proposals.”

5.26 The Committee are concerned to note that the financial achievement of the Rural Business Hub Scheme during 2009-10 was only 32.78 per cent, whereas during 2008-09 the financial achievement for the scheme was 96 per cent. Further, even though 219 Memoranda of Understanding have been signed across 20 States during 2009-10 no information on functioning of any of the Rural Business Hubs (RBH) could be provided. Therefore, the Committee cannot but conclude that the performance of RBH is not at all satisfactory. The

Committee have their own doubts as to the time period within which the Ministry can establish and functionalize the RBH in each BRGF district of the country.

5.27 The Committee apprehend that the slow progress made in the implementation of RBH may result in delaying the technical support and marketing linkages that are much needed for providing and promoting rural areas and rural enterprises. They also note from the reply of the Ministry that it has not been fairly successful in getting viable RBH projects so far. The Committee, therefore, recommend the Ministry to find out the reasons for this slow progress and initiate necessary corrective steps in the implementation of the scheme immediately and intimate them accordingly.

C. Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA)

5.28 Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA) is a Central Sector Scheme in which gender (female) dimension is attracted. The scheme of PMEYSA is a demand driven scheme and the funds are provided to the Implementing Agencies (IAs), who come up with the proposal for initiating activities relating to Elected Women Representatives (EWRs)/ Elected Youth Representatives (EYRs). As regard the gender specific data, it is stated that as per information received from States/ Union territories, since the inception of this Scheme 331 batches (each batch normally comprising of 35 persons – 25 EWRs and 10 EYRs) have undergone training.

5.29 The funds under the scheme of Panchayat Mahila Evan Yuva Shakti Abhiyan (PMEYSA) are released in two installments in the ratio of 50:50 on receipt of proposal from them for organizing the sammelans at State/Division/District Level, setting up of

State Support Center (SSC), meetings of the Association. The first installment is released as an advance for incurring expenditure on the approved proposals and items and the second installment is released on furnishing of Utilization Certificates for the 1st installment, audited statement of accounts of expenditure (item-wise) incurred by the Implementing Agencies.

5.30 The Ministry could not provide the physical target and achievement of this scheme during 2008-09 and 2009-10.

5.31 **System of expenditure:** As regards the scheme of Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA), the State Government has to furnish the Utilisation Certificate, Audited Statement of their expenditure incurred by them / SSC for having utilised the amount of 50% released to them in the 1st Installment on the identified terms of expenditure.

5.32 For the PMEYSA Scheme, it is proposed to provide funds to 28 States Support Centers and also for organizing more training and sensitization programmes for the Elected Women Representatives (EWRs) and Elected Youth Representatives (EYRs).

5.33 Under Development Grant component of BRGF, each of the 250 districts is eligible for a pre determined development grant. First installment of 90% of this entitlement is released when the procedural requirements like preparation of local plans by the local bodies and their consolidation into District Plan by DPC and its approval by State level High Powered Committee are complied with and such proposals are submitted to MoPR along with the progress reports and audit reports of the grants released earlier, in terms of the scheme guidelines. This 90% is adjusted for the unspent amount available with the districts. The balance amount is released when the district has spent 70% of the total amount available with them, i.e, the unspent amount reported plus the first installment already released..

5.34 Capacity building component of BRGF is also released to the State Governments in terms of a substantially similar procedure.

5.35 The Committee note with concern that only Rs. 85 lakh has been released by the Ministry during 2009-10 so far out of the budget estimates of Rs. 3.60 crore for the Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA) which reflects poor financial achievement of the scheme by the Ministry in different States and Union territories. They also find that non-availability of proper training institutes in various parts of the country may be a hindrance for implementing this scheme. They also note that the Ministry is not utilizing the services of reputed NGOs and the training institutes of Government of India. While recommending for retrospection by the Ministry for better implementation of this scheme, the Committee recommend that the Ministry may consider involving reputed training institutes of Government of India like the National Institute of Public Cooperation and Child Development (NIPCCD) and reputed NGOs in different States for training the functionaries and office bearers of different Panchayati Raj Institutions.

D. Rashtriya Gram Swaraj Yojana (RGSY)

5.36 The RGSY is a Centrally Sponsored Scheme, implemented in non-BRGF districts that focuses on providing financial assistance to the States/UTs for Training & Capacity Building of elected representatives (ERs) and functionaries of Panchayati Raj Institutions (PRIs). The Scheme has a small Infrastructure Development for construction/maintenance of Panchayat Ghars in States other than N.E and Hill States.

5.37 Under the scheme of Rashtriya Gram Swaraj Yojana (RGSY), the Implementing Agencies are the State Institutes of Rural Development and Panchayati Raj Training Institutes where the proposals are received from the State Governments. Proposals are also received from NGOs. For State Governments/SIRDs, the funding pattern is 75% by the Central Government and 25% by the State Government concerned. To NGOs, Central Assistance is 100% in the case of deserving proposals. The assistance, is to be released in two equal installments. The second installment could be released on submission of 60% utilization of progress report etc. Funds are directly released to the Implementing Agencies from the Ministry of Panchayati Raj.

5.38 **System of expenditure:** Under RGSY, the IAs are required to furnish quarterly physical and financial progress reports. Recently, the Ministry has simplified Monthly Progress Reports. A web-based progress reporting system is being developed and is proposed to be operationalised from April, 2010. The Utilisation Certificate and detailed physical progress report is sent at the end of financial year or at the time of release of the next installment.

5.39 Presently, under RGSY no gender specific data is being maintained. However, from the next financial year, it has been proposed that in each of the projects, at least 35% of the beneficiaries / participants would have to be women and at least 20% would have to be from the weaker sections (SC/ST/OBC).

5.40 In 2009-10, a total allocation of Rs. 39 crore was available at BE Stage under two components of RGSY Scheme, namely Training & Capacity Building (Rs. 35 crore) and Infrastructure Development (Rs. 4 crore). In addition, for expenditure in the North East Region, Rs. 5 crore was available for Training & Capacity Building and Rs. 1 crore for Infrastructure Development. At RE Stage total allocation under Training & Capacity Building is Rs.39 crore and Rs.5 crore under Infrastructure Development which includes North East Region Components.

5.41 Regarding physical performance of RGSY, the Committee have been informed that, during 2008-09, 2,67,182 participants had obtained training against the target of 3,77,726. During 2009-10 out of a target of given training to 9,63,600 Elected Representatives of PRIs till December, 2009 only 1,37,700 (14.29 per cent) were

trained. For infrastructure development component, no physical target is fixed and the scheme is stated to be demand driven.

5.42 When asked about the training of Elected Representatives and officials of Panchayati Raj Institutions, the Committee were informed as under:

“A total number of 1.37 lakh elected representatives and functionaries of PRIs were trained by States/N.G.Os up to 31st December 2009.”

5.43 As regards why only 7 States were covered under the aforesaid scheme and under what criteria, the Committee were informed as under:-

“Under UNDP-Capacity Development Local Governance (CDLG) project, States of (1) Madhya Pradesh (2) Chhattisgarh (3) Uttar Pradesh (4) Jharkhand (5) Bihar (6) Orissa (7) Rajasthan has been selected. These States has been selected for capacity development on basis of their Human Development Index (HDI). However, it is clarified that the RGSY is demand driven in nature and funds are provided to States/UTs from where the proposals are received. During 2007-08 and 2008-09, the grant was released to 15 and 13 States respectively. During 2009-10, as on 15.2.2010 about 2.16 lakh Elected Representatives have been trained by the various States.”

5.44 As regards, funds required to train all elected representatives and functionaries in various States and Union territories along with the time required for such training, the Committee were informed as under:

“The NCBF provides for initial training soon after elections followed by yearly Refresher Training Programmes. As per the present cost norms of RGSY, Rs. 1500 crore would be required for such trainings for the five year period.”

5.45 Regarding the special efforts required in terms of finances and infrastructure for the training of the increased number of women representatives in view of the proposed 50 per cent reservation for women in all three tiers of the Panchayats, the Committee were informed as under:-

“As soon as the proposed Constitutional amendment is enacted, States would be suitably advised to make suitable arrangements for providing training to the enhanced number of women representatives.”

5.46 As regards, training infrastructure/ Panchayat Resource Centres (Panchayat Ghars) at Gram Panchayat level, the Ministry has informed as under:-

“The scheme is being implemented in four States (Rajasthan Manipur, Karnatka & Assam) during 2009-10 so far. MoPR had written to all the States & UTs to send proposal for the purpose. As the scheme is demand driven, grants are released to only those States which submit concrete proposals including commitment of State's share of 25%. For the component of Infrastructure

Development, the allocation during the current year is only Rs. 5 crore which has been fully utilized (as on 15-03-2010). Assam has been given grants of Rs. 2.37 crore for Resource Centre at Guwahati.”

5.47 During the course of oral evidence, the Secretary, Ministry of Panchayati Raj stated as under:-

“It’s a fact that in many States the allocation released not been spent. Regarding capacity building, Chhattisgarh and Madhya Pradesh have not utilised the funds released. It is also not clear as to whether the training would be given at the State level or District level. It can be concluded that the capacity of the training system is very limited except for Maharashtra and West Bengal effective manpower for providing training is also not there. It is also a fact that at the central level, at the state level and at some places of regional level, the system is there for providing the training. However, this system is found to be not effective fully. Even though the formality for training is being met the quality of training especially how a new Panchayat Representatives can know the system of Panchayati Raj and its administration is not there. For training, the scheme is there the funds are there but the system for delivery of the training is not appropriate.”

5.48 The Committee note with concern that during 2009-10 the utilisation of funds meant for the training and capacity building component of the Rashtriya Gram Swaraj Yojana (RGSY) has not been satisfactory as they were informed that only 69 per cent of the funds have been released under the Yojana so far and only 1.37 lakh elected representatives and functionaries of Panchayati Raj Institutions (PRIs) have been trained by States and NGOs upto 31 December, 2009 i.e. 14.29 per cent of the physical targets for providing training to Elected Representatives and officials has been achieved till December, 2009. The Committee feel that even though there is a larger need for training and capacity building the Ministry has not

been able to successfully release the funds to the implementing agencies at the first instance, resulting in poor financial achievement. The Committee, therefore, recommend that suitable corrective measures for better performance of the scheme may be initiated and the Committee be apprised accordingly.

5.49 In so far as performance of the infrastructure development component of RGSY is concerned, the Committee have found from the reply that Rs. 5 crore only was provided for betterment of infrastructure development during 2009-10 which has reportedly been fully utilized. The Committee feel that this amount is too meagre for this important component of the RGSY and recommend that it should be substantially increased.

5.50 The Committee note the reply of the Ministry that only seven States have been covered under RGSY and no gender specific data is being maintained for this scheme. The Committee recommend that gender specific information of beneficiaries in each of the States and Union territories along with the information on beneficiaries of the weaker sections may be given in the next Outcome Budget of the Ministry.

E. Action Research and Research Studies

5.51 Action Research and Research Studies scheme provides financial support to Academic Institutions / NGOs / Research Organizations / Registered Societies / Non Profit Organizations / SIRDs having specialized experience in research, evaluation in the areas of Rural Development. No specific physical target are fixed under the scheme

5.52 The Ministry of Panchayati Raj has identified 19 themes for undertaking Action Research & Research Projects for the current financial year. Out of which, 9 studies have already been sanctioned and studies are underway.

5.53 When asked about the reasons for sanctioning only 9 studies so far out of the 19 themes identified by the Ministry, the Committee were informed as under:-

“Due to non-receipt of good action research & research proposals in the Ministry, Research Advisory Committee (RAC) sanctioned only nine studies.”

5.54 As regards, the time expected be taken to sanction the studies in all 19 themes, the Committee were also informed as under:-

“The Ministry has till date sanctioned 11 studies out of the 19 identified themes, 5 themes have been deferred as of now in lieu of the reports to be received for the studies awarded during the previous years, 2 have been dropped since there was no need of taking up those studies and on 1 theme the Ministry has not received any proposal.”

5.55 The Committee note with concern poor financial performance of the Action Research and Research Studies during 2009-10 in which they were informed that the financial achievement under the scheme was only 17.04 per cent. They also note that no specific physical

targets are fixed under the scheme. The Committee find that out of 19 identified themes, the Ministry has sanctioned 11 studies whereas 5 themes have been deferred and another 2 studies have been dropped. This proves that all is not well with implementation of Action Research and Research Studies. The Committee, therefore, urge the Ministry to initiate suitable corrective measures for better implementation of scheme during 2010-11.

NEW DELHI;
13 April, 2010
23 Chaitra,1932(Saka)

(SUMITRA MAHAJAN)
Chairperson,
Standing Committee on Rural Development

Appendix-I

Brief Summary for Demands for Grants 2009-10 and 2010-11 BE
For 2009-10

(Rs.in crore)

Name of the Scheme	BE 2009-10	RE 2009-10	Actual Expenditure			
			As on 30.6.09	As on 30.9.09	As on 30.12.09	As on 28.2.2010
Media & Publicity	6.20	7.20	0.46	0.49	1.58	1.73
Panchayat Empowerment & Accountability Incentive Scheme	9.00	9.00	--	--	--	--
Rashtriya Gram Swaraj Yojana						
(a) Training & Capacity Building	35.00	34.00	--	2.34	23.46	25.83
(b) Infrastructure Development	4.00	4.00	--	--	4.00	4.00
Action Research & Research Studies	2.70	2.70	--	0.03	0.46	0.51
Rural Business Hubs	1.80	1.80	--	0.08	0.59	0.79
Panchayat Mahila Evam Yuva Shakti Abhiyan	3.60	2.60	--	0.37	0.85	1.36
Mission Project on e-Panchayat/IT	20.60	19.67	--	--	6.60	6.60
North-Eastern Areas	11.00	11.00	--		0.94	3.31
Backward Regions Grant Fund	4670.00	3670.00	60.13	922.60	3240.00	3486.00
Contribution to CLGF	0.10	0.10	--	--	--	0.05
UNDP Project	5.00	5.00		--	--	--
National Panchayat Fund	--	--	--	--	--	--
Technical support for Capacity Building and Training of Functionaries of DPC and Zilla Parishads	--	--	--	--	--	--
Secretariat/Management Cell	11.00	12.93	1.85	4.39	5.88	7.49
Total	4780.00	3780.00	62.44	924.94	3284.36	3537.67

For 2009-10 (Non-Plan)

(Rs.in crore)

Name of the Scheme	BE 2009-10	RE 2009-10	Actual Expenditure			
			As on 30.6.09	As on 30.9.09	As on 30.12.09	As on 28.2.2010
Secretarial Economic Services	0.71	0.71	0.12	0.25	0.38	0.43

Details of the Thirteenth Finance Commission Recommendations

The Thirteenth Finance Commission, in its report covering the period 2010-15, has recommended two components of the grant for Local Bodies - a basic grant and a performance based grant. The basic grant is recommended to be equivalent to 1.5% of the projected divisible pool of the previous year. The performance grant, dependent on States meeting certain conditions, that would be payable from 2011-12, at the rate of 0.5% of divisible pool in 2011-12 and 1 per cent subsequently. While the basic grant is available to all States, the performance grant is contingent upon States meeting certain conditions.

An amount of Rs. 20 per capita per year has been allocated, carved out of the total basic grant, as 'special area basic grant' for **areas covered by V and VI schedules and the areas exempted from the purview of Part IX and XA of the Constitution**. A special area performance grant of Rs. 10 per capita for 2011-12 and Rs. 20 per capita subsequently is made available to these States, carved out of the total basic grant.

26.82 per cent of the general basic grant and general performance grant is recommended to be allocated to urban areas and 73.12 per cent to the rural areas based on share of urban and rural population in 2001 census. Based on the above criteria, the total 'general area grant' payable to PRIs works out to Rs. 63,050 crore. This comprises the component of General Basic Grant of Rs. 41,225 crore and Performance Grant of Rs. 21,825 crore. In addition, there is a combined Special Area Grant of Rs. 1357 crore for PRIs and ULBs. This is against the grant of Rs.20,000 crore recommended by the Twelfth Finance Commission.

As per the information furnished to the Committee (**Annual Report, 2009-10, pg.59-61**), the Thirteenth Finance Commission (13th FC) in its award for the period 2010-2015 has made comprehensive observations and recommendations regarding empowerment of local bodies and devolution of funds to these bodies.

While recommending grants for local bodies, 13th FC has made a departure from its predecessors which recommended a specific quantum of grant. 13th FC, instead, has recommended grants as a percentage of the net proceeds of the Union Taxes of the previous year. Although the amount recommended is a percent of the divisible pool, it has been recommended that it should be converted into grant-in-aid under Article 275 of the Constitution while transferring to the local bodies. To ensure that the value of the grant is commensurable at the start of the year, it has been linked to the divisible pool of the previous year.

The grants recommended by the 13th FC have two components- a basic component and a performance based component. The basic grant is recommended to be equivalent to 1.5% of the net proceeds of the Union taxes of the previous year. The performance grant, effective from 2011-12, is recommended to be 0.5% of the net proceeds in 2011-12% and 1% thereafter.

While the basic grant is available to all States, the performance grant is contingent upon States meeting the following conditions:-

- 1) All Local Bodies would be required to maintain and present accounts as recommended by the XIII-FC and the State Governments should place a supplement consolidating Local Body budgets with the State Budget. This supplement should show the details of plan and non-plan wise classification of transfers separately for all categories of ULBs

and all tiers of PRIs. This supplement could also incorporate details of funds transferred directly to the local bodies outside the State Government's budget.

- 2) The State Government must put in place an audit system for all local bodies and the C&AG should be given Technical Guidance & Supervision (TG&S) over the audit of all the local bodies in a State. The audit report should be placed before the State Legislature.
- 3) States should put into place ombudsmen for local bodies who will look into complaints of corruption and mal administration against the functionaries of local bodies, both elected members and officials. This system should be made applicable to all elected functionaries and officials in all Municipal Cooperations, Municipalities and Zilla Parishads at least.
- 4) State should put into place a system for electronic fund transfer to local bodies within 5 days of their receipt from the Central Government. Wherever this is not possible due to lack of banking infrastructure, alternative channels of transmission should be put in place to ensure transfer of funds within 10 days.
- 5) State must prescribe eligibility criteria for the members of State Finance Commission (SFC) consistent with Article 243 (1) (2) of the Constitution.
- 6) All local bodies should be fully empowered to levy property tax.
- 7) State Governments should put in place a state level Property tax board to assist all Municipalities and Municipal Cooperation in the State to put in place an independent and transparent procedure for assessing property tax.
- 8) Standards for delivery of all essential services provided by local bodies must be put in place. To start with, the benchmark for service tenders at least in respect of 4 sectors namely water supply, sewerage, storm water drainage and solid waste management may be notified in respect of all Municipalities and Municipal Corporation.
- 9) All municipal corporations with population more than 10 lakh should put in place fire hazard response and mitigation plans.

An amount of Rs. 20 per capita per year has been allocated, as 'special area basic grant' for areas covered by V and VI schedules and the areas exempted from the purview of Part IX and XA of the Constitution.

Similarly, a special area performance grant of Rs. 10 per capita for 2011-12 and Rs. 20 per capita there onwards is made available to these States, carved out of the total basic grant. As compared to the total grant of Rs. 20000 crore recommended by the 12th FC for PRIs i.e. rural local bodies, the 13th Finance Commission has recommended the total grant 63,053 crore for PRIs. In addition, an amount of Rs. 1357 crore is recommended as Special Area Basic Grant and Special Area Performance Grant (combined for PRIs and ULBs).

Areas covered by V and VI Schedules and areas exempted from the purview of Part-IX and IX-A of the Constitution

The special areas basic and performance grants are recommended to be distributed on the basis of population in the scheduled and excluded areas. MoPR would follow up with the State Governments for timely compliance of the conditions stipulated for release of the performance grant component. Necessary guidance and support for implementation of the conditions would also be provided to the States in consultation with the Comptroller & Auditor General of India (C&AG), Comptroller General of Accounts (CGA), Ministry of Urban Development etc.

Committee on Rural Development (2009-2010)

**MINUTES OF THE THIRTEENTH SITTING OF THE COMMITTEE HELD ON FRIDAY, THE
19 MARCH, 2010**

The Committee sat from 1500 hrs. to 1730 hrs. in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

PRESENT

Shrimati Sumitra Mahajan - *Chairperson*

Members

Lok Sabha

2. Shri Pulin Bihari Baske
3. Shri Raghuvir Singh Meena
4. Shri Gobinda Chandra Naskar
5. Shri Rakesh Pandey
6. Shri P.L. Punia
7. Shri Jagdish Sharma
8. Shri Jagdanand Singh
9. Shrimati Usha Verma

Rajya Sabha

10. Dr. Ram Prakash
11. Smt. Maya Singh
12. Miss Anusuiya Uikey

Secretariat

1. Shri P.K. Grover - Joint Secretary
2. Shri V.R. Ramesh - Director
3. Shri A.K. Shah - Additional Director

WITNESSES

Ministry of Panchayati Raj

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

Department of Land Resources
(Ministry of Rural Development)

2. At the outset, the Chairperson welcomed the witnesses to the sitting of the Committee convened for taking oral evidence of the representatives of Ministry of Panchayati Raj on Demands for Grants (2010-11).

3. Direction 55(1) of the 'Directions by the Speaker' was read out. The Committee, thereafter took oral evidence of the representatives of Ministry of Panchayati Raj on Demands for Grants (2010-11). The main issues that came out during the course of discussion include, steps taken for optimal utilisation of higher outlay during 2010-11 as compared to previous year, constraints coming in the way of capacity building of Panchayats at each level, devolution of Functions, Functionaries and Finances of Panchayats to State Governments and Union territories, ensuring centrality of Panchayats in various Centrally Sponsored Schemes, etc. The Secretary, Ministry of Panchayati Raj replied to various queries by members. The Chairperson thanked the representatives of the Ministry of Panchayati Raj for tendering evidence before the Committee.

[Representatives of Ministry of Panchayati Raj then withdrew].

4. *****

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

The Committee then adjourned.

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

STATEMENT OF RECOMMENDATIONS/OBSERVATIONS

Sl.No.	Para No.	Recommendations/Observations
1.	2.5	The Committee note that the Government is not implementing the direction 73 A of the Directions by the Speaker, Lok Sabha, in the right spirit. As per the said direction, the Minister concerned should make the Statement on action-taken by the Government on their recommendations once in six months. The Committee observe that none of the Statements were laid within the stipulated six-months period. Besides, the Statements laid, did not indicate the status of action taken on the recommendations which had been categorised as interim reply in the Action-taken Reports of the Committee. The Committee, therefore, desire that action taken by Government on the recommendations categorized as interim be intimated to them without any further delay. The Committee also desire that, in future, the Government should review the previous recommendations made by the Committee and intimate the Committee about the stage of their implementation before presentation of the Demands for Grants for the next financial year. Further, the Statement laid should not merely be a reproduction of action taken notes and should reflect the effective implementation of recommendations made by the Committee in different States and Union territories.
2.	3.9	The Committee are disturbed to note that huge unspent balances of Rs. 5062.77 crore as on 28.02.2010 were left with the implementing agencies in six different schemes being implemented by the Ministry. The unspent balance for six other schemes is not available with the Ministry which shows lack of sufficient monitoring of the releases made by them. Not only the total unspent balance in six different schemes equals the budgetary allocation of the Ministry in 2010-11 BE. They feel, instead of ensuring that the amount is spent for the purpose it has been sanctioned in the budget, the Government is mindlessly releasing the funds for the implementing agencies at the fag end of the year and have become a mute spectator for the huge unspent balances. The Committee strongly feel that there is need for planned outflow of funds throughout the year with proper monitoring of expenditure. They apprehend that such a practice might have been the reason for the revised estimate 2009-10 of the Ministry being reduced by Rs. 1000 crore. The Committee while expressing serious concern over the trend of huge unspent balance would like to strongly recommend that the Government should analyse the position State and Union territory wise and take suitable corrective measures accordingly so that funds flow to the States in time. The Committee should also be kept apprised of the follow-up action taken in this regard.

3. 3.16 The Committee are not at all happy with the financial practices of the Ministry since its inception in May, 2004. They find that between 2004-05 and 2008-09, Rs. 3715.81 crore was surrendered as compared to the budget estimates. Not only that, total funds amounting to Rs. 97.35 crore have also been re-appropriated between 2006-07 and 2009-10, which is not a standard financial practice. Another disturbing feature is that the Ministry has never achieved the monthly expenditure plan since 2007-08, the information about which has been made available to the Committee. The monitoring mechanism of the Ministry is also found to be not having adequate information with regard to proper monitoring of funds released to the various State Governments, Union territory administrations and the Panchayats at different levels. The Committee, therefore, recommend suitable corrective measures may be initiated in each of the aforesaid matters and they be apprised accordingly.
4. 3.17 The Constitution (73rd Amendment) Act, 1992 came into effect from 1992 and the Ministry of Panchayati Raj was made a separate Ministry in 2004. The Committee feel that in order to give fillip to the upliftment of Panchayati Raj Institutions in the country, the allocation for the Ministry of Panchayati Raj which is a little above Rs. 5000 crore during 2010-11 BE is too little. Notwithstanding the poor performance and monitoring of implementation of the schemes by the Ministry of Panchayati Raj, the Committee feel that attention to the desired extent has not been paid by the Planning Commission for upliftment of Panchayats at all the three levels as reflected in the meagre allocation to the said Ministry year after year. In order to implement the historic legislation of the Constitution (73rd Amendment) Act, 1992 in its letter and spirit, they recommend strongly that this concern of the Committee be taken up at the highest level so as to have the allocation of the Ministry in the coming years substantially increased.
5. 4.5 The Committee note with concern that the Ministry of Panchayati Raj does not have requisite information regarding holding of four Gram Sabha meetings in a year or holding of Mahila Sabha and Ward Sabha meetings in the different States and Union territories across the country. Maharashtra is the only State which has reported organizing Mahila Sabha meetings before Gram Sabha meeting. Information in this respect is yet to be collected from other States/Union territories. The Committee feel that by merely circulating a circular on 2.10.2009 regarding holding of the regular Gram Sabha meetings and declaring 2009-10 as the 'Year of Gram Sabha' does not complete the enormous task entrusted to the Ministry of Panchayati Raj. The Committee, therefore, urge the

Ministry to find out the details of holding of Gram Sabha, Mahila Sabha and Ward Sabha meetings in all States and Union territories without any further delay. They also desire the Ministry to circulate a model format regarding conduct of Gram Sabha meetings to each Gram Panchayat in the country and inform the Committee accordingly.

6. 4.10 The Committee note with concern that the mandatory provisions of Part IX of the Constitution, which was inserted by the Constitution (73rd Amendment) Act, 1992 remain to be implemented as on date in Jharkhand, Jammu & Kashmir and Uttarakhand. Even after knowing this state of affairs in these States, the Ministry is yet to initiate any concrete measures in this regard. They, therefore, recommend that the defaulter States may be impressed upon to adhere to the provisions of Part IX of the Constitution without any further delay. Action taken in this regard may be intimated to the Committee.

7. 4.25 The Committee are concerned to note that important aspects of Panchayati Raj like devolution of 3Fs viz. Functions, Functionaries and Finances, existence of Parallel Bodies in all States and Union territories of the country etc. have not been given due importance so far by the Ministry in spite of repeatedly being emphasised by this Committee in their various Reports. They strongly recommend that the Ministry should urge all State Governments and Union territory administrations to take decisive steps to devolve 3Fs viz. Functions, Functionaries and Finances, in that order to Panchayats at appropriate levels before resorting to any other step and thereafter take concrete immediate steps to abolish the existence of Parallel Bodies. The Committee note that the study of Devolution Index (DI), has been assigned to the Indian Institute of Public Administration (IIPA) whose report was expected by 28.02.2010. They, therefore, urge the Ministry to expedite the said study to know the exact devolution in all the States and Union territories.

8. 4.29 The Committee note with concern that the mandatory provisions of the PESA, 1996 remain to be fully implemented in all the nine States viz. Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Orissa, Maharashtra, Madhya Pradesh and Rajasthan on some pretext or the other even after fourteen years since this Act was implemented. They note from the reply of the Ministry that the major violations in these States relate to the aspects of minor forest produce, village market and money lending. They regret to point out that even after knowing this state of affairs, the Ministry is yet to initiate any concrete measures. The

Committee, therefore, recommend that the defaulter States may be impressed upon to implement the provisions of the PESA, 1996 without further loss of time and the Committee be apprised accordingly.

9. 4.36 It is quite surprising to find that the Ministry of Panchayati Raj do not have information on the exact number of District Panchayats in the country as on date. The Committee note with concern that 619 different rural districts have only 543 District Panchayats. In this age of super connectivity and information technology, the Ministry of Panchayati Raj is still maintaining the information in this regard which was last collected during 2007-08. While expressing their dissatisfaction over the way in which the Ministry of Panchayati Raj is maintaining the information on number of District Panchayats, Inter-mediate Panchayats, Village Panchayats and number of villages in the country, the Committee, strongly recommend that the Ministry should always maintain the updated information in this regard with them.

10. 4.37 The Committee note that District Planning is one of the important functions of the planning process in the country. The devolution of functions, functionaries and finances (3Fs) is one of the main backbone of the grassroots planning process which is also in conformity with the provisions of article 243ZD of Part-IXA of the Constitution. They find that the Ministry of Panchayati Raj has so far not been able to impress upon the States and Union territories to constitute and functionalize District Planning Committees (DPCs) in all districts of the country. They, therefore, urge the Ministry to vigorously persuade all the States and Union territories to immediately constitute and functionalize the DPCs without any further delay. For this purpose, the Ministry may consider linking the formation of DPCs with the release of funds of different schemes, so that the States and Union territories may be impressed upon to constitute these Committees.

11. 4.42 The Committee note with concern that out of 180 Centrally Sponsored Schemes and over 800 Central Sector Schemes being implemented by various Ministries/Departments of the Government of India, the activity mapping showing the centrality of Panchayats has been made in the guidelines relating to only 28 schemes as on date. Interestingly, the Committee have found that even though the Ministry of Panchayati Raj is implementing 9 different Centrally Sponsored/Central Sector schemes, the centrality of Panchayats has not been made available for the schemes being implemented by the Ministry themselves. Further, since only in respect of 28 schemes the centrality of Panchayats has been mentioned by 8 different Ministries/Departments of the Government of India, it is evident that a gigantic task still lies

before all the Ministries if they aim to provide such facilities in each of the Centrally Sponsored/Central Sector schemes. They, therefore, urge the Ministry of Panchayati Raj to initiate measures at the highest level in consultation with the Planning Commission/Ministry of Finance and Cabinet Secretariat, so that the centrality of the Panchayats can be established in all the Centrally Sponsored and Central Sector Schemes within a stipulated time period. They also recommend that to begin with the Ministry of Panchayati Raj should first of all clearly demarcate the role of each tier of Panchayats in all the schemes being administered by them within a month.

12. 4.50 The Committee note that the Capacity Building and Training of Elected Representatives is one of the important aspects of the Panchayati Raj system in the country. They are surprised to find that the Ministry of Panchayati Raj do not have information even about the number of Panchayat Ghar buildings in the States of Arunachal Pradesh, Jammu & Kashmir, Meghalaya, Mizoram, Nagaland, Uttarakhand and in all Union territories of the country except Delhi and Chandigarh as on date. The Committee also cannot understand how in the absence of such basic information as also information regarding availability of electricity in the Panchayat Ghar/Office/Bhawans, the Ministry ambitiously plans for computer connectivity to Panchayats. The Committee, therefore, recommend that the Ministry should obtain the latest information regarding number of Panchayat Ghars in all States and Union territories and inform them accordingly. The Ministry may also in consultation with other Ministries draw up a Plan under which Panchayat Ghars for all the Panchayats can be constructed by pooling resources of different Centrally Sponsored and Central Sector Schemes together in a time bound manner. In view of the proposed 50 per cent reservation to women in Panchayati Raj Institutions at three levels and the fact that such reservation for women has already been made in States like Bihar, Chhattisgarh, Himachal Pradesh, Kerala, Madhya Pradesh, Rajasthan and Uttarakhand, it should also be ensured that the Panchayat Ghars have the provision for office space and basic amenities like toilets etc.
13. 4.54 The Committee observe that the Ministry of Panchayati Raj do not have information on constitution and functioning of Ward Sabhas and Mahila Sabhas in different Panchayats. They also note that except in Jharkhand, Pudducherry and Tripura Standing Committees of Gram Panchayats are reportedly constituted. The Committee find that only in Maharashtra, Mahila Sabhas precede the Gram Sabha meetings. Therefore, the reason for not holding the Mahila Sabha meeting before the Gram Sabha may be obtained from the States other than Maharashtra and all Union territories expeditiously and the Committee

be informed accordingly. The Committee would like the Ministry to collect the detailed information immediately as is the case in each State and Union territory and inform them accordingly.

14. 4.62 The Committee are concerned to note that the Ministry of Panchayat Raj has received complaints that spouses or male relatives of Elected Women Representatives act as de-facto Pradhans/Pramukhs and also interfere in the functioning of the PRIs. The Committee apprehend that such instances may not be only limited to the Women Representatives but also to the weak Pradhans/Pramukhs of the Gram Panchayats. They note that the Ministry has issued only two circulars so far, to the effect that the relatives of Women Representatives may not attend Panchayat meetings by proxy. However, no concrete action has been taken by the Ministry of Panchayati Raj so far in this regard. The Committee urge that the desired initiatives may be taken in this matter.
15. 4.63 The Committee are concerned to note that the Ministry of Panchayati Raj is not giving due importance to the Women's Empowerment as is evident from the reply that the performance of the Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA) scheme is not that successful so far. Even, though as per the reply, the PMEYSA is being implemented in 25 States/Union territories, the Ministry is considering to modify the scheme due to its non-satisfactory performance. The Committee, therefore, urge the Ministry to find out the reasons as to why the PMEYSA has not been successful so far, take suitable measures on their findings, consult the Panchayats at the three levels before venturing on modifying the said scheme.
16. 4.78 The Committee are concerned to note the reply furnished by the Ministry of Panchayati Raj that as on date the Ministry do not have the information on the utilisation of funds recommended by the Tenth (1995-2000) and Eleventh (2000-2005) Finance Commissions. They further note that Rs. 18610.89 crore has reportedly been released out of the Rs. 20,000 crore grant as recommended by the Twelfth Finance Commission (2005-2010) against which the States have furnished utilisation certificate of Rs. 14588.50 crore. The Committee find that as per the existing practice the Ministry of Finance releases the funds, while the role of Ministry of Panchayati Raj is confined to monitoring the funds recommended by different Finance Commissions. The Committee in this regard desire that as far as practicable one nodal Ministry may be entrusted with the task of releasing, implementing as well as monitoring the grants recommended by the Finance Commissions.

17. 4.79 The Committee note that the report of the Thirteenth Finance Commission (2010-15) has since been submitted to the President of India and the same is under consideration for implementation. They also note the reply that the recommendations made by the State Finance Commissions play an important role in the award of the Central Finance Commission for augmentation of resources of the PRIs. The Committee also note that as on date no final decision regarding implementation of the recommendations of the Thirteenth Finance Commission has been made. They urge the Government to initiate measures for implementation of the said recommendations of the Finance Commission immediately. Further they also desire that the Government should find out ways and means for more effective utilisation of recommendations made by the different State Finance Commissions.
18. 4.80 The Committee recommend that Ministry of Panchayati Raj should impress upon the Ministry of Finance to issue detailed guidelines immediately regarding allocation and utilisation of funds recommended by the Thirteenth Finance Commission to the States and Union territories.
19. 4.85 The Committee have been informed that no concurrent evaluation of any single scheme has yet been initiated by the Ministry in six years of its existence. They feel continuance of implementation of schemes from one plan to the other without finding out its real impact and benefits through the system of independent and impartial concurrent evaluation is not a sign of good governance. They, therefore, recommend that the Ministry should ensure that each of the schemes being implemented by it is evaluated concurrently during the Eleventh Five Year Plan itself.
20. 5.16 The Committee are concerned to note that the financial achievement of the BRGF has been reduced from 99.99 per cent in 2008-09 to 88.28 per cent in 2009-10. The fact that no physical targets are fixed under the scheme and expenditure is not up to the mark as admitted by the Secretary, gives the impression that the BRGF being implemented in 250 districts of 27 different States is losing its momentum. Non-fixing of physical targets year after year have resulted in improper assessment of the scheme. The Committee are also constrained to note that the capacity building component of the BRGF has not been used properly in almost all the States and there is no linkage between the funds given at the National Level, State Level and the Zila Parisad Level. The Committee, therefore, strongly recommend that the Ministry of Panchayati Raj should find ways and means to have a linkage for capacity building at all these levels and fix some physical targets for the scheme and the objectives of the Programme may be

suitably restructured to show a clear logical framework (from inputs to impacts) with specific results, indicators and progress measures so that BRGF can be assessed properly.

21. 5.17 The Committee also find that the Ministry has not been able to adhere to the monthly expenditure plan under BRGF since inception of the scheme in 2005-06. They apprehend that this might have been one of the reasons for the reduction in the revised estimates for the BRGF over that of the budget estimates during the preceding years. They, therefore, recommend that suitable corrective measures in the implementation of BRGF may be initiated this year and the Committee may be apprised accordingly.
22. 5.18 The Committee also observe that one of the reasons for slower implementation of the programme as admitted by the Ministry is delayed transfer of funds from the State Governments to the implementing entities, e.g. Panchayats. They also note that the Ministry has invoked provision of charging penal interest from the State Governments for cases of delayed transfer of Grants from States to the Panchayats. The Committee find that the Ministry of Panchayati Raj has not fixed responsibility themselves for delay in releasing of grants.
23. 5.19 The Committee also note that at present the Ministry displays district-wise entitlement under BRGF in advance whereas the State Governments have been given the task to inform the Panchayati Raj Institutions about their entitlement during the financial year. They also note that as per the guidelines of the scheme the State Government should indicate the normative formula for the allocation of BRGF funds to each PRIs. The Committee find that this is not being done in most of the cases rendering the system to be ineffective from the point of view of the Panchayats. They are of the opinion that Ministry of Panchayati Raj can obtain the normative formula from the respective State Governments and place the allocation of each Panchayat on their website at the beginning of the financial year. Action taken in this regard may please be intimated to the Committee at the earliest.
24. 5.20 The Committee also recommend that the role of District Planning Committee (DPC) and the High Power Committee (HPC) should change from approval of plans under BRGF to preparation, guidance, coordination and support to the local planning process and strengthening of horizontal coordination between PRIs and line departments. Further, technical capacity of DPCs may be strengthened. The Ministry may consider empowering the States to allow PRIs to choose the service that is most useful for them under the capacity building component.

25. 5.26 The Committee are concerned to note that the financial achievement of the Rural Business Hub Scheme during 2009-10 was only 32.78 per cent, whereas during 2008-09 the financial achievement for the scheme was 96 per cent. Further, even though 219 Memoranda of Understanding have been signed across 20 States during 2009-10 no information on functioning of any of the Rural Business Hubs (RBH) could be provided. Therefore, the Committee cannot but conclude that the performance of RBH is not at all satisfactory. The Committee have their own doubts as to the time period within which the Ministry can establish and functionalize the RBH in each BRGF district of the country.
26. 5.27 The Committee apprehend that the slow progress made in the implementation of RBH may result in delaying the technical support and marketing linkages that are much needed for providing and promoting rural areas and rural enterprises. They also note from the reply of the Ministry that it has not been fairly successful in getting viable RBH projects so far. The Committee, therefore, recommend the Ministry to find out the reasons for this slow progress and initiate necessary corrective steps in the implementation of the scheme immediately and intimate them accordingly.
27. 5.35 The Committee note with concern that only Rs. 85 lakh has been released by the Ministry during 2009-10 so far out of the budget estimates of Rs. 3.60 crore for the Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA) which reflects poor financial achievement of the scheme by the Ministry in different States and Union territories. They also find that non-availability of proper training institutes in various parts of the country may be a hindrance for implementing this scheme. They also note that the Ministry is not utilizing the services of reputed NGOs and the training institutes of Government of India. While recommending for retrospection by the Ministry for better implementation of this scheme, the Committee recommend that the Ministry may consider involving reputed training institutes of Government of India like the National Institute of Public Cooperation and Child Development (NIPCCD) and reputed NGOs in different States for training the functionaries and office bearers of different Panchayati Raj Institutions.
28. 5.48 The Committee note with concern that during 2009-10 the utilisation of funds meant for the training and capacity building component of the Rashtriya Gram Swaraj Yojana (RGSY) has not been satisfactory as they were informed that only 69 per cent of

the funds have been released under the Yojana so far and only 1.37 lakh elected representatives and functionaries of Panchayati Raj Institutions (PRIs) have been trained by States and NGOs upto 31 December, 2009 i.e. 14.29 per cent of the physical targets for providing training to Elected Representatives and officials has been achieved till December, 2009. The Committee feel that even though there is a larger need for training and capacity building the Ministry has not been able to successfully release the funds to the implementing agencies at the first instance, resulting in poor financial achievement. The Committee, therefore, recommend that suitable corrective measures for better performance of the scheme may be initiated and the Committee be apprised accordingly.

29. 5.49 In so far as performance of the infrastructure development component of RGSY is concerned, the Committee have found from the reply that Rs. 5 crore only was provided for betterment of infrastructure development during 2009-10 which has reportedly been fully utilized. The Committee feel that this amount is too meagre for this important component of the RGSY and recommend that it should be substantially increased.
30. 5.50 The Committee note the reply of the Ministry that only seven States have been covered under RGSY and no gender specific data is being maintained for this scheme. The Committee recommend that gender specific information of beneficiaries in each of the States and Union territories along with the information on beneficiaries of the weaker sections may be given in the next Outcome Budget of the Ministry.
31. 5.55 The Committee note with concern poor financial performance of the Action Research and Research Studies during 2009-10 in which they were informed that the financial achievement under the scheme was only 17.04 per cent. They also note that no specific physical targets are fixed under the scheme. The Committee find that out of 19 identified themes, the Ministry has sanctioned 11 studies whereas 5 themes have been deferred and another 2 studies have been dropped. This proves that all is not well with implementation of Action Research and Research Studies. The Committee, therefore, urge the Ministry to initiate suitable corrective measures for better implementation of scheme during 2010-11.