STANDING COMMITTEE ON RURAL DEVELOPMENT (2015-2016)

20

SIXTEENTH LOK SABHA

MINISTRY OF PANCHAYATI RAJ

[Action taken by the Government on the recommendations contained in the Eighth Report (Sixteenth Lok Sabha) on Demands for Grants of the Ministry of Panchayati Raj for the year 2015-16]

TWENTIETH REPORT



LOK SABHA SECRETARIAT

NEW DELHI

TWENTIETH REPORT

STANDING COMMITTEE ON RURAL DEVELOPMENT (2015-2016) (SIXTEENTH LOK SABHA)

MINISTRY OF PANCHAYATI RAJ

[Action taken by the Government on the recommendations contained in the Eighth Report (Sixteenth Lok Sabha) on Demands for Grants of the Ministry of Panchayati Raj for the year 2015-16]

Presented to Lok Sabha on 22.12.2015 Laid in Rajya Sabha on 22.12.2015



LOK SABHA SECRETARIAT

NEW DELHI

December, 2015/Agrahayana, 1937 (Saka)

CRD No. 117			
Price : Rs.			
© 2015 BY LOK SABHA SECRETARIAT			
Published under Rule 382 of the Rules of Pro Edition) and Printed by	cedure and Conduc	ct of Business in Lok	Sabha (Thirteenth

CONTENTS

				Page No
CON	MPOSITION OF TH	E COMMITTEE (2015-2016)		(ii)
INTF	RODUCTION			(iii)
СНА	NPTER I	Report		01
CHA	PTER II	Recommendations which I the Government	nave been accepted by	12
CHA	APTER III	Recommendations which to desire to pursue in view of replies		15
CHA	NPTER IV	Recommendations in respondent have not by the Committee		18
CHA	NPTER V	Recommendations in resp replies of the Government	ect of which final are still awaited	. 19
		Al	PPENDICES	
I.	Extracts of Minute	es of the sitting of the Committe	ee held on 18 December, 2015	25
II.			the recommendations contained in ding Committee on Rural Development	27
III.	Letter dated 29th to 25 States/UTs	June, 2015 regarding delinkin	g State Plan Component of RGPSA	28
IV.	Commission (FFL a) State-wise/L b) State-wise/L	elease and Utilisation of Grant) for Rural and Urban Local Bo JT-wise Basic Grants (2015-16) JT-wise Performance Grants (2015-16) Basic Grants (2015-16) to Rura	3) 2015-16)	29 39 40 41
V.	Letter dated 27.03	3.2015 of Ministry of Panchaya	nti Raj to State/UTs for utillisation of fund	
VI	Letter dated 12 03	3 2015 of Ministry of Panchaya	ati Rai to the States regarding BRGF	

COMPOSITION OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT (2015-2016)

Dr. P. Venugopal -- Chairperson

MEMBERS

LOK SABHA

- 2. Shri Sisir Adhikari
- 3. Shri Kirti Azad
- 4. Shrimati Renuka Butta
- 5. Shri Harishchandra Deoram Chavan
- 6. Shri Biren Singh Engti
- 7. Shri Vijay Kumar Hansdak
- 8. Shri Ajay Misra (Teni)
- 9. Shri Manshankar Ninama
- 10. Shrimati Mausam Noor
- 11. Dr. Mahendra Nath Pandey
- 12. Shri Prahlad Singh Patel
- 13. Dr. Ramesh Pokhriyal "Nishank"
- 14. Shri Gokaraju Ganga Raju
- 15. Dr. Anbumani Ramadoss
- 16. Shri Jugal Kishore Sharma
- 17. Dr. Yashwant Singh
- 18. Dr. Naramalli Sivaprasad
- 19. Shri Balka Suman
- 20. Shri Ladu Kishore Swain
- 21. Shri Chintaman Wanaga

RAJYA SABHA

- 22. Shri Munquad Ali
- 23. Shri Gulam Rasool Balyawi
- 24. Shri D. Bandyopadhyay
- 25. Shri Ram Narain Dudi
- 26. Shri Ranvijay Singh Judev
- 27. Shri Ashwani Kumar
- 28. Shri Mahendra Singh Mahra
- 29. Dr. Vijaylaxmi Sadho
- 30. Shri A. K. Selvaraj
- 31. Shrimati Kanak Lata Singh

Secretariat

- 1. Shri Abhijit Kumar Joint Secretary
- 2. Shri A.K.Shah Director
- 3. Smt. B. Visala Additional Director

(ii)

INTRODUCTION

I, the Chairperson of the Standing Committee on Rural Development (2015-2016) having been

authorised by the Committee to present the Report on their behalf, present the Twentieth Report on the

action taken by the Government on the recommendations contained in the Eighth Report of the Standing

Committee on Rural Development (16th Lok Sabha) on Demands for Grants (2015-16) of the Ministry of

Panchayati Raj.

2. The Eighth Report was presented to Lok Sabha/laid in Rajya Sabha on 23 April, 2015. Replies of

the Government to all the recommendations contained in the Report were received on 15 July,2015.

3. The Draft Report was considered and adopted by the Committee at their sitting held on

18 December, 2015.

4. An analysis of the action taken by the Government on the recommendations contained in the

Eighth Report of the Committee is given in Appendix-II.

NEW DELHI: 18 December, 2015

27 Agrahayana, 1937 (Saka)

DR. P. VENUGOPAL Chairperson,

Standing Committee on Rural Development

(iii)

CHAPTER I

REPORT

This Report of the Standing Committee on Rural Development (2015-16) deals with the action taken by the Government on the Observations/Recommendations contained in their Eighth Report (Sixteenth Lok Sabha) on Demands for Grants (2015-16) of the Ministry of Panchayati Raj.

- 2. The Eighth Report was presented to Lok Sabha on 23 April, 2015 and was laid on the Table of Rajya Sabha on the same date. The Report contained 8 Observations/Recommendations.
- 3. Action Taken Notes in respect of all the Observations/Recommendations contained in the Report have been received from the Government. These have been examined and categorised as follows: -
 - (i) Observations/Recommendations which have been accepted by the Government:
 Serial Nos. 5, 7 and 8.

Total:3

Chapter-II

(ii) Observations/Recommendations which the Committee do not desire to pursue in view of replies of the Government: Serial No. 3.

Total: 1 Chapter-III

(iii) Observation/Recommendation in respect of which replies of the Government have not been accepted by the Committee: Serial No. NIL.

Total: NIL

Chapter-IV

iv) Observations/Recommendations in respect of which final replies of the Government are still awaited: Serial No. 1, 2, 4 and 6

Total:4

Chapter-V

- 4. The Committee desire that final replies in respect of recommendations for which only interim replies have been given by the Government included in Chapter V of this Report and replies to recommendations made in Chapter I of this Report may be furnished to the Committee expeditiously.
- 5. The Committee will now deal with action taken by the Government on some of the recommendations in the succeeding paragraphs.
- A. Inadequate funds for capacity building of Panchayati Raj Institutions criticized and Ministry of Panchayati Raj asked to pursue higher funds with NITI Aayog/Ministry of Finance.

Recommendation (Serial Nos. 2 and 6, Para Nos. 2.3 and 2.7)

6. In the light of delinking of major schemes of BRGF/RGPSA of Ministry of Panchayati Raj from support from Centre except for National component of RGPSA and these two schemes already transferred to States for implementation from own resources and also from funds given to Panchayat as per recommendations of 14th Finance Commission, the Committee while criticizing inadequate funds for capacity building of Panchayats and asking Ministry of Panchayati Raj to pursue higher funds with NITI Aayog/Ministry of Finance have recommended as under:-

"The Committee are further apprised that the Ministry has initiated the process of consultation with experts regarding the priorities and interventions of the Ministry in supporting Panchayati Raj and with the given reduced outlay for the fiscal 2015-16, the Ministry can focus only on providing technical support/inputs to the states; hold some meetings and conduct very small training programmes at the national level. The Committee are informed that the Ministry of Finance has been requested to enhance allocation at least for the capacity building. The Ministry has stated that an advisory will be issued to States for completion of the already approved projects under the schemes which have been transferred to the states. Keeping in view the urgent need for capacity building of panchayats for strengthening the Panchayati Raj Institutions across the country, the Committee are constrained to note that the reduced allocation of funds of merely Rs.94.75 crore for the fiscal year 2015-16 is not adequate for the purpose. Since the budgetary allocation for the current financial year is extremely on the lower side, the Committee strongly recommend that the Ministry should vigorously pursue the matter with the Ministry of Finance and NITI Ayog for considering enhanced budgetary allocation of funds atleast for the capacity building of panchayats for strengthening the panchayati raj institutions all over the country. The Committee

also recommend the Ministry to expedite the process of consultation with experts regarding the interventions and priorities of the Ministry in supporting panchayati raj and the outcome thereof may be apprised to the Committee. The Committee desire that the Ministry should facilitate for supporting the States in completion of the already approved projects that are underway and also persuade the States in strengthening of Panchayati Raj Institutions all over the country."

(Recommendation SI. No. 2, Para No. 2.3)

"The Committee note that the Rajiv Gandhi Panchayat Sashaktikaran Abhivan (RGPSA) was launched during the Twelfth Five Year Plan to strengthen the Panchayati Raj system across the country by subsuming the erstwhile small schemes of Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA), Rashtriya Gram Swaraj Yojana (RGSY), e-Panchayat, Panchayat Empowerment and Accountability Incentive Scheme (PEAIS). Under the scheme, funds were provided for technical and administrative support at the Gram Panchayat level. construction and repair of Gram Panchayat buildings, capacity building and training of Elected Representatives (ERs) and Panchayat functionaries, institutional structure for capacity building, e-enablement of Panchayats, funds for Panchayats with inadequate resource base, special support for Panchayats in PESA areas, strengthening State Election Commissions (SECs), Information, Education and Communication (IEC) activities and programme management. The scheme was funded in the ratio of 75:25 by Centre and State Governments. The Committee also note that from 2015-16. RGPSA scheme has been transferred to the States, except for a National component for which Rs. 60.00 crore has been allocated. The Committee have been informed that the meagre allocation of Rs. 60.00 crore is inadequate to provide capacity building requirements for 30 lakh elected representatives across the country and with the present allocation, the Ministry would be able to provide only for some training at the national levels and develop some software or panchayats. The Committee are apprised that the Ministry of Panchayati Raj have formally requested the Ministry of Finance to enhance the budgetary allocation to Rs. 1,325.00 crore to achieve at least the previous level of capacity building. Taking into account the importance of capacity building of the elected representatives of Gram Panchayats across the country including adequate training infrastructure, planning for basic services keeping in view the needs of the marginalised, access to administrative and technical manpower, support strengthening of gram sabhas to approve plans, conduct social audit, revenue generation, etc. and particularly with the Fourteenth Finance Commission Grants being released directly to Panchayats, the Committee strongly recommend that the Ministry should earnestly pursue with the Ministry of Finance and NITI Ayog to consider the requirement of higher funds for the Ministry of Panchayati Raj for strengthening of Panchayats all over the country."

(Recommendation SI. No. 6, Para No. 2.7)

7. The Government in their action taken reply have stated as under:-

"In the realm of 14th Finance Commission award, the interventions and priorities of the Ministry in supporting Panchayati Raj would have to be extremely calibrated and strategic. On the basis of preliminary discussions held in the meeting of Central Executive Committee (CEC) of RGPSA during March 2014 and subsequently in the consultations held with States in the meeting of Principal Secretary of Panchayati Raj of different States, the following activities / priorities having financial implication of Rs. 60 crore have been finalised to be undertaken during 2015-16, in the meeting of CEC of RGPSA held on 22.06.2015:

- 1. Development of 50 GPs and 15 BPs as Beacon Panchayats
- 2. Developing financial and administrative operating systems as relevant to individual States.
- Support to the School of local governance in NIRD&PR
- 4. Faculty development of SIRDs
- 5. Thematic modules
- 6. Workshops for strategic consultation for improving Quality and reach of local governance
- 7. E-governance
- 8. Knowledge repository on Panchayati Raj
- 9. Innovative Projects
- 10. Thematic awards to Panchayats

As informed to the Committee that w.e.f. 2015-16, the State Plan component under RGPSA has been delinked from RGPSA for central support. However, this Ministry has been pursuing with the Ministry of Finance for providing funds under RGPSA for capacitization of Panchayati Raj Institutions of the State. While the matter has been pending with the Ministry of Finance, States have been requested for completing the unfinished critical activities sanctioned under the scheme from their own resources. A copy of the letter may be seen at **Appendix III.**

Besides, the Ministry has already initiated strategic consultations for developing strategies and solutions relevant to improving the quality and outreach of Panchayati Raj Institutions by way of Workshops etc. One National Peer Learning workshop on Own Source of Revenue (OSR) generation by Panchayats have been held on 11th - 13th June, 2015 at NIRD&PR, Hyderabad wherein participants from 24 States comprising Senior Officers from States, SIRD faculties, SFC members, ERs of GPs discussed the policy and operational issues of OSR mobilization, capability development and devolution of power. Further, Ministry is organising a special Writeshop at KILA, Kerala during 8th – 13th July, 2015 for developing specific guidelines for participatory planning in the context of 14th Finance Commission awards. This Writeshop will facilitate cross learning and also learning from field level experiences.

"As brought out above, the matter regarding providing funds under RGPSA for capacitization of Panchayati Raj Institution of the State has been taken up with Ministry of Finance at Minister Level. Ministry has also sent a proposal to Ministry of Finance for increasing the allocation under RGPSA during 2015-16 to Rs. 1325.00 crores in the 1st Supplementary Demand for Grants."

(Reply to Recommendation SI. No. 6, Para No. 2.7)

8. During examination of Demands for Grants (2015-16) of Ministry of Panchayati Raj, while criticizing the steep reduction in Plan Outlay from Rs. 10,306.64 crore of BE and at Rs 3,400.69 at RE level in 2014-15 to as low as Rs. 94.75 crore during 2015-16 as a result of transfer of two major schemes of BRGF and RGPSA to States, the Committee had felt that with reduced funds the Ministry of Panchayati Raj could only focus on providing technical support to States and holding seminars at national level etc. The Committee had strongly recommended that the Ministry of Panchayati Raj should vigorously pursue with Ministry of Finance and NITI Aayog the matter of enhancing the outlay at least for capacity building of Panchayats in the country and expedite the process of consultation with experts regarding interventions and priorities of the Ministry in supporting Panchayati Raj. The Committee had also observed that meager allocation of Rs. 60.00 crore under National Component of RGPSA is inadequate for capacity building requirements of Panchayats and had strongly recommended Ministry of Panchayati Raj to earnestly pursue with Ministry of Finance and NITI Aayog to enhance allocation of funds for strengthening of Panchayats all over the country.

In action taken reply, the Ministry of Panchayati Raj has inter alia informed that in the realms of 14th Finance Commission award, the interventions and priorities of Ministry of Panchayati Raj for supporting Panchayati Raj have to be

extremely calibrated and strategic and based on discussions held at Central Executive Committee (CEC) of RGPSA in March, 2014 with holding consultations with Principal Secretaries of Panchayat Raj of different States on programmes like development of 50 GPs and 15 BPs as Beacon Panchayats, developing financial and administrative arrangements, operating systems relevant to individual States, support though NIRD, faculty development of SIRDs, starting of the strategic consultations for developing strategies for improving quality of Panchayats by holding workshop of NIRD&PR at Hyderabad on 11-13 June, 2015 with participants of 24 States and holding of Special Workshop at Kerala from 8-13 July, 2015 for developing participatory planning etc. As regards enhancing the allocation under RGPSA to Rs. 1325 crore for capacity building of 30 lakh elected representatives of Panchayati Raj Institutions (PRIs) in the country, the Ministry of Panchayati Raj has stated that a proposal in 1st Supplementary Demands for Grants has already been sent to Ministry of Finance.

The Committee find the reply of the Government as interim as the Ministry of Panchayati Raj is in the process of moving forward in a calibrated manner through Central Executive Committee under RGPSA in undertaking the task of capacity building in a limited way in both physical and financial terms. The Committee also find that status quo is prevailing on the issue of enhancing the allocation of funds to Rs. 1325 core for capacity building of 30 lakh elected representatives of Panchayats. The Committee reiterate that Ministry of **Panchayati** expeditious Raj should move faster on areas of completion/interactions with experts regarding interventions and priorities of the

Ministry of Panchayati Raj and for vigorously pursuing with Ministry of Finance and Niti Aayog for enhanced allocation of funds.

B. Expeditious consultations with States, Ministry of Finance, C&AG and others for creation of appropriate framework to facilitate optimum utilization of Fourteenth Finance Commission Grants to Panchayats reiterated.

(Recommendation SI. No. 4, Para No. 2.5)

9. About Expeditious consultations with States, Ministry of Finance, C&AG and others for creation of appropriate framework to facilitate optimum utilization of Fourteenth Finance Commission Grants to Panchayats, the Committee have recommended as under:-

"The Committee note that as per the recommendations of the Fourteenth Finance Commission, Panchayats have been granted Rs. 2,00,292.2 crore for the period 2015-20. The Committee are apprised that this allocation is three times more than the amount allocated under the Thirteenth Finance Commission and these grants will be released by the Ministry of Finance to the States who will release these to Panchayats for undertaking various activities for improving the status of basic civic services. The Committee are constrained to note that Gram Panchayats across the country are ill-equipped in human resources, training and infrastructure to handle the enormous increase in grants without proper supervision and assistance. The Committee further note that the States also lack adequate training infrastructure and depend on Central funds for training. The lack of sufficient power, broadband connectivity, manpower and capacity are stated to be the common challenges faced by many panchayats in the country. The Committee are apprised that the Ministry intends to initiate a process of consultations with the State Governments, Ministry of Finance, the office of Comptroller & Accountant General and other partners to create an acceptable framework for facilitating the utilization of the devolved grants and the role of the Ministry will depend on the guidelines issued by the Department of Expenditure. The Committee therefore, recommend the Ministry to expeditiously initiate consultations with the State Governments, Ministry of Finance, office of Comptroller and Accountant General and others concerned for creation of an appropriate framework to facilitate optimum utilization of grants awarded by the Fourteenth finance Commission to the Panchayats and also intensify the system of monitoring of appropriate utilization of the devolved grants to the panchayats. The Committee may be apprised of the action taken in the matter. The Committee further recommends the Ministry to persuade the States to institutionalize the strengthening of

Panchayati Raj Institutions in the States and focus on bringing quality and depth to the capacity building effort and also intensify the monitoring."

10. The Government in their action taken reply have stated as under:-

"In the realm of 14th Finance Commission award, the interventions and priorities of the Ministry in supporting Panchayati Raj would have to be extremely calibrated and strategic. On the basis of preliminary discussions held in the meeting of Central Executive Committee (CEC) of RGPSA during March 2014 and subsequently in the consultations held with States in the meeting of Principal Secretary of Panchayati Raj of different States, the following activities / priorities having financial implication of Rs. 60 crore have been finalised to be undertaken during 2015-16, in the meeting of CEC of RGPSA held on 22.06.2015:

- 1. Development of 50 GPs and 15 BPs as Beacon Panchayats
- 2. Developing financial and administrative operating systems as relevant to individual States.
- 3. Support to the School of local governance in NIRD&PR
- 4. Faculty development of SIRDs
- 5. Performance Assessment Frameworks
- 6. Thematic modules
- 7. Workshops for strategic consultation for improving Quality and reach of local governance
- 8. E-governance
- 9. Knowledge repository on Panchayati Raj
- 10. Innovative Projects
- 11. Thematic awards to Panchayats

As informed to the Committee that w.e.f. 2015-16, the State Plan component under RGPSA has been delinked from RGPSA for central support. However, this Ministry has been pursuing with the Ministry of Finance for providing funds under RGPSA for capacitization of Panchayati Raj Institutions of the State. While the matter has been pending with the Ministry of Finance, States have been requested for completing the unfinished critical activities sanctioned under the scheme from their own resources. A copy of the letter may be seen at **Appendix III.**

Besides, the Ministry has already initiated strategic consultations for developing strategies and solutions relevant to improving the quality and outreach of Panchayati Raj Institutions by way of Workshops etc. One National Peer Learning workshop on Own Source of Revenue (OSR) generation by Panchayats have been held on 11th - 13th June, 2015 at NIRD&PR, Hyderabad wherein participants from 24 States comprising Senior Officers from States, SIRD faculties, SFC members, ERs of GPs discussed the policy and operational issues of OSR mobilization, capability development and devolution of power. Further, Ministry is organising a special Writeshop at KILA, Kerala during 8th – 13th July, 2015 for developing specific guidelines for participatory planning in the context

of 14th Finance Commission awards. This Writeshop will facilitate cross learning and also learning from field level experiences."

11. Having noticed three-fold increase in quantum of Grants recommended by 14th Finance Commission than the 13th Finance Commission Grants for Panchayats for basic civic amenities and apprehending that Panchayats are ill-equipped in human resources, training, infrastructure to handle the huge amount of as huge as Rs. 2 lakh crore during 2015-2020 without proper supervision and assistance and the role of Ministry of Panchyati Raj (MoPR) would depend upon the Guidelines issued by the Department of Expenditure and the MoPR intended to initiate the process for consultations with States, Ministry of Finance, C&AG etc., the Committee had recommended the Ministry of Panchayati Raj to hold aforesaid consultations with States, Ministry of Finance, C&AG and others for creation of an appropriate framework to facilitate optimal utilisation of 14th Finance Commission Grants to Panchayats.

In action taken reply, the Ministry of Panchayati Raj has inter alia informed that in the realms of 14th Finance Commission award, the interventions and priorities of Ministry of Panchayati Raj for supporting Panchayati Raj have to be extremely calibrated and strategic and based on discussions held at Central Executive Committee (CEC) of RGPSA in March, 2014 and consultations held with Principal Secretaries of Panchayat Raj of different States on programmes like development of 50 GPs and 15 BPs as Beacon Panchayats, developing financial and administrative arrangements, operating systems relevant to individual States, support though NIRD, faculty development of SIRDs etc. and holding of consultations for developing strategies for improving quality of Panchayats by

holding workshop of NIRD&PR at Hyderabad on 11-13 June, 2015 with participants of 24 States and another such Special Workshop at Kerala from 8-13 July, 2015 etc.

The Committee find that Department of Expenditure (Finance Commission Division) on 8th October, 2015 have issued Guidelines (Appendix IV) for the implementation of recommendations of Fourteenth Finance Commission (FC-XIV) with regard to release and utilisation of Grants for Rural Local Bodies (RLB) and Urban Local Bodies (ULB) and have forwarded the same to Ministry of Panchayati Raj among others. According to the Guidelines, Basic Grant of Rs. 21,624.46 crore for 2015-16 (Appendix IV.a) and Performance Grant of Rs. 3927.65 crore have been allocated for release to PRIs during 2016-17 (Appendix IV.b). The Committee also find Rs. 5,077.29 crore as first installment of Basic Grants of Fourteenth Finance Commission has already been released to 29 States (Appendix V) and major beneficiaries are Bihar (Rs. 1134.59 crore)/Maharashtra (Rs. 811.66 crore)/Madhya Pradesh (731.81 crore)/Odisha (Rs. 477.76 crore) and Tamil Nadu (Rs. 473.83 crore). The Committee are dismayed to note that although huge amount of funds have already been released to States, yet the Ministry of Panchayati Raj is still in the process of consultations with experts regarding interventions and priorities of the Ministry in support of Panchayats, seeking enhancement of funds for capacity building requirements of Panchayats from Ministry of Finance and creation of framework for optimal utilisation of 14th Finance Commission Grants by Panchayats remains inconclusive. The Committee, therefore, reiterate that Consultations with States/UTs Governments, Ministry of Finance, C&AG and others for creation of appropriate framework to

facilitate optimum utilization of huge Fourteenth Finance Commission Grants to

Panchayats be completed expeditiously and put on fast track.

CHAPTER II

RECOMMENDATION WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Serial No. 5, Para No. 2.5)

The Committee are constrained to note that there are huge amounts lying unspent in the schemes of the Ministry during 2014-15 especially under BRGF. In this regard, the Committee note that as on 31.12.2014, Rs. 5129.48 crore was lying unspent which includes Rs. 4524.94 crore under BRGF. The Committee have been apprised that as the BRGF and RGPSA schemes are transferred to the States, the Ministry would write to the states about the unspent money for the already approved projects and issue an advisory to ensure that the approved projects are completed so that there is no infructuous expenditure. The Committee while appreciating the efforts in this regard, desire the Ministry to expedite the issue of an advisory for completion of the already approved projects and specific action taken by the Government in the matter may be apprised to the Committee.

Reply of the Government

As informed to the Committee that w.e.f. 2015-16, the State Plan component under RGPSA has been delinked from RGPSA for central support. However, this Ministry has been pursuing with the Ministry of Finance for providing funds under RGPSA for capacitization of Panchayati Raj Institutions of the State. While the matter has been pending with the Ministry of Finance, States have been requested for completing the unfinished critical activities sanctioned under the scheme from their own resources. A copy of the letter may be seen at **Appendix III.** Ministry has also requested the State Governments to use the unspent balances under RGPSA for components of the approved RGPSA plan for either 2013-14 or 2014-15. A copy of the letter may be seen at **Appendix V.**

The Ministry has requested all the State Governments to furnish the utilization certificates for the funds available with them under BRGF at the earliest. The States have also been requested to upload details of all assets created/maintained using BRGF grants in the National Asset Directory Application. A copy of letter dated 12.03.2015 written to all the States in this regard is at **Appendix VI**. In the review meeting with the Principal Secretary/Secretary of Panchayati Raj Department of State Government held on 8.05.2015 in New Delhi, all the State were requested to utilize the unspent fund(s) under BRGF towards completion of works already started and forward the requisite UCs latest by 30th September, 2015.

Recommendation (Serial No. 7, Para No. 2.8)

The Committee note that the scheme of Media and Publicity aims at effective communication through the electronic and the print media for advocacy and publicity regarding Panchayati Raj as well as for building the capacities of panchayats and enhancing their performance. Under the scheme, the BE allocation of Rs. 20 crores for 2014-15 was reduced to Rs. 10 crores at RE stage out of which only Rs. 2.55 crore has been utilized. The BE allocation for 2015-16 has been reduced to Rs. 5 crores which is Rs. 15 crores lesser than the previous year's B.E. The Committee have been informed that the reason for low utilization of funds is due to the fact that 35 short films have been commissioned for training purposes in 2014-15 and since the process of film production is long, funds would be released after the films are finalized. As the scheme is aimed at creating awareness regarding Panchayati Raj by reaching out to multiple and diverse target groups including the rural populace, the Committee desire that the Ministry should make all out efforts to disseminate information through the print and electronic media alongwith traditional forms of mass communication by expediting full utilization of funds within the financial year so that funds are not reduced drastically and the capacities of Panchayats are enhanced.

Reply of the Government

Funds to the tune of Rs.5.52 crore was utilized upto 31.03.2015 during 2014–15, and the reasons for relatively low utilization of funds under the Scheme "Media and Publicity" were made available to the Committee in written reply and the same is mentioned in the Eighth Report. As regards action taken on recommendation made by the Committee, significant progress has been made in utilization of the funds as well as carrying out the awareness generation activities towards achieving the objectives of the Scheme. An amount of Rs.2.30 crore has already been utilized upto 30.06.2015 during the current fiscal (2015–16) on various IEC activities including holding of one day-long national conference at Vigyan Bhawan, New Delhi on 24th April 2015 to commemorate the National Panchayati Raj Day, which was inaugurated and addressed by the Hon'ble Prime Minister and attended by more than 1100 elected representatives of Panchayati Raj Institutions from across the country. During the current year so far the Ministry had undertaken

- 1. A week long Mass Media campaign on National Panchayati Raj Day.
- 2. Print/Video/Audio advertisement on 24th April, 2015 on National and Regional newspaper emphasizing the aspects of good governance, health, woman empowerment and cleanliness in Panchayats.

Recommendation (Serial No. 8, Para No. 2.9)

The Committee note that the Action Research and Research Studies Scheme provides financial support to Academic Institutions and Research Organisations having specialized experience in research and evaluation in the areas of Panchayati Raj. Against the BE allocation of Rs. 3 crore in 2014-15, the RE allocation was Rs.2 crore out of which the actual expenditure was Rs. 0.36 crore. The reasons for such low utilization of funds are stated to be mainly the time consuming process involved in conducting high quality action researches and funds are released after the researches are completely satisfactorily. The BE allocation for 2015-16 is Rs. 2 crore. Committee are apprised that since the inception of the scheme, 66 study projects have been sanctioned out of which 1 study project was sanctioned in 2014-15. The Committee are also apprised that the Ministry would be undertaking studies on the works being undertaken by the Gram Panchayats for the optimal utilization of the funds proposed to be released to the Gram Panchayats under the Fourteenth Finance Commission Grants. The Committee while acknowledging the efforts made under the scheme, urge the Ministry to ensure full and optimum utilisation of funds so that the sanctioned studies are successfully completed on time and facilitate for better policy formation in Panchayati Raj.

Reply of the Government

The Ministry has already initiated the process for identifying the themes for conducting action research & research studies during the current financial year. Till date, two studies have already been sanctioned. Ministry has also initiated steps to take up the study on the State of Panchayat Report (SOPR) and the Devolution Index Report for 2015-16. Agencies have already been requested to complete the studies within the stipulated time period and steps are also being taken to get the reports and utilization certificate from the defaulting agencies. Subsequent installments are also being released to the agencies who have completed the study(s) sanctioned to them during the previous years and have submitted the reports to the satisfaction of the Ministry. Further, it is submitted that during the current financial year, the budget allocation is of Rs. 2.00 crore, which is expected to be fully utilized keeping in view the expected studies to be sanctioned under the scheme during the year.

[O.M. No. H-11013/2/2015-Parl. dated 15 July, 2015, Ministry of Panchayati Raj]

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

Recommendation (Serial No. 3, Para No. 2.9)

The Committee are dismayed to note that for the year 2014-15, Rs. 7000.00 crore was allocated to the Ministry at BE stage for the Plan component which was reduced to Rs. 3400.00 crore at RE stage. The allocation for Backward Region Grant Fund (BRGF) scheme which is very essential for development of backward regions of the country, was substantially reduced from Rs. 5900.00 crores at BE stage to Rs. 2837.00 crores at RE stage. The Committee are not convinced with the reasons for such reduction being slow pace of releases in 2014-15 due to late submission of proposals by States and non-submission/discrepancies in documents like Utilization Certificates, physical & financial reports and audit reports. The Committee further observe that allocation for the RGPSA scheme was reduced from Rs. 1050 crore at BE stage to Rs. 527 crore at RE stage. The Committee are constrained to note that such reductions have adversely impacted the progress of works under these schemes, like under BRGF, 87 districts out of 272 could not be considered for release of first instalment itself and 17 States could not claim the Capacity Building grant and that the reduction in budgetary allocation under RGPSA scheme has led to short release of first installment of Central share in respect of State of Telangana and that requests from some States for release of second instalment could not be considered. The Committee feel that the Ministry could have been pro-active in persuading the states for timely submission of proposals which could have avoided such reduction in the allocations, Since the schemes of BRGF and RGPSA have now been transferred to the States, the Committee desire that the Ministry will make earnest efforts to pursue with the States to ensure completion of the works already undertaken and ensure optimum utilisation of funds already sanctioned under both the Schemes.

Reply of the Government

Taking into consideration the fact that the drastic reduction of budgetary provision under RGPSA for the year 2014-15 at RE stage and delinking of State support in the budgetary provisions of the scheme for 2015-16 will impact adversely the momentum of the activities set in motion in the later half of the year 2014-15, this Ministry has taken up with Ministry of Finance for providing funds under RGPSA for capacitization of Panchayati Raj Institutions of the State. While the matter has been pending with the Ministry of Finance, States have been requested for completing the unfinished critical activities sanctioned under the scheme from their own resources. A copy of the letter may be seen at **Annex I**.

To help the States in ensuring the optimum utilisation of funds sanctioned for certain activities, it has been clarified to States that they can effect change in inter se allocation of funds among sanctioned component of RGPSA within the funds released under the scheme subject to condition that the change effected is for items sanctioned by the CEC for RGPSA and within the amounts that have been sanctioned by the CEC. This will help in utilizing the funds for completing certain activities as per approved ceiling of RGPSA from the reallocation of funds which are lying unspent due to delay in actualisation of that activity because of various reasons. A copy of the Advisory may be seen at **Appendix V**.

The Ministry had been pro-actively persuading the States for timely submission of BRGF proposals. In the first week of the financial year 2014-15 itself, Ministry had informed the Annual allocation under BRGF to the States and requested them to furnish the requisite proposals by 25th June, 2014. Further, for speedier receipt and processing, all the States were requested to send the proposals through electronic mode via e-mail and within the Ministry all the proposals were processed for release in e-office. The Ministry had been vigorously pursuing matters through interaction at various levels with State Secretaries, District Collectors, Programme Managers, SIRDs, etc., for improving implementation of the BRGF Programme and ensure full utilization of BRGF funds. Regional workshops were organized in four States namely, Hyderabad on 28th May 2014, Guwahati on 29th May 2014, Pune on 30th May 2014 and New Delhi on 27th May 2014 to review the status of implementation of BRGF Programme in the States. Secretary, MoPR visited Maharashtra from 4th-6th July 2014 to review the implementation of BRGF/other schemes in the State. A review meeting was held on 24th November 2014 in New Delhi to review the status of BRGF/RGPSA with the Principal Secretaries/Secretaries of the various State Governments which was chaired by Secretary, Panchayati Raj. A round of regional review meetings for the Southern, Western and Eastern regions was held at Hyderabad (20-21st January, 2015), Gandhinagar (29-30th January, 2015) and Bhubaneswar (5-6th February, 2015), respectively.

As per the BRGF Programme guidelines, the State Governments are required to submit Utilization Certificate within one year of the release of funds. Thus, any amount released immediately gets added to the unspent balance lying with the State/ district. The usual practice followed by the States/ districts was to send UCs of previous releases with the proposals for fresh release. Since the Ministry was not in a position to release the 2nd installment of 2014-15 due to budget cut, most of the States did not furnish any UCs for the 1st installment released. Therefore, the cumulative position shows a higher figure.

The Ministry has requested all the State Governments to furnish the utilization certificates for the funds available with them under BRGF at the earliest. The States

have also been requested to upload details of all assets created/maintained using BRGF grants in the National Asset Directory Application. A copy of letter dated 12.03.2015 written to all the States in this regard is at **Annex-III**. In the review meeting with the Principal Secretary/Secretary of Panchayati Raj Department of State Government held on 8.05.2015 in New Delhi, all the State were requested to utilize the unspent fund(s) under BRGF towards completion of works already started and forward the requisite UCs latest by 30th September, 2015.

[O.M. No. H-11013/2/2015-Parl. dated 15 July, 2015, Ministry of Panchayati Raj]

CHAPTER IV

OBSERVATIONS/RECOMMENDATIONS IN RESPECT OF WHICH REPLY OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

- NIL -

CHAPTER V

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

Recommendation (Serial No. 1, Para No. 2.2)

The Committee while scrutinizing the detailed Demands for Grants of the Ministry are dismayed to note that there has been a substantial cut of about 98.65 per cent in the Plan outlay allocated for 2015-16 as compared to the previous year 2014-15 outlay. The Committee observe that the allocated outlay of Rs. 94.75 crore for the current financial year 2015-16 is Rs. 6905.95 crore lesser than the previous year 2014-15 B.E of Rs. 7000.70 crore and Rs. 3305.94 crore lesser than the previous year 2014-15 R.E of Rs. 3400.69 crore. The Committee are astonished to note that the funds proposed by the Ministry for the plan schemes for 2015-16 are Rs.10150.00 crore, but the funds provided to the Ministry are of a very meager amount of Rs.94.00 crore. The Committee are apprised that the reasons for such drastic reduction in the budgetary allocation is that from 2015-16, the two major schemes of BRGF and RGPSA of the Ministry have been delinked from support from the Centre except for the National component of RGPSA and that the schemes have now been transferred to the States for implementation from their own resources and also from the funds to be given to the Panchayats as per the recommendations of the 14th Finance Commission. Further, the Secretary, Ministry of Panchayati Raj also submitted that the reason for the extremely low budget is due to the high level of devolution both to the Gram Panchayats and to the State governments.

Recommendation (Serial No. 2, Para No. 2.3)

The Committee are further apprised that the Ministry has initiated the process of consultation with experts regarding the priorities and interventions of the Ministry in supporting Panchayati Raj and with the given reduced outlay for the fiscal 2015-16, the Ministry can focus only on providing technical support/inputs to the states; hold some meetings and conduct very small training programmes at the national level. The Committee are informed that the Ministry of Finance has been requested to enhance allocation at least for the capacity building. The Ministry has stated that an advisory will be issued to States for completion of the already approved projects under the schemes which have been transferred to the states. Keeping in view the urgent need for capacity building of panchayats for strengthening the Panchayati Raj Institutions across the country, the Committee are constrained to note that the reduced allocation of funds of merely Rs.94.75 crore for the fiscal year 2015-16 is not adequate for the purpose. Since the budgetary allocation for the current financial year is extremely on the lower

side, the Committee strongly recommend that the Ministry should vigorously pursue the matter with the Ministry of Finance and Niti Ayog for considering enhanced budgetary allocation of funds atleast for the capacity building of panchayats for strengthening the panchayati raj institutions all over the country. The Committee also recommend the Ministry to expedite the process of consultation with experts regarding the interventions and priorities of the Ministry in supporting panchayati raj and the outcome thereof may be apprised to the Committee. The Committee desire that the Ministry should facilitate for supporting the States in completion of the already approved projects that are underway and also persuade the States in strengthening of Panchayati Raj Institutions all over the country.

Reply of the Government

In the realm of 14th Finance Commission award, the interventions and priorities of the Ministry in supporting Panchayati Raj would have to be extremely calibrated and strategic. On the basis of preliminary discussions held in the meeting of Central Executive Committee (CEC) of RGPSA during March 2014 and subsequently in the consultations held with States in the meeting of Principal Secretary of Panchayati Raj of different States, the following activities / priorities having financial implication of Rs. 60 crore have been finalised to be undertaken during 2015-16, in the meeting of CEC of RGPSA held on 22.06.2015:

- 1. Development of 50 GPs and 15 BPs as Beacon Panchayats
- 2. Developing financial and administrative operating systems as relevant to individual States.
- 3. Support to the School of local governance in NIRD&PR
- 4. Faculty development of SIRDs
- 5. Thematic modules
- 6. Workshops for strategic consultation for improving Quality and reach of local governance
- 7. E-governance
- 8. Knowledge repository on Panchayati Raj
- 9. Innovative Projects
- 10. Thematic awards to Panchayats

As informed to the Committee that w.e.f. 2015-16, the State Plan component under RGPSA has been delinked from RGPSA for central support. However, this Ministry has been pursuing with the Ministry of Finance for providing funds under RGPSA for capacitization of Panchayati Raj Institutions of the State. While the matter has been pending with the Ministry of Finance, States have been requested for completing the unfinished critical activities sanctioned under the scheme from their own resources. A copy of the letter may be seen at **Appendix III.**

Besides, the Ministry has already initiated strategic consultations for developing strategies and solutions relevant to improving the quality and outreach of Panchayati Raj Institutions by way of Workshops etc. One National Peer Learning workshop on Own Source of Revenue (OSR) generation by Panchayats have been held on 11th - 13th June, 2015 at NIRD&PR, Hyderabad wherein participants from 24 States comprising Senior Officers from States, SIRD faculties, SFC members, ERs of GPs discussed the policy and operational issues of OSR mobilization, capability development and devolution of power. Further, Ministry is organising a special Writeshop at KILA, Kerala during 8th – 13th July, 2015 for developing specific guidelines for participatory planning in the context of 14th Finance Commission awards. This Writeshop will facilitate cross learning and also learning from field level experiences.

[O.M. No. H-11013/2/2015-Parl. dated 15 July, 2015, Ministry of Panchayati Raj]

Comments of the Committee

(Please see Paragraph No.8 of Chapter I of the Report)

Recommendation (Serial No. 4, Para No. 2.5)

The Committee note that as per the recommendations of the Fourteenth Finance Commission, Panchayats have been granted Rs. 2,00,292.2 crore for the period 2015-20. The Committee are apprised that this allocation is three times more than the amount allocated under the Thirteenth Finance Commission and these grants will be released by the Ministry of Finance to the States who will release these to Panchayats for undertaking various activities for improving the status of basic civic services. The Committee are constrained to note that Gram Panchayats across the country are illequipped in human resources, training and infrastructure to handle the enormous increase in grants without proper supervision and assistance. The Committee further note that the States also lack adequate training infrastructure and depend on Central funds for training. The lack of sufficient power, broadband connectivity, manpower and capacity are stated to be the common challenges faced by many panchayats in the country. The Committee are apprised that the Ministry intends to initiate a process of consultations with the State Governments, Ministry of Finance, the office of Comptroller & Accountant General and other partners to create an acceptable framework for facilitating the utilization of the devolved grants and the role of the Ministry will depend on the guidelines issued by the Department of Expenditure. The Committee therefore, the Ministry to expeditiously initiate consultations with the State Governments, Ministry of Finance, office of Comptroller and Accountant General and others concerned for creation of an appropriate framework to facilitate optimum utilization of grants awarded by the Fourteenth finance Commission to the Panchayats and also intensify the system of monitoring of appropriate utilization of the devolved

grants to the panchayats. The Committee may be apprised of the action taken in the matter. The Committee further recommends the Ministry to persuade the States to institutionalize the strengthening of Panchayati Raj Institutions in the States and focus on bringing quality and depth to the capacity building effort and also intensify the monitoring.

Reply of the Government

In the realm of 14th Finance Commission award, the interventions and priorities of the Ministry in supporting Panchayati Raj would have to be extremely calibrated and strategic. On the basis of preliminary discussions held in the meeting of Central Executive Committee (CEC) of RGPSA during March 2014 and subsequently in the consultations held with States in the meeting of Principal Secretary of Panchayati Raj of different States, the following activities / priorities having financial implication of Rs. 60 crore have been finalised to be undertaken during 2015-16, in the meeting of CEC of RGPSA held on 22.06.2015:

- 1. Development of 50 GPs and 15 BPs as Beacon Panchayats
- 2. Developing financial and administrative operating systems as relevant to individual States for roll out of the FFC award
- 3. Support to the School of local governance in NIRD&PR
- 4. Faculty development of SIRD
- 5. Performance Assessment Frameworks
- 6. Thematic modules
- 7. Workshops for strategic consultation for improving Quality and reach of local governance
- 8. E-governance
- 9. Knowledge repository on Panchayati Raj
- 10. Innovative Projects
- 11. Thematic awards to Panchayats

As informed to the Committee that w.e.f. 2015-16, the State Plan component under RGPSA has been delinked from RGPSA for central support. However, this Ministry has been pursuing with the Ministry of Finance for providing funds under RGPSA for capacitization of Panchayati Raj Institutions of the State. While the matter has been pending with the Ministry of Finance, States have been requested for completing the unfinished critical activities sanctioned under the scheme from their own resources. A copy of the letter may be seen at **Appendix III.**

Besides, the Ministry has already initiated strategic consultations for developing strategies and solutions relevant to improving the quality and outreach of Panchayati Raj Institutions by way of Workshops etc. One National Peer Learning workshop on Own Source of Revenue (OSR) generation by Panchayats have been held on 11th -

13th June, 2015 at NIRD&PR, Hyderabad wherein participants from 24 States comprising Senior Officers from States, SIRD faculties, SFC members, ERs of GPs discussed the policy and operational issues of OSR mobilization, capability development and devolution of power. Further, Ministry is organising a special Writeshop at KILA, Kerala during 8th – 13th July, 2015 for developing specific guidelines for participatory planning in the context of 14th Finance Commission awards. This Writeshop will facilitate cross learning and also learning from field level experiences.

[O.M. No. H-11013/2/2015-Parl. dated 15 July, 2015, Ministry of Panchayati Raj]

Comments of the Committee

(Please see Paragraph No.11 of Chapter I of the Report)

Recommendation (Serial No. 6, Para No. 2.7)

The Committee note that the Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) was launched during the Twelfth Five Year Plan to strengthen the Panchayati Raj system across the country by subsuming the erstwhile small schemes of Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA), Rashtriya Gram Swaraj Yojana (RGSY), e-Panchayat, Panchayat Empowerment and Accountability Incentive Scheme (PEAIS). Under the scheme, funds were provided for technical and administrative support at the Gram Panchayat level, construction and repair of Gram Panchayat buildings, capacity building and training of Elected Representatives (ERs) and Panchayat functionaries, institutional structure for capacity building, e-enablement of Panchayats, funds for Panchayats with inadequate resource base, special support for Panchayats in PESA areas, strengthening State Election Commissions (SECs), Information, Education and Communication (IEC) activities and programme management. The scheme was funded in the ratio of 75:25 by Centre and State Governments. The Committee also note that from 2015-16, RGPSA scheme has been transferred to the States, except for a National component for which Rs. 60.00 crore has been allocated. The Committee have been informed that the meagre allocation of Rs. 60.00 crore is inadequate to provide capacity building requirements for 30 lakh elected representatives across the country and with the present allocation, the Ministry would be able to provide only for some training at the national levels and develop some software or panchayats. The Committee are

apprised that the Ministry of Panchayati Raj have formally requested the Ministry of Finance to enhance the budgetary allocation to Rs. 1,325.00 crore to achieve at least the previous level of capacity building. Taking into account the importance of capacity building of the elected representatives of Gram Panchayats across the country including adequate training infrastructure, planning for basic services keeping in view the needs of the marginalised, access to administrative and technical manpower, support strengthening of gram sabhas to approve plans, conduct social audit, revenue generation, etc. and particularly with the Fourteenth Finance Commission Grants being released directly to Panchayats, the Committee strongly recommend that the Ministry should earnestly pursue with the Ministry of Finance and Niti Ayog to consider the requirement of higher funds for the Ministry of Panchayati Raj for strengthening of Panchayats all over the country.

Reply of the Government

As brought out above, the matter regarding providing funds under RGPSA for capacitization of Panchayati Raj Institution of the State has been taken up with Ministry of Finance at Minister Level. Ministry has also sent a proposal to Ministry of Finance for increasing the allocation under RGPSA during 2015-16 to Rs. 1325.00 crores in the 1st Supplementary Demand for Grants.

[O.M. No. H-11013/2/2015-Parl. dated 15 July, 2015, Ministry of Panchayati Raj]

Comments of the Committee

(Please see Paragraph No.8 of Chapter I of the Report)

NEW DELHI; 18 December, 2015 27 Agrahayana, 1937 (Saka) DR. P. VENUGOPAL

Chairperson,
Standing Committee on Rural Development

APPENDIX - II

[Vide para 4 of Introduction of Report]

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE EIGHTH REPORT (16TH LOK SABHA) OF THE STANDING COMMITTEE ON RURAL DEVELOPMENT

I.	Total number of recommendations:	80
II.	Recommendations that have been accepted by the Government : Serial Nos. 5, 7 and 8	
	Total:	03
	Percentage:	37.5%
III.	Recommendations which the Committee do not desire to pursue in view of the Government's replies : Serial No. 3	
	Total: Percentage:	01 12.5%
IV.	Recommendations in respect of which replies of the Government have not been accepted by the Committee :	NIL
	Total: Percentage:	0 %
V.	Recommendations in respect of which final replies of the Government are still awaited : Serial Nos. 1, 2, 4 and 6.	
	Total: Percentage:	04 50 %