Report of the Working Group on “Panchayati Raj Institutions and Rural Governance”

Government of India
Planning Commission and
Ministry of Panchayati Raj
www.panchayat.gov.in

“Active Gram Sabha: For Empowered People and Accountable Panchayats”
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FOREWORD

It is now nearly 20 years – and will be 25 years by 2017, the last year of Twelfth Five Year Plan – since the dream of Mahatma Gandhi and the “Power to the People” vision of Shri Rajiv Gandhi regarding Panchayats, was incorporated in the Constitution of India. Over these years, the mandatory provisions of the Constitution have, by and large, been implemented by all the State Governments. However, the progress made is highly uneven among States as regards the devolution of functions and empowerment of Panchayats, so that they could evolve into institutions of self governance and also plan and implement programmes for economic development and social justice. Even in States which have made some progress, further steps have been stalled.

The enablement and empowerment of Panchayats through devolution of functions, funds and functionaries are largely the responsibility of State Governments. In view of the tardy progress during the last two decades, it is necessary to devise measures to induce the State Governments to act in the direction of such empowerment. Since the Government of India has undertaken a number of important schemes, with large outlays, in sectors which fall within the purview of local governments, the working group is strongly of the view that the Planning Commission and the concerned ministries of the Government of India should give the lead by recognizing the centrality of Panchayats through the guidelines, structure of planning, mode of financing and implementation of such centrally sponsored schemes. Despite observations and exhortations from time to time, it is a matter of regret that except in the case of MGNREGA, Panchayats have been largely sidelined and parallel bodies have been created for planning and implementation.

The Working Group is to deal not merely with Panchayati Raj Institutions but with Rural Governance in its true sense. It is with this in view that the Group has undertaken its task and made appropriate recommendations. It has kept in mind the observations of the Honourable Prime Minister (January 16, 2009) that inclusive growth which is the motto of the plan can be achieved only through inclusive governance and that the key to this is an effective well functioning system of Panchayats.

The Report is presented to the Planning Commission with the hope that the Constitutional mandate to the Union and State Governments and the responsibility of the Union Government to ensure that governance in the States is done in accordance with the Constitution are recognized while drawing up the Twelfth Five Year Plan.

12.09.2011

Sd/
(V. Ramachandran)
Chairman, WG
Introduction

Why Panchayati Raj?

The ‘Gram Sawaraj’ dream of Mahatma Gandhi and the ‘Power to the People’ exhortation of Rajiv Gandhi are the essence of true democracy. Prime Minister in his address on January 16, 2009 has observed that “We are a large, young and restless nation. On the move. There is no other way to include the aspirations of all our people to guide our collective destiny other than to develop a strong local government system. Inclusive growth, which is the motto of the 11th five year plan, can be achieved only through inclusive governance. And the key to this is an effective, well functioning system of Panchayats.”

2. The 73rd Amendment to the Constitution has given constitutional status to the Panchayats, provided it a complete framework and also imparted it certainty. It envisions the Panchayats as the institutions of local self governance and also the universal platforms for planning and implementing programmes for economic development and social justice. It has deepened the democracy and ensured social and political empowerment of the people, particularly the dis-advantaged through 2.4 lakh Panchayats and 2.8 million elected representatives, over 30% of whom are women, 19% SC, 12% ST and also OBCs in proportion to the population in the most States.

Progress:

3. After Ministry of Panchayati Raj(MoPR) was created in the year 2004, the Panchayat agenda has received a much wider public attention. This Ministry has been pursuing three broad aspects of the Panchayat Agenda: Empowerment, Enablement and Accountability. More important, last 3 years have been devoted to building/strengthening institutions, systems, processes etc. so as to ensure efficiency, transparency and accountability in the Panchayats. For example, as a part of the ambitious e-Panchayat Project, daily receipt and expenditure of about 50,000 Gram Panchayats(GPs) were available on-line for 2010-11 in the public domain and it is expected that by December, 2011, all 2.40 lakh GP accounts upto the voucher level would be on-line. Ombudsman, Social Audit, Model Accounting System etc. would set a new paradigm of accountability. The Panchayat Performance Assessment initiative would encourage the good and discipline the not-so-good.

4. MGNREGA, which mandates Panchayats as the principal planning and implementing authorities, has given high visibility to the Panchayats and in the process, catalyzed to some extent their enablement. Backward Region Grant Fund (BRGF) has given untied financial backup to the Panchayats and (a) Promoted decentralized, participative and holistic planning (as an essential condition for getting BRGF grant) that starts from the grassroots upwards through the Panchayats and Municipalities, and culminates in a District Plan consolidated by the DPC, (b) Bridged (to a limited extent due to low allocations) critical gaps in development that are not met through the existing schemes/resources and (c) Built capacity of the Panchayats and their functionaries. Incidentally, the recently launched backward area development packages bypassing BRGF/MoPR and the stagnant outlays have affected BRGF and the efforts of MoPR.
5. The 13th Central Finance Commission (13th CFC) award is a major milestone in the history of the Panchayati Raj. In a radical departure from the past, the 13th CFC has devolved to the Panchayats a share of the divisible tax pool, instead of a mere lump sum, de facto recognizing the Panchayats as the third tier of governance. The Commission has also earmarked a performance grant subject to the fulfillment of stipulated conditions, which would bring about significant improvements in the functioning of the Panchayats.

6. Effective devolution of 3Fs to the Panchayats in respect of 5 Departments of Agriculture, Education, Health, Social Welfare and Women & Child by the Govt. of Rajasthan recently, is likely to trigger a positive trend elsewhere. Bihar has adopted ‘Panchayat Sarkar’ as an important plank for good governance. Many other States have undertaken various measures to strengthen the Panchayats. Jharkhand, after a gap of more than 30 years, held Panchayat elections recently. J&K again held elections after a long gap. A high turn out of the voters in both these troubled states, ranging from 70 to 85% in various parts, has lessons for all. People want to take charge of their destiny themselves.

Unfinished Agenda

7. However, there are many unfinished agenda such as:
   - Panchayats quite often are unable to function efficiently: due to insufficient staffing, office space & infrastructure.
   - True Integrated decentralized planning is yet to happen (Art. 243ZD): largely due to non-cooperation from the line Depts. and insufficient allocation for BRGF.
   - Devolution of 3 Fs to the Panchayats is highly uneven across States: since Art 243G gives ‘discretion’ to the States and CSSs/ACAs do not encourage devolution.
   - Implementation of PESA needs urgent attention: which will address people’s disaffection in tribal/forest Areas and thereby LWE.
   - Effective functioning of State Finance Commission is needed: for financial sustenance of the PRIs.
   - Elected Village Councils in the 6th Schedule Area of NE States need to be established: for meeting the aspirations of the diverse and dispersed people and communities.

Roadmap for the Panchayati Raj (2011-17): An All India Perspective

8. This Ministry has prepared a Roadmap (2011-17) to almost coincide with the 12th Plan, which covers key aspects of accountability and efficiency, devolution of 3Fs, capacity building of the Panchayats and Functionaries, decentralized planning, effective implementation of PESA, empowered elected Village Councils in the 6th Schedule Areas, changes in the constitutional and legal framework and some other important issues. Evidently, any Roadmap is a dynamic document.

9. Panchayat being a State Subject, State Govts. have the primary role in empowerment, enablement and accountability of the Panchayats. GoI also has a critical role in the devolution of 3Fs upon the Panchayats because of its basic responsibilities to ensure governance in accordance with the constitutional provisions and also because of the increasingly large fiscal transfers it makes to the States in the functional domain of the Panchayats, through CSSs and ACAs. Every scheme guideline is a powerful vehicle to carry
the message of strengthening the Panchayats. MGNREGA and BRGF are such good examples.

12th Plan and the Panchayats

10. Hopefully, the 12th Plan, which coincides with the time-line of the Panchayati Raj Roadmap (2011-17), would bring the Panchayats centre-stage and achieve the inclusive growth agenda through inclusive governance, as envisioned in the 11th Plan. It is relevant to recall that Dy. Chairman, Planning Commission while delivering the Valedictory Address on the occasion of 1st NPD celebrated on 24th April, 2010, made very encouraging observations on the role and enablement of the Panchayats.

11. Some of these observations are: (a) If effective use of huge outlay of Rs. 1.7 lakh crore under CSS alone for the year 2009-10 was to be ensured, role of the Panchayats in governance, planning, implementation etc. has to be institutionalized; (b) Panchayats should have their own cadres including school teachers, health and sanitation workers, etc.; (c) Administrative support like secretary, accountant, technical personnel etc. should be provided to the Panchayats by pooling resources from all the schemes together and given to the Panchayats as a block; (d) Panchayats should be provided more funds through BRGF based on decentralized plans, as silos of too many central schemes have not delivered optimally; (e) Matching resources should be provided against own resources raised by the Panchayats; (f) We should have the self-confidence of trusting the third tier of democracy. Full proceedings of the event are available on www.panchayat.gov.in.

Gram Sabha

12. Finally, there is unanimity that the Gram Sabha is the soul of the Panchayats and in fact the whole democratic framework and therefore, this Ministry has promoted the slogan of “Active Gram Sabha: For Empowered People and Accountable Panchayats”. Accordingly, empowering and enabling the Gram Sabha must receive the highest attention if the dreams of ‘Gram Sawaraj’ and ‘Power to the People’ are to be realized.

Acknowledgement

Many have contributed in preparation of this Report: members of the Working Group(WG), officers of this Ministry, State Governments and other stakeholders. I am particularly grateful to Shri Ramachandran (Chairman of WG) for his overall guidance, Smt. Rashmi Shukla Sharma (Joint Secretary) for assisting me in preparation of Chap. 12 and Smt. Gita Nayyar (PPS) for her very efficient secretarial support.

Sd/-
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Chapter One

EVOLUTION OF THE PANCHAYATS

1.1 Evolution of Local Governance in India

1.1.1 Pre-British Local Governance

India’s old sacred books and historical sources mention village communities (councils or assemblies) across the sub-continent that were self-governing over millennia, serving as the main interface between the predominantly agrarian village economies and the higher authorities. Custom and tradition elevated these earlier councils or assemblies called “sabhas” to a position of considerable authority. Slowly, they assumed the form of the “Panchayat” (an assembly of five respected elders). These panchayats became the pivot of administration, the focus of social solidarity and the principal forum for dispensation of justice and resolution of local disputes. During the medieval and Mughal periods these characteristics of the village panchayats remained unchanged.

1.1.2 Pre-Independence Panchayats

Several steps were taken during British rule in India towards setting-up formal local bodies. In urban areas, a municipal corporation came to be formed in Madras – on the British model of a town council – as early as 1687.

In 1870, Lord Mayo (Governor General-in-Council) secured the passage of a resolution for the decentralization of power aimed at bringing about greater administrative efficiency in meeting the demands of the people but primarily designed to augment imperial finances. At about the same time, a significant first step towards reviving the traditional village panchayat system in Bengal was taken through the Bengal Chowkidari Act, 1870, which empowered District Magistrates to set up Panchayats of nominated members in the villages.

The Magna Carta of local democracy in British India was the Ripon Resolution of 1882 providing for rural local boards with two-thirds of membership to be composed of elected, non-official representatives and presided over by a non-official Chairperson. Actual progress in implementation was slow but the role of rural local administration was elevated; and the term “self-government” gained currency.

In 1906, the Indian National Congress, under the president-ship of Dadabhai Naoroji, affirmed “self-government” as the political goal for the country.

In 1907, the government constituted a six-member Royal Commission on Decentralisation with Shri R.C. Dutt as its only Indian member. The Report of this commission – released in 1909 – elaborated the principles enunciated in the Ripon Resolution and recognised the importance of Panchayats in the governance of India.

In the same year (1909), the twenty-fourth session of the Congress at Lahore adopted a resolution urging the government to take early steps “to make all local bodies from village Panchayats upwards elective with elected non-official chairmen” and “to support them with adequate financial aid.”
At its twenty-eighth session in December 1913 in Karachi, the Congress adopted a resolution regretting that decentralization had remained largely on paper.

In her presidential address at the Congress session in Calcutta in 1917, Dr. Annie Besant blamed the “inefficient bureaucracy” for not doing even the little that was suggested in the Report of the Royal Commission on Decentralisation.

The Montagu-Chelmsford Reforms of 1919 made local self-government – under the proposed scheme of Dyarchy – a “transferred subject” bringing self-government under the domain of Indian Ministers in the provinces. To make local self-government both fully representative and responsible, the Montagu-Chelmsford reforms suggested that there should be (as far as possible) complete popular control in local bodies and the largest possible independence for them from outside control.

The Government of India Act, 1935 and the inauguration of provincial autonomy under it marked another crucial stage in the evolution of Panchayats. With popularly elected governments in the Provinces, almost all provincial administrations enacted legislation for further democratization of local self-government institutions, including the village Panchayats.

1.1.3 Constitutional Provision in 1950

Following independence, the first draft of India’s Constitution did not include any provision for the Panchayats even though Gandhiji had sought to make village Panchayats the very foundation of democracy in independent India. President of the Constituent Assembly, Dr. Rajendra Prasad, drew attention of the Law Minister, Dr. B.R. Ambedkar, to this lacuna in a letter dated 10 May 1948, initiating discussion and debate both outside and within the Constituent Assembly. This eventually led to the passage of an amendment proposed by the well-known Gandhian, Shri K. Santhanam, on 25 November 1948 including village Panchayats in Part IV of the Constitution containing non-mandatory Directive Principles of State Policy. The amendment which was eventually numbered as Article 40 reads: “The state shall take steps to organise village panchayats and endow them with such power and authority as may be necessary to enable them to function as units of self-government.”

1.1.4 Community Development Project, 1952 and the Panchayats

Community Development (CD) projects were inaugurated in 1952 and were modelled after the earlier experiments at Santiniketan, Baroda (Vadodara), and Nilokheri. However, the dynamic driving force behind the CD movement, Minister S.K. Dey, was of the consistent view that CD projects could not achieve their full potential in the absence of effective institutions for people’s participation.

1.1.5 Balwantrai Mehta Committee

In 1957, a historic breakthrough in establishing Panchayati Raj was effected through the Report of the Balwantrai Mehta Committee which recommended: “Public participation in community works should be organized through statutory representative bodies.” It was of the view that without an agency at the village level that could represent the entire community, assume responsibility and provide the necessary leadership for implementing development programmes, real progress in rural development could not come about at all.
Subsequently, National Development Council (NDC) endorsed the basic principles of
democratic decentralization enunciated in the Balwantrai Mehta report and laid on the States
the duty of working out the structures suitable to each State. It was during this period that the
term ‘Panchayati Raj’ gained currency as a process of governance organically linking the
will of the people from the Gram Sabha to the Lok Sabha. Prime Minister Nehru inaugurated
the 3-tier Panchayati Raj in Nagaur, Rajasthan on 2 October, 1959.

1.1.6 Jayaprakash Narayan Committee
The Jayaprakash Narayan Committee spoke of the contradictory positions developing
within the government in respect of Panchayati Raj, pointing out that: “After having accepted
Panchayati Raj as the agency responsible for planning and execution of plans…there is no
longer any valid reason for continuing individual allocations subject-wise even to serve as a
guide.”

The Ministry of Community Development was brought under the Ministry of Food
and Agriculture, and in 1971 the title ‘Community Development’ was dropped and replaced
by ‘Rural Development.’

1.1.7 Ashok Mehta Committee
By the early seventies, however, the Panchayats had gone from a phase of early
ascendancy to one of decline and stagnation. The Asoka Mehta Committee (formed in 1978)
made far reaching recommendations to amend the situation and recommended that
Panchayati Raj be included in the Constitution. In keeping with the spirit of the Asoka Mehta
Committee recommendations, some states – including West Bengal, Karnataka and Andhra
Pradesh – revisited their respective Panchayati Raj systems and undertook several new
initiatives to endow local bodies with more powers which served as a prime inspiration and
example for subsequent reform.

The West Bengal Panchayat Act, 1973 (West Bengal Act XLI of 1973) brought some
fresh air in the Panchayat system. Direct elections in all three tiers (through universal adult
franchise) had to be held at regular intervals. They were made mandatory, without any
discretionary power of any authority to postpone such elections indefinitely. Powers to
collect tax and non-tax revenue were clearly defined. Functional domain of the Panchayats
was more clearly delineated as compared to the earlier Panchayats. The new legislation
empowered the Panchayats in various fields of activities encompassing rural life. Mandal
Panchayats – as envisaged in the Asoka Mehta Committee – exist only in Andhra Pradesh,
though, in addition to the Village Panchayats.

1.2 Constitutional Amendment Bills

1.2.1 Constitution 64th Amendment Bill:
Prime Minister Rajiv Gandhi (1984-89) was driven by a vision to provide the people
with a “representative administration” as he emphasized in his Address to the Nation in
January 1985 and also included in the Revised Twenty-Point Programme of 1986. Rajiv
Gandhi’s vision was that people must determine their own destinies as well as the destiny of
the nation: “To the people of India, let us ensure maximum democracy and maximum
devolution…. Let us give power to the people.”

A Sub-Committee of the Consultative Committee of Parliament attached to the
Ministry of Rural Development under the chairmanship of Shri P.K. Thungon recommended
that Panchayati Raj bodies should be constitutionally recognized.
In May 1989, Prime Minister Rajiv Gandhi himself introduced the Constitution (64th Amendment) Bill, saying: “Our Bill will ensure that Panchayati Raj has a democratic character similar to the Lok Sabha and the State Assemblies and constitutional protection for their functioning as representative institutions of the people.”

The Constitution (64th Amendment) Bill was followed in July 1989 with the Constitution (65th Amendment) Bill that sought to endow urban local bodies – from town Panchayats and Municipalities to Metropolitan Councils – with powers similar to those that were sought to be devolved to the rural Panchayats. A particularly significant provision was for buckling the development of the rural hinterland in every district to the neighbouring urban centres through the mechanism of a District Planning Committee (DPC) jointly elected by, from and amongst the members of the Panchayats at all three levels and the Municipalities within the district. The DPCs so constituted were to be entrusted with the task of ‘consolidating’ the plans prepared at lower levels into a ‘draft district development plan’ which would then be forwarded to the State Government.

Although both Bills received the required two-thirds majority with at least half the members present and voting in the Lok Sabha (on 13 October 1989), the Bills failed to muster – by a handful of votes – the required constitutional majority in the Rajya Sabha.

In September, 1990, the National Front government introduced the Constitution (74th Amendment) Bill – a combined Bill on Panchayats and Municipalities – but, before this was taken up for discussion, there was a change of government.

1.2.2 Constitution 73rd Amendment Act:
The Congress government under Prime Minister P.V. Narasimha Rao introduced the 72nd (Panchayats) and 73rd (Nagarpalikas) Constitution Amendment Bills based substantially on the Bills moved in the Eighth Lok Sabha by Shri Rajiv Gandhi but also incorporating some of the changes wrought by the National Front government. These two Bills were referred to a Joint Select Committee of the Parliament which effected some further changes but conforming considerably to the earlier 1989 initiative.

The Lok Sabha and the Rajya Sabha passed both Bills on the 22 and 23 December 1992 respectively. By the time the Parliament passed the two Bills, their sequence changed to 73rd and 74th respectively. Following their ratification by more than half the State Assemblies, as required under the Constitution, the President of India gave his assent; the Acts came into force as the Constitution (Seventy-third Amendment) Act, 1992 on 24th April 1993 and the Constitution (Seventy-fourth Amendment) Act, 1992 on 1st June 1993. This added two new parts to the Constitution, namely, Part IX titled “The Panchayats” and Part IXA titled “The Municipalities.”

1.3 Local governance in the Tribal Areas

1.3.1 Article 244 of the Constitution envisages three categories of Tribal Areas, namely,
(i) areas notified as ‘Scheduled Areas’ in the specified States (Fifth Schedule).
(ii) areas listed as ‘Tribal Areas’ in the Sixth Schedule in the North Eastern States.
(iii) areas not covered in the above two categories.
While Fifth Schedule relates to ‘Administration and Control of Scheduled Areas and Scheduled Tribes’, Sixth Schedule concerns ‘Administration of Tribal Areas’. There is no special Schedule for the rest.

1.3.2 Fifth Schedule Areas and PESA
The Fifth Schedule to the Constitution (Article 244) relates to administration and control of the scheduled areas and scheduled tribes other than those in North East States. PESA was enacted in 1996 which extended Part IX of the Constitution to the Schedule V Areas. PESA promotes people centric governance and provides a central role to the Gram Sabha. Chapter 10 of this document discusses in detail Sch. V and PESA.

1.3.3 Local self-governance in the NE states
The legal framework of LSG in North Eastern Region (NER) broadly comprises three typologies:
(i) Sixth Schedule Frame (Meghalaya, parts of Assam, Mizoram and Tripura)
(ii) State Legislation Frame (Nagaland and non-Council Areas in Mizoram)
(iii) National Frame (Arunachal Pradesh, Sikkim, Manipur excluding hill areas and non-Council areas in Assam and Tripura).

Each tribal area mentioned in Para 20 of the Sixth Schedule is designated as an ‘autonomous district’. The area inhabited by each of the tribes in a district may be carved out as autonomous region. Each autonomous district is governed by a ‘District Council’ and autonomous region by a ‘Regional Council.’ This unique Council frame comprises the third tier of legislature for Tribal Areas about Sixth Schedule matters. These Councils endowed with legislative, judicial and executive powers virtually function as ‘state within state.’

Chap. 11 of this document discusses in detail Decentralized Governance in the Sch. VI Areas.
Chapter Two:

CURRENT STATUS OF THE PANCHAYATS

2.1 State of the Panchayats Reports (SoPRs)

The SoPRs (published in 2006, 2008 and 2010 respectively) show that, overall, the mandatory provisions specified in the Constitution have been implemented in the last decade and a half. All Part IX States (elections in Jharkhand held up till recently due to a court case) held regular elections through the State Election Commissions. All the States have implemented reservation for women, SCs and STs (the most have reservation for OBCs as well), bringing almost 1.6 million representatives from these groups into elected positions making the Panchayats the nursery of future leadership. State Finance Commissions have been constituted and in many States, their recommendations have been acted upon. All the States (excluding Uttarakhand & Jharkhand) have constituted DPCs and the most have initiated decentralised planning processes.

However, implementation of the Constitutional provisions – which were left to the discretion of the States – varies greatly. The most important aspect in strengthening of the Panchayats is the devolution of 3Fs (i.e. functions, funds and functionaries) related to the matters listed in the Eleventh Schedule of the Constitution. Another is the enablement of their function of preparing and implementing bottom up participatory plans for economic development and social justice. The States vary a great deal in both these respects. While some States have forged new paths, others are still to catch up. Of course, many States are trying out new approaches and mechanisms, and making corrections along the way.

2.2 Devolution and PEAIS/DI

The Panchayat Empowerment & Accountability Incentive Scheme (PEAIS) aims at incentivizing States to empower Panchayats and put in place systems for bringing about transparency & accountability of the Panchayats. Performance of States in these respects is measured through a Devolutions Index (DI). Token award is also given to the States which rank high on the DI.

Evaluation of States under PEAIS is based on a two-stage assessment. The first stage, called the Framework Criteria, was based on the following 4 fundamental Constitutional requirements: (i) Establishment of State Election Commission; (ii) Holding of elections to the PRIs; (iii) Setting up State Finance Commission; (iv) Constitution of the District Planning Committees (DPCs). States that fulfilled each of these 4 fundamental requirements, qualified for evaluation in terms of DI. Indicators for the DI aim at assessing the state of devolution in respect of the 3Fs. However, DIs developed for PEAIS so far do not specifically capture degree of the Panchayat accountability and performance.

2.3 Panchayat Infrastructure and management skills

2.3.1 Manpower and Office Buildings:

A large number of GPs in the country do not have even full time Secretary and around 25% of GPs do not have basic office buildings (See Ann.I). This greatly constrains their functioning and invites unfairly adverse remarks.
2.3.2 Database
Database for Planning, Monitoring etc. are lacking in most of the Panchayats. This naturally reflects at District, State and National levels as well.

2.3.3 Capacity of the Panchayat Functionaries
A large no. of elected representatives of PRIs are semi-literate or illiterate and know a little about their roles & responsibilities, programmes, procedures, systems. Often for want of good, relevant and periodic training, they are not able to perform their functions properly.

2.3.4 ICT
Although the District and Intermediate Panchayats have computing facility, only around 20% GPs are reported to be having such facility. Gujarat, Kerala, Tamil Nadu and West Bengal have provided computing facility to almost all the GPs.

2.4 Efforts of the GoI and the States

2.4.1 Round Tables and National Charter
MoPR organized seven Round Tables of State Minister of Panchayati Raj between July and December 2004 around the country for evolving a national consensus. The following significant decisions were taken:

- **Activity Mapping:** Activity Mapping will be completed by the States by 1st April, 2005.
- **Decentralized Planning:** States would constitute District Planning Committees (DPCs) in all districts by 1st April, 2005. Spirit of Article 243G should be upheld in that powers and responsibilities for planning and implementation are to be devolved to the Panchayats alone and not to any parallel structures.
- **Special Areas:** Appropriate conformity legislation with PESA must be passed by the 9 PESA States.
- **Rotation of Reservation:** State legislatures might consider extending the term of each reservation rotation cycle. States should not introduce State specific policies on reservation which result in diminishing the presence and role of women in Panchayati Raj.
- **Jurisprudence:** MoPR would network with expert institutions to review and compile the growing case law on Panchayati Raj. MoPR would also put in place an appropriate institutional mechanism for building, updating and disseminating a database on Panchayat related jurisprudence.
- **Annual Reports:** Annual administrative reports by Panchayats should facilitate comparisons, identify innovations, help in drawing lessons and highlight policy issues requiring resolution. The action points of the Seven Round Tables would underlie the basic framework of the Annual State of the Panchayats Reports (SoPRs). Drawing upon the SoPRs of the States, the MoPR would prepare an Annual Report on SoPR in the country.
- **Devolution Index:** All states would prepare a Devolution Index to facilitate self-assessment.
- **Election:** There must be parity in the electoral processes between Parliamentary, Assembly and Panchayat elections. MoPR would encourage consultations between the Chief Election Commissioner (CEC) and the State Election Commissioners (SECs) on evolving a common electoral roll for all levels of elections. The Union Government
would consider preparing a model code relating to the supervision, directions and conduct of elections to Panchayats.

- **Accounts & Audit:** Work of the Director of Local Fund Audit (DLFA) and other similar bodies would be upgraded. This would require greater coordination between the DLFA and other bodies with CAG. Panchayats would be associated with the preparation of simple and easily comprehensible audit and accounting standards and norms, emphasizing fund management and tracking. This would greatly limit opportunities for malfeasance and corruption.

- **Social Audit:** Greater emphasis is needed upon social audit by the Gram Sabha and a symbiotic relationship between social and formal audit. Social audit policies would be prepared, based on best practices available in different States.

- **e-governance:** Information Technology (IT) is needed for transparency, disclosure of information and social audit, for better and convergent delivery of services to citizens, improving internal management and efficiency of Panchayats, capacity building of representatives and officials of Panchayats, and a medium of e-procurement.

- **Capacity Building:** MoPR would prepare a national perspective plan on decentralized training and capacity building for all PRI functionaries with clarity in respect of timelines, resource inflows, and objectives.

### 2.4.2 Role of MGNREGS, BRGF, Finance Commissions and Planning Commission in energizing the Panchayats

**(a) MGNREGS**

Panchayats at district, intermediate and village levels are the principal authorities for planning and implementation of MGNREGA under Section 13 of the Act. It is notable that:

a) at least 50 per cent of MGNREGA funds are to be spent directly by the Gram Panchayats (GPs) – in fact generally GPs spend much more than 50% of the funds,

b) Gram Sabhas (GSs) are to recommend specific projects to the GPs and conduct social audit of MGNREGA works,

c) District Programme Coordinators and Programme Officers are to assist District and Intermediate Panchayats respectively in discharge of their functions.

These features of MGNREGS offer a unique opportunity to strengthen and enable PRIs, particularly the GPs and GSs. The rejuvenated and enabled PRIs, in turn, can become powerful instruments in making MGNREGA a much better success. It is generally seen that States with vibrant and optimally sized Panchayats with requisite manpower have implemented MGNREGA better. Further, the central recommendation of the National Workshop on MGNREGA held on 17th & 20th August, 2009 is also for all round strengthening of PRIs for effective implementation of MGNREGA.

A cardinal principle of MGNREGS is participatory, bottom-up planning. Further, convergence guidelines issued by Ministry of Rural Development, which seek to efficiently manage & conserve Natural Resources including soil & water, assume critical importance. Much of such convergence could be planned and implemented effectively only by GPs or GSs at the local level on a sustained basis. Even Block is too large an area for this purpose.

**(b) BRGF**

BRGF launched in February, 2007 intends to address regional imbalances in 250 identified backward districts through:
a) decentralized, participative & holistic planning (as an essential condition for getting BRGF grant) that starts from the grassroots upwards through the Panchayats & Municipalities and culminates in a District Plan consolidated by the DPC

b) bridging the critical gaps in development that are not met through the existing schemes/resources

c) building capacity of Panchayat functionaries.

The salient findings of World Bank Evaluation of BRGF (July-Dec 10) are:

- BRGF stimulated Bottom up Planning.
- Discretionary Grants: Able to meet local needs effectively.
- BRGF empowers LBs, but its impact is dwarfed: Enhance BRGF Funding significantly.
- LBs/ States reluctant to use 5% Staff component.
- Delays in fund transfers: Change the fund release system to “front-loading with periodic replenishment”.
- District shares: Not related to backwardness: Link allocation to indicators of backwardness.
- Strengthen DPC Technical Secretariat.
- Adopt competitive mode for T&CB.
- Incentivise performance.
- Create/strengthen PMUs @National, State, Dist. Levels.

The programme needs to be restructured to increase its impact on the regional backwardness and capacity of the Panchayats.

(c) State Finance Commissions (SFCs)

Own revenues of the LBs being very small, they largely depend on the devolution of funds from the Central and the State Governments and the Finance Commissions.

The SFCs have to play a serious role in the scheme of fiscal decentralization while arbitrating on the claims to the resources by the LBs and the State Governments and ensuring greater stability and predictability to the transfer mechanism. In fact, the SFC recommendations could also play an important role in the award of the Central Finance Commission (CFC). 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 & knowledgeable professionals; they have inadequate data and norms for service-delivery to work with; and, at the end of it all, their recommendations are ignored.

(d) Central Finance Commission (CFC):

CFC has been devolving sizeable grants to the PRIs since the past two decades. The 10th CFC devolved Rs.4384 crores to PRIs for 1996 - 2000. This amount increased to Rs.8000 crores during 11th CFC (2000-2005) and then to Rs.20,000 cr. during the 12th CFC (2005-10).

In a radical departure from the past, the 13th FC has linked devolution of funds to a share of divisible tax pool instead of a mere lumpsum. The Commission has also allocated a performance grant subject to the fulfillment of stipulated conditions which are expected to bring about major improvement in the working of the Panchayats. The 13th CFC has devolved at the present projection, Rs.63,150 crores on the PRIs over a period of 5 years.
(e) Planning Commission

The 11th Plan document and its Mid Term Appraisal have placed great emphasis on empowerment and enablement of the Panchayat for effective governance in general and delivery of policy & programmes in particular, which presently are managed within silos. **However, this is yet to be put in practice.**

The Planning commission has, moreover, vide its circular dt. 25.8.06 required the State Governments to attach along with the State Plan proposals (a) summary of the District plans, (b) a note on the present status of empowerment of the local governments, and (c) procedures adopted in getting the local draft plans prepared. **This, again, is not being done.**

2.5 Why are the Panchayats functioning sub-optimally?

The root cause is that the Panchayats are not seen as local governments with clear roles. This leads to:

**Grossly inadequate devolution:** Many States have not taken effective steps to devolve 3Fs to the PRIs to enable them to discharge their constitutionally stipulated function. Further, it is imperative that the PRIs have financial resources and manpower to match the responsibilities entrusted to them. While SFCs have submitted their recommendations, not many States have implemented these or taken steps to ensure PRI’s fiscal viability.

**Parallel systems:** Parallel systems and organizations set up under various Central/State developmental programmes have further sapped strength of the Panchayats, pared away their legitimate functional space and even encroached upon their political space.

**Excessive control by bureaucracy:** In some States, the Gram Panchayats have been placed in a position of subordination: Gram Panchayat Sarpanches have to spend extraordinary amount of time visiting Block Offices for funds and/or technical approval. These interactions with the Block staff/office distort the role of a Sarpanch as elected representatives.

**Tied nature of funds:** Activities permitted under the schemes are not always appropriate for all parts of the district. This results in unsuitable activities being promoted or an under-spend of the funds.

**Reluctance to use fiscal powers:** An important power devolved to GP is the right to levy tax on property, business, markets, fairs and also for services provided, like street lighting or public toilets, etc. Very few Panchayats use their fiscal power to levy & collect taxes. The argument pushed by Panchayat-heads is that it is difficult to levy tax on your own constituency, especially when one lives in the community. But when Panchayats do not raise resources and instead receive funds from outside, people are less likely to request a social audit.

**Status of the Gram Sabha:** Empowering the Gram Sabhas could have been a powerful weapon for transparency, accountability and for involvement of the marginalized sections. However, a number of the State Acts have not spelt the powers of the Gram Sabhas nor have any procedures been laid down for the functioning of these bodies or penalties for the officials.
Chapter Three:  

Roadmap for the Panchayati Raj (2011-17): An All India Perspective

3.1 Genesis and basis of the Roadmap

3.1.1 50 Years of Panchayati Raj(PR), which was celebrated on 2nd Oct.,2009, certainly provided an occasion for introspection & revisiting Constitution, Laws, Policies, Programms, etc. if (a) PRIs were to become institutions of local self-government (b) Benefits of ever increasing public spending, through plethora of vertical structures & schemes, were to reach people in a good measure, (c) Attendance & performance of grass root functionaries were to improve. Is it a coincidence that the developed States (Southern & Western) generally have strong Panchayats?

3.1.2 Ministry of Panchayati Raj, in this context, has prepared a ‘Roadmap for the Panchayati Raj(2011-17): An All India Perspective”. This Roadmap covers key aspects of accountability and efficiency, devolution of 3Fs, capacity building of the Panchayats and Functionaries, decentralized planning, effective implementation of PESA, empowered elected Village Councils in the 6th Schedule Areas, changes in the constitutional and legal framework and some other important issues. Any Roadmap, however, is a dynamic document.

3.1.3 The First draft of the Roadmap was prepared and presented during the first National Panchayat Day(NPD) celebrations on 24th April, 2010. It was based on (a) Seven Round Tables which this Ministry had organized with the Ministers of the State Govts. on a whole range of issues, (b) Reports of the Second Administrative Reforms Commission particularly its Report on Local Self Government, and (c) cumulative learning of this Ministry itself. Subsequently, based on consultations with the Union Ministries, State Governments and other stakeholders, the draft was revised and also placed on the website. Incidentally, the year 2017 coincides with 25 years of the 73rd Amendment.

3.1.4 It may be noted that recommendations of the 2nd ARC in its Sixth Report on “Local Governance – An Inspiring Journey into the Future” cover both strategic and operational issues for strengthening Panchayati Raj, so essential for deepening of democracy, for ensuring efficient planning and implementation of socio-economic development programmes and basic services, and control of corruption. These include changes in the Constitution and the Acts for effective devolution to the Panchayats; modification in design and implementation of CSSs; larger representation of local governments in Legislative Councils; full implementation of PESA Act; effective fiscal decentralization and financial information system; participatory and integrated planning based on good database and requisite expertise; building organizational capacity of PRIs; building capacity of elected representatives/officials; and strengthening accountability of PRIs.

3.2 Vision and Strategy

Roadmap lists issues and Action points for nurturing the Panchayats into the institutions of self government in a multi-level democracy and a common platform for all line departments, people etc. The period for implementation of this Roadmap is the next 5 years. Though the States are at differing stages of evolution of the Panchayats, all are expected to achieve at least the targets suggested below with a vision to attain the Gram Swaraj dream of Mahatma Gandhi through “Power to the People” and the mission to enable Panchayats to function as institutions of Self-Government. The strategies would be:
A. Empowerment:
- Ensuring progressive devolution of Functions, Funds and functionaries (3Fs) upon the Panchayati Raj Institutions (PRIs).
- Institutionalising GP level dispute resolution mechanism.
- Enhancing reservation for women PRIs and also their leadership quality.
- Implementing PESA effectively.
- Deepening decentralized governance in the 6th Schedule Areas.

B. Enablement:
- Building the organizational capacity of PRIs and the professional capacity of Elected Representatives and Official Functionaries so that they can perform their mandated roles efficiently.
- Institutionalising and using integrated decentralized participatory planning through the PRIs and DPCs for convergence of plethora of schemes and pooling of diverse resources for better outcomes.
- Restructuring the Backward Region Grant Fund (BRGF) Programme to position the Panchayats as effective platform for mitigating regional backwardness.
- Reviewing and upscaling the Rural Business Hubs to promote the role of the Panchayats in economic development.

C. Accountability
- Positioning the Gram Sabhas at the core of PRIs for true self-governance and ensuring transparency and accountability of the Gram Panchayats.
- Devising institutions, systems and processes for enhancing efficiency, transparency and accountability of the PRIs.
- Implementing e-Panchayat in a Mission Mode.

3.3 Corresponding issues and action points:

3.3.1 Accountability of the Panchayats
(a) Issues:
- Effective functioning of the Gram Sabha
- Enabled & Accountable Panchayats.

(b) Action Points
- Define powers of the Gram Sabha in the Constitution and State legislation along the lines of PESA (GoI & States)
- Provide for Ward/Mahila Sabhas (GoI & States)
- Ensure effective functioning of the Gram Sabhas: regular & purposeful meetings, participation of marginalized groups, capacity building, etc. (States and Panchayats)
- Strengthen social audit and give proactive information to the Gram Sabha (States).
- Grade performance of the Panchayats and provide incentives/disincentives based on such gradation (GoI & States).
- Establish Ombudsman to guard against mal-administration & malfeasance (GoI & States).
- Provide essential office space, manpower, infrastructure (States).
- Build robust but simple systems, processes and procedures (GoI & States).
- Launch Green Kerala Express type reality show on the Panchayats.
3.3.2 Functions of the Panchayats

(a) Issues
- Devolution of functions upon the PRIs following the principles of subsidiarity and centrality of the Panchayats.

(b) Action Points
- Emphasize governance, regulatory and convergence function of the Panchayats.
- Devolve functions as per Activity Mapping. To begin with, 3Fs relating to at least Primacy Education, Primary Health, Women and Child (including ICDS), Social Justice, Drinking Water and Sanitation, Civic Services, Agri Extension, to be devolved fully to the Panchayats by the States who have not done so. Other States to progressively aim for devolving 29 matters listed in Schedule XI of the Constitution.(State).
- Refine “Devolution Index” to capture critical indices and standards.
- Implement MoPR advisory dt. 19.1.09 on delineating roles of the PRIs in CSSs/ACA(GoI).
- Merge PBs in the Standing Committee of the Panchayats.

3.3.3 Functionaries of Panchayats

(a) Issues
- Requisite Manpower
- Capacity functionaries.
- Clarity of the role of functionaries.

(b) Action Points
- Provide at least PDO, Accountant-cum-DEO and Technical Assistant to each GP or a cluster of GPs with 5000 population.
- Compile information of all cadres, their strengths, vacancy positions, anticipated future vacancies with time lines, Recruitment Rules etc.
- Rationalize/converge various cadres into Panchayat Cadre and make corresponding changes in Administrative Orders and rules, etc.
- Give job description for each post and identify skill development matrices for training of persons to discharge their functions efficiently.

3.3.4 Finances of the Panchayats

(a) Issues
- Financial decentralization
- Fiscal Responsibility Regime
- Accounting & Audit

(b) Action Points
- Increase share of transfers to the PRIs from the State governments as untied grants by consolidating state schemes into untied grants (as Kerala has done), explicitly defining through State legislation a formula to allocate grants to PRI as a share of the State revenues (States)
- Give right to the Panchayats to levy & collect taxes, tolls, fees, user charges on their own with minimum & maximum rates, in order to reduce their dependence on the State and Central governments(States)
- Strengthen composition and functioning of the State Finance Commission.(States)
• Link devolution with performance: Allocations through CSSs to the States to be linked to the Devolution Index and to the Panchayats, based on their performance grading. (GoI)
• Strengthen Accounting & Audit system: Model Accounting System including PRIASoft to be implemented (States)
• Fulfil performance grant conditions under the 13th CFC award. (States)
• Prepare Asset Directory for O&M needs and avoiding duplication of works.
• Adopt FRBM for the PRIs circulated by MoPR. (States)

3.3.5 Capability Building through Training (CBT)
(a) Issues
• Continuous CBT of elected representatives and officials
• Specialized CBT for elected women/SC/ST representatives
• Institutional support for Training & Research

(b) Action Points
• Implement National Capability Building Framework (NCBF) in letter & spirit.
• Prepare perspective and annual training plans based on TNA etc.
• Strengthen and expand SIRDs to become State Institute of Rural Governance and Development.
• Increase reach of CBT through District / Block Training-cum-Resource Centres and outsourcing in PPP model.
• Promote alternative methods of training such as Interactive Self Learning materials/Training films / other IEC inputs.
• Include transformational leadership and own resources mobilization in the training programmes.

3.3.6 Decentralized Planning
(a) Issues
• Quality and participatory nature of integrated disentralised Plans
• Capacity at various levels to plan.

(b) Action Points
• Implement Planning Commission circular of 25.08.06 for preparing integrated bottom up participatory plans to ensure convergence of plethora of schemes/resources for better outcomes. (GoI & States)
• Ensure that sectoral plans get integrated into District Plan via DPC/DPU through iterative process.
• Provide professional and technical support to the planning entities: including constitution of professional DPUs, use of Technical Support Institutions, development of planning professionals (GoI & States).
• Appropriate training and Capacity Building of PRI representatives and functionaries (States).
• Initiate spatial planning and amend relevant legislation for enabling (GoI & States)
• Expedite use of Plan Plus software (States).

3.3.7 e-Governance
(a) Issue:
• operationalising e-Panchayat in a Mission Mode
(b) **Action Points:**
- Provide ICT infrastructure and manpower to all GPs. (GoI & States)
- Have a clear strategy & roll out plan for e-Panchayat Project for which ISNA, BPR and DPR have been prepared for each State/UT. (States)
- Develop and deploy Core Common Applications within a year and also State specific Applications. (GoI & States)
- Leverage CSCs as front-ends for citizens services as an option.
- Connect all GPs with broadband (GoI)

3.3.8 **PESA**
(a) **Issues :**
- Effective and urgent implementation of PESA

(b) **Action Points**
- Amend PESA Act to remove infirmities (GoI).
- Adopt Model Rules framed by MoPR (States).
- Amend relevant subject laws and issue executive instructions (States and Central Ministries)
- Enable and activate Gram Sabhas (States & Panchayats)
- Build Capacity of functionaries implementing PESA (GoI & States).

3.3.9 **Decentralized Governance in the North Eastern States**
(a) **Issues**
- Lack of empowered and democratic village level bodies.
- Effective & cohesive institutional set up.

(b) **Action Points**
- Amend the Sixth Schedule and the State Acts to ensure democratically elected & empowered village level bodies which are accountable to the Gram Sabhas. (GoI & States)
- Establish DPCs and SFCs.
- Constitute High Powered Committee to address complex and emerging issues (GoI & State).

3.3.10 **Constitutional and Legal Framework**
(a) **Issues**
- Updation of the State PR Acts.
- Adequacy of Article 243 of the Constitution in establishing the Panchayats as the third tier of governance.
- Adequacy of the present justice delivery system.

(a) **Action points:**
- Adopt the Model Panchayati Raj Act or its specific provisions by the States with appropriate modification (States)
- Amend Art. 243 of the Constitution (GoI & States)
- Enact Nyaya Panchayat Bill. In the meantime, launch Dispute-free Village scheme (GoI & States)
- Harmonise State and Central Acts and Rules with the 73rd Amendment.
3.3.11 Misc. Issues

(a) Issues:
- Small & unviable GPs, effective role of SECs in Panchayat elections, DRDA vs ZP, MPLAD/MLALAD funds, inter-Panchayat tensions etc.

(b) Action Points:
- Small GPs be reorganized for viable size.
- Enable SECs to handle all aspects of Panchayat elections.
- DRDAs to be merged into ZPs.
- Planning & implementation of MP/MLALAD funds to be entrusted to the PRIs
- Appropriate institutions, system and processes to be put in place to minimize maladministration and malfeasance.
- Do Clear activity mapping to be done to avoid State-Panchayat and inter-Panchayat tensions.

3.4 Working Group on ‘PRIs and Rural Governance’ for the 12th Plan:

Subsequent chapters of this Report deliberates in detail the specific sub-themes identified for this Working Group (composition and ToR at Annex.I) like Capacity Building(devolution of 3Fs, Training, ICT), PESA, decentralized planning, etc. The Working Group Report naturally pursues the goals of the Roadmap.
Chapter Four

FUNCTIONS OF THE PANCHAYATS AND ROLE OF GOI SCHEMES IN DEVOLUTION

4.1 Functions of a Model Local Government

Drawing on the experience of mature Western democracies, the major functions of a model local government can be placed into following six categories. These can serve as an ideal for the PRIs in India. In fact the PRIs, like District Administration, need to function as common universal platforms for planning, implementation & monitoring of all line department functions & programmes.

- Governance and regulatory
- Agency functions
- Civic Services
- Economic Development
- Social justice
- Environment and Natural Resource Management

4.2 Constitution and the functions of Panchayats:

Article 243G, read with the Eleventh Schedule, stipulates the Panchayats to be endowed with such powers and authority as may be required to enable them to function as institutions of self-government and also the preparation and implementation of plans for economic development and social justice including those in relation to the 29 matters as follows, listed in the Eleventh Schedule.

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

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4.3 Devolution and Activity Mapping

4.3.1 Devolution by the States

Devolution of 3Fs to the Panchayats are highly uneven across States. While the State Panchayat laws mandate a role for the Panchayats in the key sectors, in most cases, the law is ambiguous enough to allow for both decentralized and centralized modes of programme or service delivery to co-exist. In some cases, where the states have clearly devolved, these are either still largely being provided in a top-down manner through the state civil service machinery or ability of the Panchayats to deliver these is limited because of the deficient financial and administrative powers and, therefore, services continue to fail the citizen.

Doubts are often expressed about the capacity and accountability of PRIs. This is a vicious circle since, unless 3 Fs are devolved, the PRIs would not be able to prove their comparative advantage. Empowering Panchayats, with clear roles and authority assigned to different levels through activity mapping, is a strong incentive to build capacity and also to get other pre-requisites for effective performance into place.

4.3.2 Delineation of function for each tier of PRIs

The 2nd ARC in its Sixth Report relating to the Local Governance, has recommended that there should be a clear cut delineation of functions for each level of the local governance. This is not a onetime exercise and has to be done continuously while working out locally relevant socio-economic programmes, restructuring organizations and framing subject matter laws.

It may be noted that the Activity Mapping does not imply that the subjects are devolved wholesale. The subjects or sectors need to be unbundled and assigned to the different levels of Governments and PRIs on the basis of clear principles of public finance and public accountability, and above all, the governance principles of Subsidiarity, Democratic Decentralization and Citizen-Centricity.

4.3.3 Activity Mapping

The detailed Activity Map prepared by Kerala State could be a good reference-point for the Activity Mapping. The States could consider adopting this with suitable modifications taking into account the wide diversity in their size (area & population), devolution of functions, relationship between the 3 Tiers, terrain, climate, etc. Along with the activities to be devolved, relevant Institutions would have to be transferred to the Panchayats. Finally, the Activity Map will need to be issued in the form of a detailed Government Order (GO).

4.3.4 Guidelines/GOs on transfer of Functions to the PRIs

Pursuant to the GO suggested above, each Line Department will need to issue orders for transfer of specific Schemes, which should be relatable to the individual Heads of Account in the State Budget. Moreover, since long established codes prescribing technical standards and approval processes (such as the PWD code, circulars, transfer orders, etc.) would have a tendency towards continued implementation of the devolved functions through the Line Departments, the Departments would need to issue consolidated revised guidelines for the schemes to be implemented through the Panchayats. The role and action to be taken by the institutions, officials and non-officials at different levels should be clearly mentioned in these guidelines. Further, devolution should not be limited to the planning and promotional
responsibilities but also the implementation (but not as a contractor). Matching devolution of funds and functionaries is also required for the PRIs to perform their assigned functions effectively.

4.4 Role of Centrally Sponsored Schemes (CSSs) and Additional Central Assistance (ACAs) in the devolution of 3Fs upon the PRIs:

4.4.1 The Union Government has a critical role to play in the devolution of 3Fs upon the PRIs, because of its basic responsibilities to ensure governance in accordance with the constitutional provisions and also because of the increasingly large fiscal transfers it makes to the States in the functional domain of the PRIs, mainly through CSSs and ACAs. Every scheme guideline is a potential vehicle to carry the message of strengthening Panchayats as envisaged by the constitution and the impact of such signals cannot be underestimated.

4.4.2. Proliferation of CSSs/ACAs has implications for convergent planing & implementation for better outcomes and therefore a conscious policy in this regard is urgently required. MoReGo, silo & top down approach of these CSSs/ACAs has the problem of not reflecting people’s needs & aspirations. Any direct and upfront involvement of PRIs in the planning and implementation of CSSs/ACAs – that is otherwise done through departmental structures – does impact outcomes positively by making interventions more appropriate, location-responsive and user-friendly. NRHM framework for example provides central role to the Panchayats, though it has not been acted upon. The scheme guidelines, therefore, need to be modified to:

- Provide centrality to the PRIs (which would also enhance coverage & outreach)
- Specify roles & functions of different levels of Government, including the three tiers of the PRIs, through detailed Activity Mapping.

4.4.3 MoPR has vide its letter dt. 19.1.09 on the delineation of role and responsibilities of the PRIs in CSSs/ACAs has elucidated:

- Constitutional provision relating to the responsibilities of the PRIs in the planning and implementation of schemes
- Critical role of the CSSs or ACAs in devolution of 3Fs upon the PRIs (including an indicative activity matrix)
- Comparative advantages of PRIs over the departmental structures in the planning, implementation and monitoring of schemes
- PRIs and District Planning Committees (DPCs) as the appropriate mechanism for convergence of plethora of schemes, pooling of resources and better outcomes
- Essential features that scheme guidelines should incorporate
- Disadvantages of creating parallel bodies to the exclusion or dilution of the role of the PRIs and its Committees.

4.4.4 Management Devolution Index (MDI) and incentivization

Under NRDWP, States are incentivized to devolve management of rural water supply schemes to PRIs by providing 10% of the total funds as incentive fund. For greater impact of this Incentive Fund, DDWS proposes to devolve funds based on a MDI which will measure the extent of devolution. It is suggested that enhanced incentive funds (at least 20% of the outlay) may be introduced in other CSS/ACAs to incentivize States to devolve 3Fs in each of the 29 subjects listed in the Eleventh Schedule.
CSS/ACA scheme guidelines to mandate:

- Annual action plan of the scheme should flow out from the participatory & holistic decentralized plan of the concerned tier.
- Every activity assigned to a specific level of Panchayat needs to be supported with appropriate authority over functionaries and powers to handle finances.
- Sufficient untied or flexible funds must be provided to address specific local needs and also for meeting the additional administrative expenses of PRIs on account of the scheme.
- Specific mode and time line by which funds are transferred must be specified as also the entities that handle funds and the system of utilization report. Seamless and time bound flow of funds to the expenditure levels would require IT for electronic tagging and for tracking of funds.
- Specific measures to build competencies at the appropriate level with training programmes, modalities of training, basic core content and pedagogy, FAQs, self learning tools, IEC literature etc. 1-2% of the total funds could be earmarked as non-divertible for the purpose.
- The method by which accountability will be measured and enforced.
- How data on the planning and implementation of the scheme will be placed in the public domain through suo moto disclosures, its process and periodicity.
- Details of the annual audits and evaluation mechanisms.
- Systems for financial accountability must be put in place taking care not to violate specific financial rules and guidelines.
- System of performance based rewards for Panchayats needs to be instituted (viz. Nirmal Gram Puraskar).

4.5 Parallel Bodies and functioning of the PRIs

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

4.5.2 Ministries should, therefore, abolish such PBs from their schemes. If necessary, the technical & professional component of these PBs could be retained as Cells or Units within the PRIs, for carrying out their technical & professional functions.
4.5.3 DRDA and Zila Parishads:

It appears from the DRDA scheme guidelines of MoRD that DRDA is

(a) to manage the anti-poverty programme of the MoRD as a specialized and professional agency;
(b) to coordinate effectively with the line departments, PRIs, Banks, etc. to ensure inter-sectoral convergence;
(c) to coordinate effectively with PRIs but not perform the functions of PRIs under any circumstances;
(d) to work as a facilitating and supporting agency to the Zilla Parishad and provide necessary executive and technical support in respect of poverty reduction efforts.

In States where DRDA does not exist, a separate Cell could be created in the Zilla Parishad.

The staffing structure of DRDA includes positions for Planning for poverty alleviation, Project formulation, Social Organisation and Capacity building, Gender concerns, Engineering Supervision and Quality control, Project Monitoring, Accountancy and Audit functions as well as Evaluation and impact studies. The staff would not be permanent and be selected by a Committee chaired by Chief Secretary etc.

The composition of the Governing body of DRDA is as follow:

1. Chairman of Zilla Parishad - Chairman
2. All MPs and MLAs and MLCs of the District
3. 1/3rd of Panchayat Samiti Chairpersons to be nominated by rotation in alphabetical order for a tenure of one year, one of whom must belong to SC/ST and another a woman.
4. CEO of Zilla Parishad/District Collector – Chief Executive Officer/Executive Director.
5-7. Head of the Central Cooperative Bank of the District, Chairman Regional Rural Bank, District Lead Bank Officer, etc.
8-18. Others.
19. Project Director, DRDA – Member Secretary

The 2nd ARC has recommended inter alia that (a) there is no need for continuation of the parastatals including DRDAs and (b) following the lead taken by Kerala, Karnataka and West Bengal, the DRDAs in other States should also be merged with the Zilla Parishad. The Second Round Table of the Ministers in-charge of the States held at Mysore in August, 2004, recommended that DRDAs might be renamed as District Panchayat Development Agencies (DPDAs) since they would be receiving all resources of Central Govt. rather than those of MoRD alone. Further, the proposed DPDA may be merged with Zilla Parishad so that its resources, both financial and manpower, are made available to all the 3 tiers of PRIs in accordance with the Activity Map.

A number of States have dissolved DRDAs and transferred its assets & liabilities to the Zilla Parishad. Order of Kerala begins as follows:

“Consequent upon the 73rd Amendment of the Constitution, the Government of Kerala has been taking several steps to devolve powers to the Local Bodies with the objective to transform them into genuine institutions of Local Self Governments. In the context of Panchayati Raj, Government decided to dissolve District Rural Development Agencies (DRDAs) which were created in the early 80s to provide for democratic decision making at the district level when elected institutions were not in place. Now that elected bodies
are in place at the Village, Block and District levels, DRDAs have lost their relevance and it would not be in the interest of Panchayati Raj Institutions to have a parallel body functioning.”

On the whole, keeping in view (a) the spirit of democratic decentralization in accordance with the 73rd Amendment, and (b) no adverse experience having been noticed in Kerala, Karnataka and West Bengal, which have dissolved DRDAs, the recommendations of 2nd ARC and the Fourth Round Table of the State Ministers should be accepted. Accordingly, DRDA’s legal identity could be dissolved. It could instead become Panchayat and Rural Development Cell (PRDC) within the Zilla Parishad with a separate account, so that the fears of diversion/misuse of funds and transitional problems are allayed. This PRDC could also become the executive body of the District Planning Committee (DPC) to perform the planning functions. This would ensure convergence of functions of ZP, PRIs & DPC and planning & implementation of CSSs/ACAs and also enhance the role of PRDC (erstwhile DRDA) in a changed context. The existing staff structure of DRDA, should serve the purpose adequately, if need be with some changes.

4.6 Attendance & perf. of local functionaries

Attendance and performance of local functionaries can be better ensured by the PRIs due to their stake & proximity than the line department hierarchy as the experience shows. The PRIs should, therefore, have effective control over them.

4.7 Action Points:

- Devolve functions as per Activity Mapping. To begin with, 3Fs relating to at least Primary Education, Primary Health, Women & Child (including/ICDS), Social Justice, Drinking Water & Sanitation, Agri Extension, to be devolved fully to the GPs by the States who have not done so. Similarly to the Block/Distt. Panchayats. Other States to progressively aim for 29 matters listed in Schedule V and also regulatory functions. (States)
- Refine "Devolution Index" to captive critical indices & standards and allocate sizeable part of allocation of CSSs/ACAs in the Panchayat’s functional domain to the PRIs or give equivalent block grant on the basis of this index. (GoI)
- Implement MoPR advisory dt. 19.1.09 on delineating roles of the PRIs in CSSs/ ACAs (GoI)
- Merge parallel bodies in the Standing Committees of the Panchayats.
Chapter Five

FUNCTIONARIES OF THE PANCHAYATS

5.1 First Round Table Resolutions on Manpower for the Panchayats

PRIs are yet to come up as units of self-governance in many States due to inadequate organisational capacity. In the 1st Round Table of Ministers in-charge of Panchayati Raj held at Kolkata on 24th–25th July, 2004, it was, inter alia, resolved that

(i) devolution of functions to the PRIs should be patterned on the mapping of activities related to the devolved functions,
(ii) staff provided on deputation to assist the PRIs for devolved activities must be under the disciplinary supervision and control of the elected authority,
(iii) States or UTs may consider instituting a Panchayati Raj Administrative and Technical Service, and
(iv) progressive merger of the DRDAs with the District Panchayats to ensure availability of the technical expertise and other facilities of the DRDAs to all tiers of the PRIs.

5.2 2nd ARC and Panchayat Manpower

The 2nd Administrative Reforms Commission (ARC), in its 6th Report titled ‘Local Governance—an inspiring journey into the future,’ has also recommended that Panchayats should have the power to recruit personnel and to regulate their service conditions subject to such laws and standards as laid down by the State Government, within a period of three years.

5.3 Manpower for the Panchayats

5.3.1 In the advisory issued by MoPR to the States/UTs vide letter dated 13.10.2009, the following transitional and permanent arrangements with a definite time line have been suggested:

5.3.2 Gram Panchayat Cadre

GP should normally have four categories of staff:

(i) Core staff for its internal processes: Panchayat Development Officer(PDO)/Secretary, Accountant, Technical Assistant and Computer Operator for a GP/cluster of GPs with 5000 population.
(ii) Scheme Specific Staff: for example, Rozgar Sahayak for MGNREGA
(iii) Functional Staff: such as Teachers, ASHA, Anganwadi workers.

5.3.3 District Panchayat Cadre

(i) District Panchayat Cadre (DP Cadre) could be comprised of officials that have jurisdiction over areas larger than a GP.
(ii) The DP cadre could be constituted by a judicious mix of direct recruitments and promotion from GP Cadre.
employees listed above for GP cadre could also fall in this cadre.

5.3.4 **State Cadre**

(i) Class I & II could be State Cadre for which DP could be the feeding cadre.

5.3.5 **The possible promotional channel could be as follows:**

(i) Panchayat Secretary (GP Cadre)/Panchayat Development Officer (DP Cadre)/Extension Officer (Panchayat) (DP Cadre)/-BDO (State Cadre) -Further promotions as per State policy.

(ii) Anganwadi Worker (GP Cadre) - Mukhya Sevika (DP Cadre) - ACDPO (DP Cadre)-CDPO (State Cadre) State Directorate Commissioner ate.

(iii) Agriculture Asstt. (GP Cadre) - Extension Officer (Agr.) (DP Cadre)

5.3.6 **State variation in staffing**

It is well recognised that size of the Panchayats varies widely from State to State and, therefore, the core and other staff strength, mode of selection, appointment etc., may not be uniform. Reasonable norms based on the area, population, terrain of the Panchayat and functions devolved need to be laid down.

5.3.7 **Maharashtra Model**

As regards the creation of a Panchayat cadre, the Maharashtra model is worth considering, which is broadly as follows:

(i) Class-I & II officers are State Cadres and are posted from line departments to Zilla Parishads(ZPs) on deputation.

(ii) However, Class-III and Class-IV employees are ZP employees and not State Govt. employees.

(iii) There are separate service rules for each of these categories

(iv) In the State Govt. cadre (Class-II), certain percentages of vacancies are always filled through promotion from the District cadre.

5.4 **Resources for the Core staff:**

MoPR has estimated that about Rs.6000 crore would be needed annually to staff Gram Panchayats with panchayat development officers, accountants, technical assistants etc. Central financing of this on a 75:25 basis for a period of ten years and then after 50:50 basis would be highly desirable. Minister of Rural Development(MRD), in charge of a public expenditure portfolio that year approximates Rs. 100,000 crore, who has a huge stake in ensuring that panchayat institutions are adequately staffed and provided with the necessary infrastructure, has written to DCH to fund such staff & infrastructure of PRIs. **This could be funded by GoI by pooling a certain percentage of outlay of the central schemes and giving to the Pachayats through MoPR.**
5.5 Cadre Management:

5.5.1 Administrative reforms of this nature would require an extensive study of existing cadres, staffing patterns, strengths of each cadre, Recruitment Rules etc. The Recruitment Rules for these cadres would require amendments to reach the final destination without disadvantaging the existing personnel. MoPR has engaged a consultancy organizations for the purpose.

5.5.2 States could undertake this exercise for themselves to cover:

(i) Compile information of all cadres, their strengths, vacant positions, anticipated future vacancies with time lines, Recruitment Rules etc.

(ii) Make recommendations on rationalization/convergence of various cadres.

(iii) Suggest changes required in Administrative Orders and rules, etc. for implementing the accepted recommendations.

(iv) Suggest other implementable measures that would result in transition to the desired state along-with time lines.

(v) Give Job description for each of the posts and develop skill development matrices for training of persons to discharge their duties assigned to them efficiently.

(vi) Make appropriate recommendations for performance measurement at each of the levels in GP and DP Cadres.

5.6 Action Points:

- Provide at least PDO, Accountant-cum-DEO and Technical Assistant to each GP or a cluster of GPs with 5000 population. Pool resources from the CSSs/ACAs and give to the Panchayat through MoPR.
- Compile information of all cadres, their strengths, vacancy positions, anticipated future vacancies with time lines, Recruitment Rules etc.
- Rationalize/converge various cadres into Panchayat Cadre and make corresponding changes in Administrative Orders and rules, etc.
- Give job description for each post and identify skill development matrices for training of persons to discharge their duties efficiently
Chapter Six

PANCHAYAT FINANCES AND ACCOUNTING

6.1 Constitutional Provisions on Panchayat Finances

6.1.1 The taxation power of the Panchayats essentially flow from Article 243H, which reads that “the Legislature of a State may, by law

- authorize a Panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits;
- assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits
- provide for making such grants-in-aid to the Panchayat from the Consolidated Fund of the State; and
- provide for constitution of such funds for crediting all moneys received, respectively by or on behalf of the Panchayat and also for the withdrawal of such moneys there from as may be specified in the law.”

6.1.2 Article 243-I of the Constitution mandates setting up of State Finance Commission (SFC) with the objective of reviewing the financial position of the Panchayats and making recommendations as to the principles which should govern the following:

- distribution between the States and Panchayats of the net proceeds of the taxes, duties, tolls and fees,
- determination of taxes, duties, tolls and fees to be assigned to Panchayats,
- grants-in-aid to the Panchayats, and
- measures needed to improve the financial position of the Panchayats.

6.2 2nd ARC and Panchayat Finances

2nd ARC, in its 6th Report on Local Governance has drawn the following broad conclusions on the Panchayat Finances:

- Internal resource generation at the Panchayat level is weak. This is partly due to a thin tax domain and partly due to Panchayats’ own reluctance in collecting revenue.
- Panchayats are heavily dependent on grants from Union and State Governments.
- A major portion of grant from the Centre and States is scheme specific. The Panchayats have, therefore, limited discretion and flexibility in incurring expenditure.
- In most of the critical Eleventh Schedule matters like primary education, healthcare, water supply, sanitation and minor irrigation, even now the State Government is directly responsible for implementation of the relevant programmes and hence expenditure.
- Overall, a situation has been created where Panchayats have responsibility but grossly inadequate resources.
6.3 Sources of Panchayat funds:

6.3.1 Fiscal Decentralization

Due to poor resource base and economic activity in rural areas, the Panchayats would continue to depend on State/Central transfers, grants etc. Role of CFC, SFCs, Central/State schemes would, therefore, be very critical in ensuring that finances available with the Panchayats match the assigned/transferred functions.

6.3.2 Central Finance Commission:

In a radical departure from the past, the 13th FC has linked devolution to a share of divisible tax pool instead of a mere lump sum. The Commission has also allocated a performance grant subject to the fulfillment of stipulated conditions which are expected to bring about major improvement in the working of the Panchayats. The 13th CFC has devolved at the present projection, Rs.63,150 crores on the PRIs over a period of 5 years(2005-10) as compared to Rs. 4,384 cr. for 1996-2000 and Rs. 20,000 for 2000-2005.

6.3.3 State Finance Commissions (SFC)

Fiscal devolution from states to the Panchayats are also taking place through SFCs. The States have the basic responsibility of enhancing the credibility & acceptability of the SFCs. The SFCs need to be strengthened and their work and reports streamlined in many ways including some standardization in their methods and approaches; normative assessment of the revenue receipts and expenditure of the Local Bodies etc. as advised in MoPR letter dt. 27.4.2009.

SFCs should consider devolving share of tax income (like the 13th FC) instead of fixed grants to the Panchayats. Kerala for example allots three eighth of the amount of the basic tax collected by the Government to the village Panchayats. Thus, the income of the village Panchayat automatically increases with the increased tax revenue of the State Government.

6.3.4 Own resources of the Panchayats

Further, there is a need to re-orient the regulatory and policy regime and give the Panchayats more tax-handles as also to ensure that the taxation powers given are effectively exercised since generating own revenue is the best way to increase autonomy, efficiency, credibility & accountability of Panchayats.

The Twelfth and Thirteenth Finance Commissions, on the basis of some studies, have suggested measures such as making it obligatory for PRIs to levy certain taxes, prescribing minimum revenue collection, levy of user charges, higher efficiency in tax collection, economy in expenditure and transparency in functioning. The existing PEAIS Scheme could be modified for greater weightage to the revenue efforts. States should also devise their own incentive and/or award mechanisms.
**Own resources of the Panchayats:**

- Prepare details about assessed tax, collection made and arrears, in respect of each tax and non-tax revenue, for each level of Panchayats, through the permanent SFC Cell in the State Government.
- Analyse Data collected for identifying broad trends among Panchayats and for identifying champions and innovations. Compile such good practices.
- Undertake a campaign to overcome the large slack in revenue collection.
- Prepare a compendium of the relevant legal provisions and executive orders in respect of the administration of taxes by PRIs, incentivisation programmes, innovations, recommendations of the SFC etc.
- Assist the SFC to lead policy work for (a) exploring appropriate tax and non-tax revenue assignments, (b) ways and means of administering and enforcing them including manpower & training and (c) achieving a greater linkage between revenue-collection and spending decisions at the local level.
- Rationalise the number and type of Taxes, and assign at least a few important taxes to each level of Panchayat.
- Re-examine the current rates of taxation and consider an upward revision, remove maximum limits fixed on tax as also the conditionalities that hamper or restrict taxation powers of Panchayats. Do not abolish taxes in Panchayat domain (for example, some States have abolished house tax).
- Incentivise tax efforts of Panchayats by reworking the formulae for devolution of funds and also provide for disincentives for non-performing PRIs.
- Fix user charges on a rationale basis and provide incentives to PRIs for enforcement.

**6.4 Devolution in the State Budgets**

A key step in providing clarity on fund devolution to Panchayats pertains to the creation of Panchayat Sector windows in the State budgets. This requirement can be met in two ways. Each Department could create separate line items in their budgets for the Panchayats, earmarking allocations pertaining to responsibilities devolved and schemes entrusted to Panchayats. Departments can thus directly send their funds to the Panchayats in accordance with these ear-marked budget line items.

Alternatively, all such earmarked funds pertaining to different departments could be consolidated by the State Finance Department and sent to the Panchayats in regular installments. Seven States, namely, Chhattisgarh, Gujarat, Karnataka, Kerala, Madhya Pradesh, Maharashtra and Rajasthan have provided for a separate Panchayat Sector component in their State budgets. However, the efficacy of the system varies differently from State to State and mismatches between functional assignments and fiscal transfers continue to exist.

**6.5 Mechanism for transfer of funds**

6.5.1 Increasingly large amount of funds are being transferred under various Central schemes to the State Governments for further transmission to the Implementation Entities (IEs) including the Panchayats. Reforms are needed to:
i) Ensure online transfer of funds directly to the relevant IEs; in order to avoid delay, harassment etc. which seriously affect implementation;

ii) Enable tracking of actual expenditure (not merely the releases) with necessary details.

iii) Provide timely and reliable Management Information, out of the huge magnitude and complexity of transactions, which is useful for monitoring and decision making;

iv) Eliminate the large float in the system, due to the Special Purpose Entities (SPEs) created purportedly for efficient transfer of funds.

v) Bring SPEs into the formal structure of accountability, including audit by CAG.

6.5.2 The Planning Commission along with Ministry of Finance, Controller General of Accounts (CGA), State Governments and Comptroller & Auditor General (CAG) are working on the Central Plan Scheme Monitoring System (CPSMS) to address, inter alia, the above issues. MoPR has in the meantime worked out a mechanism for efficient Management of programmes, funds, and planning functions. This mechanism in fact offers a common platform that could be used for aggregation of information including for assessing inter-relationships among programmes and can be easily integrated into the CPSMS as & when it is rolled out.

6.5.3 The mechanism is based on CBS along with the ‘Authorisation’ system. It would not only address most of the problems mentioned above but also enable vastly improved financial management and transparency as mentioned below:

(a) At the click of the mouse, authority concerned will get information on both the “Authorisations” and the “fund flows”, through the CBS.

(b) The CBS would report the actual payments (not merely releases by the higher level) each day and the State funds would be debited accordingly.

(c) Rapid authorization and payments to the IEs would be possible, as the new mechanism would eliminate the extensive paper work, clerical queries and resultant harassment down-the-line, avoiding delay in implementation, and the States/Ies enabled to use their full entitlement.

(d) Transparency would be ensured by making information available on line in the public domain. This would also facilitate social audit. Citizens could report any discrepancy between the information displayed and the actual.

(e) Ways and means position of both the Central and State Governments would improve as float/parking in the system would be eliminated.

This Mechanism should be adopted by all Central/State Schemes given the benefits mentioned above.

6.6 Accounting and Audit System

6.6.1 Model Accounting System:

The need for having a simple and robust accounting and reporting system for the PRIs is evident. MoPR and CAG have evolved such a system; having appropriate MIS/DSS window and covering both the agency and core functions of PRIs. The salient features of this simplified format of accounts are:

(i) The 4-tier classification system under Major/Minor/Object Heads conform to the Government accounting system.
(ii) Will help in capturing receipts and expenditure under the appropriate Heads uniformly.

(iii) Will enable the States to track flow & usage of funds.

(iv) Output reports will provide comprehensive financial management information enabling formulation of appropriate policies and strategies.

6.6.2 PRIASOFT:

The PRI Accounting Software (PRIA Soft) would facilitate the process. Accounts of approx. 50,000 Panchayats up to the voucher level were available on line in public domain for 2010-11. Accounts of all the Panchayats are expected to be on line by Oct., 2011.

6.6.3 CAG audit:

As per the recommendations of the Thirteenth Finance Commission, audit of the accounts of all Local Bodies (both urban and rural at all levels) need be done under the Technical Guidance and Supervisions (TGS) of the CAG. State Governments need to constitute separate committees of Legislature for discussion of the Annual Technical Inspection Reports (ATIR). This will ensure accountability.

6.6.4 Social Audit:

(a) It is observed that at present, Social Audit is largely limited to MGNREGA as it is a statutory requirement under the relevant Act. The 2nd ARC Report on Local Self Governance has recommended that:

(i) Social Audit should not be individually prescribed for each scheme. A multiplicity of social audits separately prescribed for each scheme undermines the importance of the process.

(ii) Adequate publicity needs to be given for Social Audit.

(iii) Social Audit “action taken reports” have to be time bound and placed in the public domain. It is advisable to precede a Social Audit with the action taken on the previous social audit.

(iv) Opportunity has to be given to the people to inspect the records of the local bodies such as accounts, tax assessments and collection, measurement books, muster rolls.

(v) Adopt a system where the higher level of Panchayat, such as the Intermediate Panchayat, provide comparative assessment of performance of all the Panchayats falling within its jurisdiction, so that the people know where their Panchayat stands in respect of each service.

(vi) Social Audit of Gram Panchayats by the Committees of Gram Sabha should be encouraged.

(vii) Community Based Organisations be involved in the Social Audit.

(b) The following action may be taken by Union Ministries and State Govts. to empower and enable the Gram Sabhas for Social Audit:
(i) Provide legal sanction: make necessary provisions in the State PR Act/Rules for Social Audit in respect of all programmes/services implemented in the Gram Panchayat area.

(ii) Issue detailed guidelines and create Institutional framework to facilitate Social Audit: and define clear process for taking follow up action on the Social Audit Reports.

(iii) Provide the Gram Sabha with capacity to conduct Social Audit: identify & train resource persons for training the relevant functionaries.

(iv) Create an environment through IEC.

6.6.5 Ombudsman:
(a) Establishment of Ombudsman is needed for the following reasons:

(i) Redemption of people’s faith and confidence in the Panchayati Raj system by providing an independent and effective channel for redressal of grievances;

(ii) Ombudsman would be a step for correcting the present exaggerated notions of corruption, inefficiency and lack of fair play. Allegations without enquiries distort the image of PR system.

(iii) Ombudsman would have psychological value in that people would have a watchdog to hold the Panchayats and functionaries accountable to it.

(v) The justice delivery system is perceived as expensive, time-consuming, procedure-ridden, technical and difficult to comprehend, thereby preventing ordinary people from approaching courts etc. The Ombudsman would be an expert and independent forum for redressal of such cases.

(b) In para 3.8.3.4 of the Fourth Report titled “Ethics in governance”, the 2nd ARC has recommended amendment of the State PR Acts to provide for the institution of Ombudsman to investigate cases of corruption and maladministration against functionaries, both elected and official, of the Local Bodies. Chapter XVII of the Model Panchayat Act circulated by MoPR broadly conforms to the Kerala system.

6.7 Fiscal Responsibility Regime

MoPR, with a view to developing a fiscal responsibility regime, has formulated model Fiscal Responsibility Bill. The States could enact the model bill with modifications as appropriate. The major objectives of the model Bill are: Medium term fiscal plan, Principles of Financial Management, Transparency in Financial Management, Principle of audit of accounts, Adherence to audit report, Measures to enforce compliance.

6.8 GoI to support States:

Sound finances of the Panchayats is a Constitutional stipulation and, in pursuit of that, the States and the centre must work together in a true spirit of fiscal federalism to strengthen finances of the PRIs. MoPR should, on its part, assist the States in designing local solutions, designing training programmes, developing software solutions for tax management and networking with champions. It should also undertake analysis of the State trends to identify initiatives and drives, conduct periodical experience sharing workshop, support policy studies on local taxation particularly on ascertaining taxation capacity and designing incentive packages.
The States should strengthen the administrative and enforcement capacity of Panchayats through proper staffing, regular training programmes comprising well-structured modules, simple guidelines, etc.

6.9 Action Points:

- Increase share of transfers to the PRIs from the State governments as untied grants by
- Consolidating state schemes into untied grants (as Kerala has done), explicitly defining through State legislation a formula to allocate grants to PRI as a share of the State revenues (States)
- Give right to the Panchayats to levy & collect taxes, tolls, fees, user charges on their own with minimum rates, in order to reduce their dependence on State and Central governments (States)
- Strengthen composition and functioning of the State Finance Commission (States)
- Link scheme funding with performance: Allocations through CSSs to the States to be linked to the Devolution Index and to the Panchayats, based on their performance grading (GoI)
- Strengthen Accounting & Audit system: implement MAS and PRIASoft (States)
- Fulfil performance grant conditions under the 13th CFC award (States)
- Adopt electronic transfer and tracking of funds using CBS and ‘Authorisation-to-spend’ (GoI & States)


Chapter Seven

TRAINING OF THE PANCHAYAT FUNCTIONARIES

7.1 Dimensions of the Challenge

Capacity building of elected representatives and officials is critical to the empowerment of the Panchayats as the well-functioning institutions of local self-government. Moreover, as the PRIs are being assigned increasing responsibilities in both developmental and regulatory activities, there is a growing concern about their capacity. The magnitude of the challenge is enormous; around 30 lac Elected Representatives and 10 lac official functionaries have to be trained every year on a range of themes.

7.2 National Capacity Building Framework (NCBF)

7.2.1 NCBF formulated by MoPR lays-down a comprehensive framework for building the capacity of PRIs. It describes the preparatory activities, building up of the training infrastructure, developing a pool of resource persons, range of handholding activities required to sustain a capacity development effort, planning the logistics of implementation, and monitoring & evaluation of the capacity building efforts. It suggests training programmes in a range of areas, including the Centrally Sponsored Schemes (CSSs) indicating the duration, sequencing and the target category with timelines for completion of the training programmes, norms for strengthening the training related infrastructure and the pedagogical software.

7.2.2 The overall objectives of NCBF include:
   a. enabling elected representatives to upgrade their knowledge and skills to better perform their responsibilities
   b. orienting the officials to become more effective technical advisors and implementers of the ideas emerging from the elected representatives
   c. improving the functioning of the Gram Sabha as an important institution of local decision making
   d. sensitizing media, political parties, legislatures, civil society institutions and citizen to accept and promote the Panchayati Raj as an essential level of local government and for inclusive & participatory development.

7.2.3 CBT Plans

During the years 2007-10, several workshops were conducted to assist the States in working out the modalities of their capacity building plans, primarily for sourcing funds and implementing the Capacity Building Component under the BRGF programme. But the CBT efforts generally continue to be intermittent and discontinuous with one-off training programmes consisting of routine lectures by inadequately equipped resource persons. Some States – even though they have prepared plans in accordance with the template provided with NCBF – have not been able to implement them as per the schedule. This is particularly true in the case of the larger States.

Coverage, content, quality and frequency of training is a general issue for most of the State. The continuing aspects of training and handholding, such as Helplines, Newsletters
and District/Block Resource-cum-Training Centres are yet to be established in most cases.

7.2.4 As a consequence of continuous efforts of the Ministry, training coverage has improved from about 33% in 2008-09 to 36% in 2009-10 to more than 66% in 2010-11. J&K and Jharkhand which held PRI elections recently have added to the number of ERs but are yet to take up any CB&T programmes. Furthermore, the total number of ERs and functionaries trained put together has moved from about 1.5 million in 2008-09 and 2009-10 to over 2.4 million in 2010-11.

7.2.5 World Bank Evaluation:

An evaluation of the BRGF Programme was conducted through the World Bank in July 2009. The main recommendations in respect of Capacity Building component are:

- Re-design the overall Capacity Building strategy to focus on demand-driven modalities.
- Provide a significant part of CBT support to the ZPs to put them in the driver’s seat.
- Develop appropriate tools for CBT needs assessment.
- Ensure regular impact assessment of the CBT activities.
- Converge CBT activities and resources.
- Put in place State level CBT Coordinators.
- Make greater use of outsourcing model.
- TSIs for CBT be contracted by the ZPs, selected from a panel of qualified institutions.
- Introduce flexibility in the use of 5% component meant for staff augmentation.
- Ensure that ULBs too are adequately covered in all CBT activities.
- Establish a baseline for the PRIs/ULBs performance & capacities with indicators & benchmarks.
- Clarify links between reporting, utilization certificates, social audit and physical audit.
- Improve the sharing of good practices through IT, visits, exchange of information, peer reviews, etc.

7.3 Accelerating CBT efforts

7.3.1 Consultations with the States etc.:

In the consultation meeting with the stakeholders in Dec. 2008, the following recommendations were made:

- Revitalize SIRDs through functional autonomy including powers to recruit faculty.
- Network NIRD, SIRD & other training institutions through a sustainable mechanism for identified objectives.
- Create Nation-wide pool of well-selected and trained master trainers.
- Establish and operationalise District & Block Resource-cum-Training Centres.
- Develop model curriculum & course content including computer based self-learning material.
- Have formal certification in the domain of Panchayati Raj
- Update training perspective plans and work out annual implementation plan.
- Assign known training experts to the relatively lagging States.
- Find alternatives to the present system urgently for the continuous training of 32 lacs ERs and 10 lacs OFs.
• Establish an autonomous Institution under MoPR for handling the task on an ongoing basis and also serve as the think-tank.

7.3.2 Diversifying CBT:

Obviously, there is a need to develop a nationwide movement and a different culture & approach to CBT including reorientation of the training institutions. Institutions closer to the people at the Block and District level need to be built, strengthened and associated in this gigantic task. It is also required to broaden the institutional support and look at options hitherto not considered on a significant scale such as Universities, NGOs, Private Organizations, etc. who can introduce the best training practices being used in the academic and corporate world to the task of CBT.

7.3.3 Public-Private Partnerships (PPPs):

MoPR conducted a CBT Business Meet in January, 2010 attended by most of the States and about 150 Service Providers. The expectation from such partnerships is that it should lead to a major improvement in imparting quality and continuous training to a larger number. The focus was on:

• Identification of suitable agencies for each State.
• Selection of the Service Provider(s) for the respective State; and
• Signing of State Support Agreement.

“Pursuant to the Buyer-Seller Meet” of January 2010, many States have already formalized the PPP arrangements.

7.3.4 Inter-departmental efforts:

(a) MoPR is in discussion with Ministries handling major Panchayat-centric CSSs (MGNREGS, ICDS, NRHM, SSA, NRLM, Literacy Mission etc.) on the issue of synergy in design, content and implementation of the training Programmes. A meeting with the relevant line Ministries, for example, recommended that the Saakshar Bharat Programme should have special focus on the illiterate ERs and the States should undertake special drive to develop trainers and training materials for the purpose utilizing the technical inputs from Saakshar Bharat. Similar efforts are required in respect of SSA, MGNREGS, NRHM, ICDS, DWS etc.

(b) A State-level Standing Committee for Capacity Development(CD) of LocalGovernances could be constituted for guiding, planning, implementing, monitoring and coordinating CD activities in the State. This will ensure preparation, delivery and oversight of a CD plan in a holistic manner. A dedicated team responsible for CD needs should be placed with the State Department of Panchayati Raj to coordinate this effort.

7.3.5 Training Material:

MoPR has, already, prepared an extensive repository of training material & personnel. Some computer-based self-learning material has also been prepared. These are available for use to any training institution or body. Providing selected training material (in the local language) to every representative soon after his or her election and also to the
officials would be desirable so that they could refer to it at their convenience and repeatedly.

7.3.6 Learning vs teaching

Training pedagogy has to give greater emphasis on self-learning than teaching, with focus on problem solving, exposure visits, films, interactive self-learning material etc.

7.3.7 Helpline & Newsletters:

Helplines and newsletters on state-websites can be very useful. However, only a few States are publishing Newsletters. Newsletters need to be placed on the State website and provided either free or at nominal costs to all the Panchayat functionaries. As regards the Helpline, 21 States have so far obtained approval under BRGF and RGSY. Maharashtra and AP have already set up Helpline.

7.3.8 CDLG Project:

UNDP is assisting in capacity building in seven States viz. Bihar, Chhattisgarh, Jharkhand, MP, Orissa, Rajasthan and UP through the CDLG project. The focus areas include:

- strengthening capacity development strategies
- policy research and network support
- advocacy and sharing of good practices
- community empowerment and mobilization
- project monitoring, evaluation and capacity development.

7.4 Training Infrastructure

7.4.1 District and Block Resource-cum-Training Centre (D/BRTCs):

As of now, 2243 BRTCs have been sanctioned for 22 States under BRGF and 191 BRTCs for 4 States under RGSY. More DRTCs and BRTCs need to be set up for providing institutional training close to the people and scene of action. It is also important to functionally integrate these centers with the existing arrangements for CBT activities and equip them with appropriate manpower.

7.4.2 State Panchayat Resource Centre (SPRC):

SPRCs are necessary for higher-level training of district and state personnel dealing with Panchayats, undertaking research, developing knowledge/training material, and training of trainers for the domain etc. They would also provide leadership and coordination needs of the D/BRTCs. The objective could also be achieved by restructuring and strengthening the existing SIRDs to become State Institute of Rural governance and Development.

7.4.3 National Institute of Panchayati Raj (NIPR)

There is no dedicated think tank, training & resource institution to provide intellectual leadership to the PRIs and to catalyze capacity building needs of elected
representatives and officials of the PRIs. In order to meet this need MoPR has prepared DPR for the NIPR which provides for functional and physical details. The functional aspects include charter of activities and staffing arrangements. The physical details include the infrastructure and finances for the capital expenditure and recurring expenditure. Planning Commission has been requested for in-principle approval.

7.4.4 Role of educational institutions:

(a) Training

Universities and other resource institutions may be encouraged to work with Panchayats through projects and training programmes.

(b) Formal certification in the domain of PR:

It would also help to have formal certification for the PRI training. Some institutions such as SIRD (Chhatisgarh), Rajiv Gandhi National Institute of Youth Development (RGNVYD), IGNOU, etc. have launched Degree, Diploma or Certificate Programmes in Local Governance. States should popularize such courses among the ERs, OFs etc. and also link to some incentive.

7.5 Training of Elected Women Representatives (EWRs)

7.5.1 GoI proposes to increase reservation for women in the PRIs from the existing at least 1/3rd to 50%. The number of EWRs would thus increase from less than 10 lacs to about 14 lacs. Obviously, many of them would be holding office for the first time with little knowledge, orientation and exposure to their expected functions. Besides, the EWRs face multiple deprivations on account of their gender, social bias, house-hold obligation, lower literacy, lack of confidence etc. Often, male members of their family usurp their functions.

7.5.2 For enabling EWRs to discharge their responsibilities effectively, their special needs should be met. Capacity building components of BRGF & RGSY schemes generally have not adequately addressed these specific needs of EWRs. For targeted empowerment of EWRs, PMEYSA Scheme was started. Its objective is to build confidence and capacity of EWRs so that they are able to get-over the institutional, societal and political constraints facing them. Its objectives are:

- building solidarity among EWRs
- creating opportunities for them to present their demands to different governments
- building capacity to take initiative
- devising innovative programmes.

7.6 Perspective/Annual CBT plans:

Each State should prepare a Perspective Plan for CB&T for the PRIs aligned with the election cycle and based upon TNA. The Perspective Plan should be broken into Annual Plans. The State Annual Plan should have Sub-Plans for each district and another Sub-Plan should be for State level activities such as development of training materials, helplines, newsletters, ToT, TNA, evaluation, etc. The Action Plans should also give specific attention to SC, ST, OBC and EWRs.
### 7.7 Action points

- Implement National Capability Building Framework (NCBF) in letter & spirit.
- Strengthen SIRDs, etc.
- Prepare perspective and annual training plans based on TNA etc.
- Increase reach of CBT through District / Block Training-cum-Resource Centres and outsourcing in PPP mode.
- Promote alternative methods of training such as Interactive Self Learning materials, Training films, other IEC inputs.
Chapter Eight

INTEGRATED DECENTRALIZED PLANNING

8.1 Integrated Decentralized Planning

8.1.1 Need:

It is widely recognized that most of the schemes exist in silos, planned and implemented as stand alone schemes, without any horizontal convergence or vertical integration, resulting in multiple district plans – unrelated to each other and often mutually conflicting – prepared without any integrated vision or perspective. The need for integrated local area plans, based on specific endowments and needs of each area has been stressed from the beginning of the planned development. However, despite several reports and studies, only sporadic efforts were made in this direction resulting in suboptimal usage of resources and limited outcomes.

It is important that this vertical planning process is transformed into a horizontal planning process, where local governments and other planning entities work together to develop a holistic plan, out of which sectoral plans emerge. This and much needed convergence of related schemes & resources is possible only through the mechanism of constitutionally mandated decentralized and holistic planning through the Local Bodies (both rural and urban) and the District Planning Committees (DPCs). Planning Commission’s guidelines dt. 25.08.2006 elucidate this.

8.1.2 LWE and decentralized Planning:

Development challenges of Left Wing Extremism (LWE) in the Central India would in particular need integrated decentralized (bottom up) planning so as to reflect needs & aspirations of the people, which top down sectoral planning does not. LWE Areas do not lack financial resources but the capacity to prepare integrated decentralized plans, implement and monitor the schemes, which presently operate in silos, producing sub-optimal outcomes.

8.1.3 Constitutional Provision

The 73rd and 74th Constitutional Amendments (Articles 243G, 243W) envisage planning for economic development and social justice by PRIs and Municipalities respectively, and their consolidation (Article 243ZD) into District Development Plans by the DPCs, after consideration of matters of common interest between the Panchayats and the Municipalities including:

- spatial planning
- sharing of water and other physical & natural resources
- the integrated development of infrastructure
- environmental conservation
- the extent & type of resources available whether financial or otherwise.
8.1.4 11th Plan & Decentralized Planning

The Eleventh Plan further envisaged participatory district planning process as an integral part of the preparation of State Five Year Plans and Annual Plans. Eleventh Plan document details several steps such as activity mapping, creation of Panchayat sector windows in the State & Central budgets, and IT enabling of Panchayats as key steps in this direction. Such holistic planning will evidently result in convergence of schemes, synergistic implementation and better outcomes.

8.1.5 2nd ARC & Decentralized Planning

While emphasizing the importance of decentralized and participative planning, the 2nd ARC in its 6th Report on Local Governance has recommended:

i. development authorities to become the technical/planning arms of the DPCs,
ii. strict compliance of the guidelines dated 25.8.2006 issued by the Planning Commission in preparation of the district plan,
iii. developing methodology of participatory local level planning,
iv. integration of the district plans with the State Plans,
v. clear demarcation of planning functions among the local governments and planning committees.

8.1.6 National Conference on Decentralized Planning

The National Conference of Chairpersons/CEOs of the DPCs, States, Union Ministries etc. held at New Delhi on 16th - 17th January, 2009 also deliberated upon the issues of constitution and functioning of DPCs, preparation of five year District perspective plans and annual plans, ICT support for district planning (including Plan Plus), database for District and sub-District levels, financial domain of Panchayats, Spatial planning, consolidation of Urban & Rural Plans, capacity building for District Planning, etc.

8.2 Preparation of Integrated Plans

8.2.1 Planning Commission and MoPR have prepared a “Manual for Integrated District Planning”. The first volume of the Manual contains an exposition of the essential principles of participative district planning and sets out the steps to be taken at the state and national levels. The second volume is a Handbook for District Planning that lays down the modalities and sequence of processes for preparation of a participative district plan. It includes the formats and checklists by which the processes can be documented and data provided for different planning units.

8.2.2 Participative integrated District Planning: Participative integrated planning is multi-dimensional, including:

(i) three levels of Panchayats and Municipalities
(ii) multiplicity of sectors (viz. health, education, nutrition, sanitation, livelihoods)
(iii) a variety of funding sources (viz. State/Centrally Sponsored Schemes, Finance Commission, own resources)
(iv) an intertwined group of departmental and programmatic machinery
(v) a broad spectrum of stakeholders; each seeking fulfillment of its own from a plan.

**8.2.3 District Vision and Perspective Plans**

The District should prepare an integrated vision for development (for both urban & rural areas) over 10 to 15 years, and a perspective plan of 5 years, not constrained or conditioned by the existing schemes and programmes. In fact, a well-prepared perspective plan becomes an important guide in deciding the expenditure priorities of a district over the long-term.

For urban areas, the perspective plan indicating goals, policies and strategies regarding spatial and socio-economic development should be prepared by the ULBs. 5-year perspective plans and annual plans can be prepared for different sectors by the related departments/planning units which can then be consolidated by the DPC into a holistic district plan. In the whole process, the rural-urban continuum: social, economic & spatial, needs to be kept in full view.

**8.2.4 Gender issues:**

Mainstreaming gender issues in the decentralised plans is evidently required.

**8.2.5 District HDRs:**

District HDRs with Block level disaggregation to support the planning process is required.

**8.3 Role of BRGF / MGNREGA in catalyzing Decentralized Planning**

In spite of various initiatives on decentralized, participative and integrated planning, the MGNREGS and BRGF remain the two main schemes for planning from below. BRGF attempts to catalyze bottom up integrated planning, bridge critical gaps in the infrastructure and empower the local bodies through appropriate capacity building to facilitate participatory planning and decision making.

MGNREGS has now emerged as the largest CSS. Under Sections 16 and 17 of the MGNREGA, 2005 the Gram Panchayat and the Gram Sabha have been given key roles in planning, implementation and monitoring of MGNREGA, BRGF and MGNREGA funds today contribute the major outlay at village level from where village planning can start. However, integrated decentralized planning remains an incomplete task.

**8.4 District Planning Committees (DPCs)**

**8.4.1 Role of DPCs:**

In order to take the process of participative district planning forward, the foremost necessity is to set up DPCs on the lines of Article 243 ZD and assign to them, at least, the following roles:

i. Providing overall leadership to the planning process without taking away from the functional responsibilities of the local governments

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ii. Leading the district envisioning exercise
iii. Setting district priorities on the basis of consensus among local-governments, line departments, civil society, academia and other stakeholders in development
iv. Performing the central role in the preparation of the Potential Linked Credit Plan (PLCP) for the district with the support of NABARD
v. Reviewing plans of local governments and development departments during the process of consolidation; particularly with a view to ensuring that these address the district vision as a whole and are free of overlap and duplication
vi. Overseeing the participative planning process to ensure that the processes & timelines are followed
vii. Monitoring implementation of the approved district plan and addressing bottlenecks that may arise.

8.4.2 Support to the DPCs

(a) To enable the DPC to perform this role, a District Planning Unit (DPU) should be constituted by merging DRDA, District offices for Planning/ Economics & Statistics and Town & Country Planning, District unit of the National Informatics Centre (NIC) etc. National Resources Data Management Centre set up in some districts should also be made a part of the DPU. Besides, experts in the requisite areas (planning including programme management, resource management, livelihood) could be hired to support the DPU. Planning Commission had for the 11th Plan a scheme to Support the Planning Process including at the district level through provision of manpower, infrastructure etc. Unfortunately, it has not happened even after 4 years.

(b) The DPC must also have a building to house the DPC and DPU. Secretary of the DPC should be a sufficiently experienced person who works on a full-time basis. Even contractual appointments with pay-packages commensurate with the responsibility of leading the preparation and implementation of the district plan, for a period of say five years, could be considered. Besides, the DPC must have adequate budgetary resources to meet expenditure on its regular staff, hire experts, outsource work, facilitate workshops and meet the expenditure on capacity building of elected representatives and staff of line departments.

(c) Developing a pool of professionals for such integrated decentralized planning is an imperative.

8.4.3 Technical Support Institutions (TSIs)

In 2007-08, MoPR and Planning Commission together identified institutions with a long term interest in district planning and constituted a panel of such Technical Support Institutions (TSIs). States and DPCs could choose TSIs to assist them and also the Panchayats and Municipalities to prepare annual plans and to consolidate them into District Plans.

In 2010, MoPR has again empanelled technical institutions and developmental organizations as TSIs for preparation of District Perspective Plans and Annual Plans for the 12th Plan period. The TSIs are also required to capture the participatory planning
process in the PlanPlus software and build capacities of PRIs so that eventually they undertake planning on their own.

8.5 Data bases & ICT

8.5.1 Database:
The District vision & plan must have a strong empirical grounding provided through rigorous compilation and analysis of data including the baseline which needs to be institutionalised as a part of the planning system. Ministry of Statistics & PI is implementing a pilot scheme for generating micro-level database for local level planning. Area Profiler Application under e-Panchayat MMP, could host required socio-economic, demographic, infrastructure, services etc. data for use by all for planning, monitoring and evaluation.

8.5.2 Decentralized Planning and PlanPlus software:
PlanPlus software has been developed to demystify and simplify the decentralized planning process. The software is web-based, compatible for local language adaptation and captures the entire planning workflow starting from identification of needs and up to the plan approval processes. It is generic and can capture the plans prepared by the line departments at the state and central level to generate the convergent unit plans for the Panchayats and the Municipalities and consolidate the same into the District and the State Plans. The Software enables convergence of the related schemes and programmes, brings about total transparency in the plan preparation and approval processes, and facilitates online monitoring. Over 10,000 State and District level functionaries have been trained on the use of PlanPlus.

8.5.3 Geographic Information System etc. for Decentralized Planning
Satellite remote sensing, GPS, IT and GIS technologies have the capability for preparation and integrating the data from various sources (both spatial and non-spatial). The National Remote Sensing Centre, Hyderabad, has undertaken a Space Based Information Support for Decentralized Planning (SIS-DP) project with the following objectives:
• Spatial Geo Data Base – Creating land cover, water resource, infrastructure details, slope and linking of stakeholder dept. data for entire country on 1:10,000 scale. For selected areas, soil and ground water prospect details will also be prepared
• Existing Resource Information – ISRO/DOS created existing thematic information on 1:50,000 scale will be made available.
• Village cadastral data – Digital village cadastral data along with attribute information (ownership, health care, education, marketing, commercial facility etc.) will be created to overlay on various layers
• Decision Making Tool and Dissemination – Customized solution for development of tools and utilities will be developed and deployed up at the Gram Panchayat level
• Capacity Building – Pool of manpower and capacity building of State and national level manpower to maintain data base for decentralized planning.

8.6 Spatial planning

8.6.1 Given the haphazard growth of the rural areas, particularly in the vicinity of urban areas and given its consequence for the posterity and for the environment, it is necessary
to have land use plan for the rural areas as well, besides the natural resources plan. Kerala, Rajasthan and Goa have already taken initiative in this regard. The land and resource use plan has to be determined by a process with prior informed consent of the Gram/Ward Sabhas and approved by the authority concerned. A detailed land use plan for each village, panchayat, block and district, and finally for the whole State is to be made, debated and passed. Any acquisition of land or large-scale land use change should be in compliance with this land use plan. This has to be carried out in a mission mode and could be one of the key agenda for the 12th Plan and therefore, budgeted accordingly.

8.6.2 Preparing land use plan for all 2.33 lakhs Gram Panchayats (comprising approx 6 Lakh villages) would take a long time and will involve massive planning and monitoring. However, GPs with more than 5 thousand population could be taken up for land use planning in the first phase right now. For this exercise, Town Planners will have to be posted under the respective DPUs/ DPCs.

8.6.3 MoPR has requested MoUD to amend the related Sections including Sec 37(1) of the Model Legislation to facilitate this initiative. The States are also being advised to carry out the necessary amendments in their respective enactments. The action should pave the way for village level master plans for land use planning.

8.6.4 Action has to be taken for preparing and updating geo-referenced maps of local bodies showing the revenue villages within each local body and important natural and socio-economic data including the Census data. The maps should be web-enabled for easy access and use.

8.7 Action Points:

- Implement Planning Commission circular of 25.08.06 for preparing integrated bottom up participatory plans: to ensure convergence of plethora of schemes/resources for better outcomes. (GoI & States)
- Provide professional and technical support to the planning entities: including constitution of professional DPUs, use of Technical Support Institutions (GoI & States).
- Upscale untied funds to the Panchayats (BRGF, share of CSSs/ACAs., etc.
- Appropriate Training and Capacity Building of Elected Representatives and official functionaries (States).
- Initiate spatial planning and amend relevant legislations (GoI & States).
- Expedite use of Plan Plus software (States).
Chapter - Nine

e-Governance in the Panchayats

9.1 Necessity and objectives of e-governance in the Panchayats:

9.1.1 Necessity of e-governance:

If the Panchayats are to perform efficiently and effectively all the mandated tasks, which are increasing day by day, extensive use of Information Technology is the only way. Moreover, there is a strong need to build a “digital inclusive society” where large sections of rural population:

- are able to benefit from new technologies
- can access and share information and services freely and
- can participate in the development process more effectively.

The Panchayats being at the interface of rural citizens and governance structure, are an effective vehicle to induce mass ICT culture at the grassroots level.

9.1.2 Objective of e-Panchayat

It is with this broad vision that MoPR has formulated a scheme for ICT enablement of all the Panchayats in the country in a Mission Mode approach. The e-Panchayat Mission Mode Project (MMP) is intended to provide a whole range of IT related services to Central Ministries, State Deptts Citizens, etc. such as citizen-centric services, Decentralized Database, Planning, Budgeting & Accounting, Implementation & monitoring of Central and State sector schemes, Unique codes to Panchayats and Individuals, essential GIS based applications, on-line self-learning etc. to citizens. The Panchayats being the basic unit for planning and implementation of a large number of schemes and services, this MMP would also go a long way in improving public service delivery with better outcomes.

9.2 ISNA, BPR and DPR for e-Panchayat

9.2.1 Essentially 6 components are required for successful rollout of the e-Panchayat MMP: (i) ISNA, BPR & DPR, (ii) Computing Infrastructure, (iii) Application Development and deployment, (iv) Connectivity, (v) Capacity Building, and (vi) Project Management. The action taken/ required to be taken for each of these are given below:

9.2.2 ISNA, BPR & DPR

MoPR has carried out detailed Assessment of Information and Service Needs (ISNA) of all stakeholders including Central Line Ministries, State Departments, District Administration, Panchayats and citizens. Based on the ISNA reports, (a) Business Process Re-engineering (BPR) reports, in which the identified services have been re-engineered for optimizing the efficiency/effectiveness of service delivery, and (b) Detailed Project Reports (DPRs), which is a complete roadmap for operationalizing e-Panchayat MMP, have been prepared for each of the 34 States and UTs. The DPRs give roll out model, project cost and operational strategies.
9.2.3 States need to re-engineer their processes for internal functioning of the Panchayats and also for citizen service delivery. The revised process maps have been indicated in the State BPR Reports. Legal changes and revised processes have also been listed in these reports.

9.3 Panchayat Enterprise Suite (PES)

9.3.1 On the basis of the ISNA reports, 12 Core Software Applications (collectively named PES) are being developed centrally for being applied across the country and at all the three tiers. Their description and the functions are given below:

<table>
<thead>
<tr>
<th>Description</th>
<th>Functional area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Local Government Directory</td>
<td>Provide unique codes to all Panchayats, capture changes to Panchayats owing to delimitation and assign codes appropriately. It would link all Core Common Applications</td>
</tr>
<tr>
<td>2 Area Profiler</td>
<td>Maintain a complete village profile encompassing socio-economic data, socio-demographic data, public Infrastructure &amp; services, geographical boundaries of Panchayats etc.</td>
</tr>
<tr>
<td>3 PlanPlus</td>
<td>Help in preparation of Panchayat as well as district plans starting from grassroots, enable convergence of funds from different schemes, track fund flows etc.</td>
</tr>
<tr>
<td>4 ActionSoft</td>
<td>Help monitor implementation status of all schemes (Central, State, etc.) on defined monitoring parameters.</td>
</tr>
<tr>
<td>5 PRIASoft</td>
<td>Capture details of receipts &amp; expenditure, automatically generate cash book, registers, Reports, Utilization Certificate etc. for any scheme based on a few basic entries.</td>
</tr>
<tr>
<td>6 Asset Directory</td>
<td>Help in management of Information related to assets and utilities in a Panchayat area.</td>
</tr>
<tr>
<td>7 Grievance Redressal</td>
<td>Allow citizens to lodge complaints against Panchayat functionaries and report any malpractices. Track the entire grievance redressal process until closure.</td>
</tr>
<tr>
<td>8 Social Audit</td>
<td>Capture all events and details relating to social audit conducted by the Gram Sabha, action taken report etc.</td>
</tr>
<tr>
<td>9 Training Management</td>
<td>Be a portal providing details of all training programs i.e. schedule, training material. The Panchayat functionaries will be able to register for courses online and the partner training agencies will be able to register.</td>
</tr>
<tr>
<td>10 GIS</td>
<td>Would display maps of Panchayats and integrate with other applications such as Panchayat Profiler, PlanPlus, Asset Directory, etc.</td>
</tr>
</tbody>
</table>

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so that a spatial view of the profile / plan of a Panchayat is obtained.

<table>
<thead>
<tr>
<th></th>
<th>Description</th>
<th>Functional area</th>
</tr>
</thead>
<tbody>
<tr>
<td>11</td>
<td>Panchayat Portals</td>
<td>Generate a website for each Panchayat across the country and also act as a single delivery gateway using single sign-on.</td>
</tr>
<tr>
<td>12</td>
<td>ServicePlus</td>
<td>Be a generic citizen service delivery application adoptable by all States for all services and to capture and display all related events and information from application to delivery.</td>
</tr>
</tbody>
</table>

9.3.2 These Applications would serve all core internal needs of not only the PRIs, but also ULBs and Central/State line departments and:

(a) Enable better delivery of mandated services to the citizens.
(b) Facilitate transparency in their functioning by proactive disclosures which would facilitate Social Audit process.
(c) Improve internal management processes and decision-making.
(d) Enable electronic tagging and tracking of funds at the end point.

9.3.3 Out of these 12 Applications, PRIASoft, PlanPlus and NPP have already been rolled out. Remaining applications are under various stages of development and will become available in phases by March, 2012. Besides these, State specific applications will be developed in association with NIC. Accounts of about 50,000 Panchayats for 2010-11 are available online in public domain using PRIASOFT in 2010-11. Accounts of all 2.40 lakh Panchayats would be online by Oct., 2011. Similarly 70,000 local plans are available online.

9.4 Project Cost:
As per the National DPR, the projected cost of e-Panchayat is approx. Rs. 7,000 cr.
9.5 Connectivity, infrastructure and manpower

9.5.1 Internet connectivity is the basic requirement for running PES applications at the Panchayat as all these are web based. Hence, provision of internet connectivity at the GPs is critical. GoI is already working on a Project to provide OFC broadband to all 2.40 lakh Panchayats. Physical space, hardware, manpower, training etc., need to be put in place urgently for making use of such a facility.

9.5.2 e-Panchayat and CSCs

CSCs could provide front-end to the e-panchayat for many citizen services and also be used for other purposes till such time the GPs have their own computing facility.

9.6 Action Points:

- Roll out e-Panchayat in a Mission Mode for which ISNA, BPR and DPR have been prepared for each State/UT. (States)
- Provide ICT infrastructure and manpower to all GPs. (GoI & States)
- Develop and deploy Core Common Applications within a year and also State specific Applications. (GoI & States)
- Pursuade all Central/State line departments/ programmes to use e-Panchayat application.(GoI & States)
Chapter Ten

PANCHAYAT (EXTENSION TO SCHEDULED AREAS) ACT (PESA)

10.1 Need for PESA

10.1.1 Provisions under Schedule V of the Constitution

The Schedule V Areas spread over 9 States (AP, Chhattisgarh, Gujarat, Jharkhand, MP, Maharashtra, Orissa, Rajasthan, Himachal) are characterized by poverty, illiteracy, weak infrastructure and deprivation in general. Given the vulnerability of the people, Schedule V of the Constitution makes special provisions such as:

a) Report by Governor to the President regarding the administration of these Areas
b) Tribes Advisory Council to advise Governor on matters pertaining to the welfare and advancement of the STs
c) Direction by Governor through public notification that any particular Act of parliament or of the State Legislature shall or shall not apply to a Scheduled Area or any part thereof
d) Governor to make regulations for the peace and good government
e) Union Government to give direction to the State as to the administration of these Areas.

10.1.2 Need for PESA in spite of Sch. V:

Despite these special provisions, pressure on natural resources in these areas continued due to the large projects being set up therein and unscrupulous elements indulging in illegal mining & forest felling. Land alienation and exploitation also continued. This led to dislocation of the communities and loss of major sources of livelihood and also increased vulnerability and disenchantment with governance.

It was critical that customs, rights and livelihoods of these people are protected through their empowerment. Accordingly, PESA was enacted in 1996 which extended part IX of the Constitution to Sch. V Areas, and provided for people-centric governance and people’s control over community resources and their life, with a central role to the Gram Sabha.

10.1.3 Role of PESA in containing Left Wing Extremism (LWE):

It was expected that PESA would lead to self-governance and empowerment of the people. However, implementation of the Act has not been satisfactory. The rights, livelihood and habitat of the people in these areas continue to be under stress, leading to disaffection with the system.

Generally PESA areas and their vicinity, suffer from LWE. Not surprisingly, various Expert Committees have recommended implementation of PESA in letter & spirit. There is, evidently, an urgency given the deepening and widening of extremism in the PESA areas & vicinity.
10.2 PESA and the Gram Sabha

10.2.1 Powers of the Gram Sabha

The Gram Sabhas under PESA are deemed to be ‘competent’ to safeguard and preserve traditions of their people, community resources and customary mode of dispute resolution. The Gram Sabhas further have:

- mandatory executive functions to approve plans of the Village Panchayats, identify beneficiaries for schemes, issue certificates of utilization of funds
- right to mandatory consultation in matters of land acquisition, resettlement and rehabilitation, and prospecting licenses/mining leases for minor minerals
- power to prevent alienation of land and restore alienated land
- power to regulate and restrict sale/consumption of liquor
- power to manage village markets, control money lending to STs
- ownership of minor forest produce
- power to control institutions and functionaries in all social sectors
- power to control local plans and resources for such plans including TSP, etc.

10.2.2 Effective Functioning of Gram Sabhas

The most important step towards the implementation of PESA would be ensuring effective functioning of Gram Sabhas. Accordingly,

- Notify and empower the Gram Sabha and ensure its effective functioning.
- Undertake special programmes to acquaint the Gram Sabhas of their rights and duties.
- Identify, train and deploy a social mobilizer in each Gram Sabha for activating the Gram Sabha.
- Develop appropriate training and informative material in the regional language.
- Conduct regular training programmes on PESA for State and Panchayat functionaries (both elected and officials) to sensitize and educate them on PESA.

10.3 Action taken by MoPR

MoPR has done the following regarding implementation of PESA:

- Issued Comprehensive guidelines to the States on 21st May, 2010.
- Formulated and circulated del PESA Rules to the States
- Issued Guidelines on 2.10.09 to the States for empowering GS.
- Furnished detailed comments on LA, RR, M&M Bills & IFA to the relevant Ministries.
- Held regular reviews with the States
- Circulated Note for amending PESA Act.
- Set up Committee on MFP to suggest modality of ownership by GS, better prices to gatherers etc., etc. Reports circulated to Union Ministries and States.
10.4 Key Interventions by the States

Following are the key interventions required from the States:

(i) Acts and Rules
- Adopt Model PESA rules with appropriate modifications
- Amend PR Act for consonance with PESA
- Amend subject laws, rules and executive instructions for PESA compliance.

(ii) Gram Sabha
- Empower GS and ensure effective functioning (MoPR guidelines dt. 2.10.09)
- Provide administrative support to GS for exercising its functions
- Regular training of government and Panchayat functionaries on PESA.

(iii) Administrative Measures
- Constitute committee of relevant departments and experts at state and district levels to periodically review the progress
- Activate TACs and TRIs
- Include prominent section on implementation of PESA in Annual Governor’s report
- Strengthen administrative machinery by filling-up vacancies, creation of Panchayat cadres, hardship allowance, etc.
- Create information-cum-grievance redressal mechanisms.

(iv) Subject Related
- Delimitation of villages through SEC based on the request of communities
- Nominate under-represented tribal groups (PTGs etc.).
- Effective role of the Gram Sabha in restoring alienated land; decision to be executed by SDM
- Land Acquisition: complete information before GS; recommendation to be reversed only by the State government with reasons.
- Better prices to the gatherers for MFP
- Enable GS, especially women, to take decisions regarding liquor vending
- Rights regarding Minor Minerals to GS/ GP; Royalty to return to PRIs; Rules for environmental conservation
- Capacity building of GPs and GSs to check unfair trade-practices in local markets and money-lending.

10.5 Key Interventions by Govt. of India

Following key interventions are required from the Union Ministries:

- Planning Commission and Ministries with flagship CSSs: Link funding under CSSs and LWE/IAP packages to the compliance with PESA.
- MoTA: Rationalize Schedule V areas; Link funding under 275(1) to PESA compliance; Fund administrative support to GS; Support value addition to MFP by locals; Special report on PESA from the Governor.
- D/o Land Resources: Amend LA and R&R acts
Ministry of Mines: Amend M&M Act; Protect Habitat Deep mining as against wide mining, Mine-closure plans, etc.
MoEF: Amend Forest Act; Resolve MFP issues, Bring JFMC under GS
D/o Financial Services: Provide Credit options in Schedule V Areas
MoPR: Amend PESA to remove infirmities; Assist States in formulation of rule/guidelines etc.; Capacity building, etc.

10.6 Action points in brief:

- Amend PESA Act to remove infirmities (GoI).
- Frame PESA rules or adopt Model Rules framed by MoPR (States).
- Amend relevant subject laws and issue executive instructions (States and Central Ministries)
- Enable and activate Gram Sabhas (States & Panchayats)
- Build Capacity of functionaries implementing PESA (GoI & States).
- Link funding under CSSs/ACAs with compliance of PESA(GoI)
Chapter Eleven

Decentralised Governance in the Areas of NE States where PRIs do not exist.

11.1 Decentralized Governance in NE States

11.1.1 The North Eastern (NE) States have different legal structures of Decentralized Governance. Arunachal Pradesh is covered by Part IX with some restrictions like no reservation for Scheduled Castes. Six districts of Assam, whole of Meghalaya, part of Tripura and two districts of Mizoram are covered under Sixth Schedule. Some part IX areas of Assam also have legislation constituting Tribe specific Councils, but they have limited functions. The Hill areas of Manipur, whole of Nagaland and Six districts of Mizoram are covered by State Laws governing Village Councils, and out of these areas, only the hill areas of Manipur have District Councils.

11.1.2 The main problem in the areas covered by Councils is that the Decentralized Governance is not deep enough. Village Councils do not exist in Sixth Schedule areas of Assam and Meghalaya. In Nagaland and Manipur, the Village Council / Authorities are often headed by traditional Village Chiefs. In some hill districts of Manipur, the Village Chief owns the entire village, and thus any dissidence in the Village Authority is out of the question. Elections to the District Councils of Manipur were not held for decades. The Government has the powers to extend the tenure of Councils and also supersede them which reduces the powers of the Councils. Parallel structures exist at the village level in Nagaland which means the existence of two bodies in the Village. While elections are being conducted through State Election Commission in most of the States, neither this has been mandated (except Tripura) nor the conduct of election prior to the end of tenure has been prescribed under Law. In State like Tripura, the District Council have too much control over the Village Committee and this defeats the philosophy of independence of different tiers of Local Self Government. However, Tripura has 50% reservation for Village Committee and provides for election through the SEC.

11.1.3 The different formats of local government for North Eastern States have been allowed to continue during the framing of Constitution, the amendments of Sixth Schedule when new States were created and during the 73rd Amendment. It is therefore, imperative to incorporate the principles of Decentralized Governance within the legal framework set up for each State and each region in the States.

11.2 2nd ARC and Expert Committee on NE States

11.2.1 The second ARC and the Expert Committee consider PESA to be a “landmark legislation” whose experience can provide guidance in dealing with the vexed issue of traditional-formal interface, etc. in NE States.

11.2.2 The Broader North Eastern Perspective

These recommendations have to be considered in the larger context of governance in NER. For example, there is a compelling need to balance security, tribal identity and institutions, equity within the tribal community, find space for women in decentralized governance, economic development and natural resource management. Various attempts towards achieving needed balance became infructuous because of the complex structures,
overlapping jurisdictions, ad hoc decisions and non-implementation of agreements. The subsequent amendments to the Sixth Schedule, when new states created made it more difficult for the State and Central legislations to be automatically applicable in these areas and mainstreaming of local governance.

11.3 Issues:

11.3.1 In Nagaland, the Village Council is constituted by traditional practices though under a State law and the institution is not democratic enough. There are inherent anomalies therein like the Village Development Board (analogous to the Gram Sabha) being answerable to traditional Village Council (which is not an elected body) and an official functioning as its chairman. There needs to be a new statutory Village Development Board irrespective of the Village Council Act, which was a persuasive legislation in 1978.

11.3.2 It is further desirable to benchmark the standard size of a Village Council in the hilly terrains. The Council should not be too small to be unviable. Moreover, if the Council headquarters is too far from a habitation, all residents will not be able to participate and the Council will be dominated by the people of the area around the headquarter. Another problem of Village Councils is that many of them do not have territorial constituencies or Wards. As a result, remote and smaller hamlets and local minorities including sub-tribes do not get a fair deal.

11.3.3 There are Village Committees legislated by the District Council in Tripura covered by one District Council and in Mizoram in two Districts covered by three District Councils. In Meghalaya and Assam, the District Councils have not legislated for constitution of Village Councils. Village Councils are also called Village Committee in Tripura and Village Authority in Manipur. However, for simplicity, they are called Councils in this document. In Mizoram, in the Districts outside the Sixth Schedule areas, Village Councils exist under State law. In Nagaland, the State Law provides for Village Councils, but does not provide for District Councils. However, the Village Councils are headed by traditional chiefs and another body has been created by the Village Council for implementation of development programs. Since such a body does not have independent legal status, it does not have the independence which is expected from a LSG. Besides, the existence of multiple bodies makes each of the organizations weak.

11.4 Inter-Ministerial Team(IMT) of GoI on NE States.

11.4.1 IMT has proposed the following:

In Assam and Meghalaya, new Village Councils have been proposed through State Laws. In Nagaland and Manipur, elected Village Councils instead of the traditional Village Councils have been recommended. The laws drafted by MoPR have the objective of deepening Decentralised Governance through provisions like:-

(i) Make Village Council answerable to Gram Sabha. Recognize Gram Sabha under the law and specify their powers and functions.

(ii) Rationalize the powers of State Government and the District Councils in matters of extension and supercession of Councils, make the process transparent and hold elections within six months.

(iii) Reservation for women.

(iv) Mandatory and regular election for the Village Council through the State Election Commission.
(v) Make women members’ participation part of the quorum in G.S. and Council meetings.


(vii) Vesting of both developmental and some judicial powers on the Village Councils, and more powers to Village Councils and Gram Sabha.

11.4.2 The IMT has been holding consultation with the States. As an outcome of the Consultations, Mizoram District Councils have amended the laws to the following effect:

(a) A term of five years instead of three years.
(b) Conduct of election through State Election Commission.
(c) Reservation for at least one seat in every Village Council for women.
(d) Transparency in supercession.
(e) Mandatory election in case of supercession within six months.
(f) Accountability of Village Councils to Gram Sabha.
(g) Authorization of State Finance Commission to recommend devolution of funds to District Councils and Village Council.
(h) Two seats of the nominated seats of the District Council shall be for women.

11.4.3 District Council and District-level Planning

Article 243ZD in Part IX A of the Constitution envisages constitution of a District Planning Committee (DPC) at the district level. However Part IX A at the moment does not apply to the Scheduled and Tribal Areas. Therefore, Article 243ZD concerning DPCs is not applicable in these areas. Accordingly, a provision need to be made in the Sixth Schedule so that District Council itself (or sub Committee thereof) should also be the DPC where the Council covers a whole district. In case, the Council covers more than one district, DPCs of the districts concerned should be mandated to function under the guidance of the Council. There are some areas where this is not possible for various reasons.

11.5 District Council and the Administration of Justice

Administration of justice in the NER is a Constitutional responsibility of the Council with power to constitute ‘village councils or courts’. However, the history of administration of justice of Village Councils and District Councils has been mixed. In States like Manipur, the Village Authority had only judicial functions and no development functions. In Mizoram, the Village Councils are performing both judicial and development functions. Ultimately, the decentralization of Governance should lead to more judicial powers to the Village Council (rather than District Councils) so that disputes can be solved locally. It may comprise elements of both the traditional and formal. Moreover, the Councils concerned may compile customary laws as a guide for the village communities. Most Village Councils lack basic infrastructure like office buildings or manpower to perform judicial functions.

11.5 State Finance Commissions (SFCs)

Mizoram has legislated for constitution of State Finance Commission. In States like Assam, Tripura and Manipur, consultation by the IMT is continuing to extend the existing SFC to Village and District Councils.
11.7 12th Plan and decentralized Governance in the Sixth Schedule Areas.

11.7.1 In the areas where PRIs do not exist, a portion of the Central Scheme funds should be admissible subject to the conditions that: (a) Village Councils are elected through universal suffrage with reservation for women, (b) Village Council are accountable to the Gram Sabha. This condition should be applicable from the 1st year of XII Plan. By 3rd year, the following conditions should also be mandatory:

(a) Establishment of State Election Commission as per the Constitution and conduct of election through them.
(b) Establishment of State Finance Commission.
(c) 1/3rd reservation for women.
(d) Territorial wards where people of different communities live.
(e) Mandatory election within six months in case of supersession.
(f) Extension to be limited and exceptional.

11.7.2 In addition, such Village Councils and District Councils should be eligible for Central Finance Commission grants like any PRI.
Chapter Twelve

Schemes of MoPR

12.1 Approach to the Panchayats in the 11th & 12th Plans

12.1.1 Approach in the 11th Plan:

The Eleventh Plan document envisaged to substantially empower and use the PRIs as primary means of delivery of essential services, critical for inclusive growth. It laid emphasis on reform of CSSs/ACAs to bring about the desired results through effective planning and implementation of these schemes, emphasizing the key role of Panchayats. It focused on integrated district planning based on participatory assessment of local needs, consolidation of local Plans, technical support to planning and securing the role of constitutionally-mandated DPCs. The Eleventh Plan further recognized the unfinished agenda of devolution of 3Fs to the Panchayats, need for creation of a Panchayat Sector window in both the Central & State Budgets, and need for strengthening the institution of the Gram Sabha.

12.1.2 Mid-Term Appraisal of the 11th Plan (MTA):

The Mid Term Appraisal of the Eleventh Plan stated that creating a system for efficient delivery of critical services related to health, education and sanitation etc. is a major governance challenge. It stated that: ‘These services are all delivered at the local level and hence the importance of effective governance at that level. Empowerment of PRIs and Urban Local Bodies(ULBs) combined with an effective participation of people can create points of monitoring and intervention’;(para 1.1.07 MTA)

The MTA further highlighted the need for:
- Strengthening conditionalities of CSSs to further the process of decentralization
- Strengthening SFCs
- Ensuring a PRI window in the budget
- Ensuring that district planning becomes a part of decentralized planning
- Up-gradation of training infrastructure
- Awareness building of citizens
- Strengthening staff of the PRIs by creating local cadres, providing appropriate staff at the GP level
- Merging parallel bodies with PRIs and synergizing Community Based Bodies(CBOs) with PRIs.

12.1.3 Issues identified in the Approach to the Twelfth Plan approach:

The paper on ‘Issues for Approach to the Twelfth Plan’ by the Planning Commission states that citizen feedback reveals unhappiness with governance and public service delivery. Four important dimensions have been pointed out: (i) programmes and schemes are often designed without adequate understanding of the desires and limitations of the beneficiaries, especially the most disadvantaged; (ii) systems for informing the people of their rights and entitlements are very poor and often exclusionary; (iii) the service delivery personnel, apart from issues of corruption, are inadequately informed of their duties and responsibilities and
take little pride in their work; (iv) complaint redressal systems are not independent of the delivery mechanism resulting in non-responsive behavior. A key issue identified is the need to restructure CSSs, which operate in silos at present and are not sensitive enough to the local needs. Role of the PRIs in addressing these lacunae is critical, as the PRIs are the forum for integrated, holistic, need-based planning and responsive execution of the schemes.

12.1.4 Outlays in the 11th Plan

As per the Eleventh Plan document (2007-2012) Vol. III, the projected GBS for the Eleventh Plan at current price for this Ministry is as under:

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12.2 SCHEMES OF THE 11TH PLAN.

12.2.1 BACKWARD REGIONS GRANTS FUND (BRGF)

A brief description of BRGF is already given in para 2.4.2(b). Under BRGF, financial assistance is provided as Additional Central Assistance (ACA) to the State Plans as 100% Grant. BRGF is implemented concurrently by the Planning Commission (PC) and MoPR. The PC component is for the State Plan of Bihar, KBK Districts of Orissa, Integrated Action Plan (IAP) for 60 Backward & Tribal Districts and Bundelkhand Package. The MoPR component of BRGF, called the “District Component”, is implemented in the 250 districts identified as ‘Backward’. It may be noted that these 250 districts include all the districts of IAP, Bundelkhand, KBK and of Bihar (except one). There is, thus, an avoidable fragmentation of BRGF against the letter & spirit of guidelines dt. 25.08.06 of Planning Commission itself. The MoPR component of BRGF aims to (a) ensure convergence of Central/State schemes through integrated decentralized plans, (b) bridge critical infrastructure and other gaps not met otherwise from the existing flows, and (c) build capacities of the Panchayats and the Municipalities. The MoPR component of BRGF comprises Capacity Building (CB) and Development Grant (DG) components. The CB component is computed at Rs. one crore per BRGF district per annum, while DG is provided with a base amount of Rs. 10 crore for each district and the balance annual allocation allocated with 50% weight each to the area and population of the districts.
12.2.2 IAP and BRGF:

The Scheme of Integrated Action Plan (IAP) for Selected Tribal and Backward Districts under the BRGF component administered by Planning Commission covers 60 BRGF districts. The IAP is presently being implemented with a block grant of Rs.25 crore and Rs.30 crore per district during 2010-11 and 2011-12 respectively. A District Level Committee, headed by District Collector and consisting of SP and DFO, is responsible for selection of works and implementation. The Committee is to draw up a Plan consisting of concrete proposals for public infrastructure and services such as school buildings, Anganwadi Centres, Primary Health Centres, Drinking Water Supply, Village Roads, Electric lights in public places, etc. The works so selected are to show results in the short term. Interestingly, funds under BRGF component administered by MoPR are also being used generally for such works. The Development Commissioner of the State/equivalent officer is responsible for scrutiny of expenditure and monitoring in the State. Release of fund and monitoring is done by Planning Commission.

IAP allocation are over and above the regular State and Central Schemes. Funds released to the State Consolidated Fund, has to be released by the States within 15 days directly into the bank account opened for this purpose by the District Collector.

Due to the process followed, IAP has some major limitations i.e. (i) It is not at all an Integrated Action Plan. It is largely a wish list of the District Committee. As such, it lacks ownership of local people through the Constitutional institutions of Gram Sabhas, PRIs and DPCs (which could have addressed local needs & priorities), (ii) It fragments BRGF further. KBK, Bundelkhand package, special Plan for Bihar etc. have already fragmented BRGF, (iii) It gives rise to yet another set of top down stand-alone plans. CSSs/ACAs in general already produce such top down stand-alone plans, (iv) It is not consistent with the process to be followed under Art 243ZD i.e. preparation of integrated participatory plans by the Rural and Urban Local Bodies and their consolidation by the DPC into an Integrated District Plan, (v) It contravenes PESA which stipulates that all Plans, Programmes and Schemes should have approval of the Gram Sabhas, etc. BRGF process of integrated decentralized planning on the other hand, ensures synergetic convergence of the plethora of Central and State Schemes, pooling of diverse resources, ownership of the people and achievement of the desired outcomes.

Moreover, IAP is taking hugely disproportionate time & energy of Planning Commission, State Govt. and District Collectors, diverting attention from much larger flagship programmes, which in a typical IAP district, would run into several hundred crores.

Finally, availability of financial resources is not at all an issue in these districts. The issues are: absorption Capacity and good & responsive governance. LWE Areas generally suffer with governance and capacity deficit due to the large scale vacancies, absenteeism, non-performance and corruption. Gram Panchayats (GPs) are the only State agencies who are always present-who can plan, implement, monitor and also oversee local institutions and functionaries if properly empowered and enabled. Therefore, compliance with PESA and providing adequate staff i.e. Panchayat Development Officer, Accountant, Technical Assistant and social mobilizer to the GPs should have been an integral part of IAP. Moreover, GPs should get much higher amount of untied funds through BRGF, against the present level of Rs. 2-3 lakhs p.a. or any other window.
District Collector/SP/DFO should focus on their basic functions of maintaining law & order, ensuring responsiveness of revenue/police/forest functionaries, curbing absenteeism & corruption through routine supervision and inspection, mentoring of PRIs, etc.

In conclusion, IAP should become a part of BRGF administered by MoPR, so should become other special areas programmes (viz. KBK, special plans of Bihar, Bundelkhand, HADP, BADP etc.). Planning Commission should not ‘administer’ programmes.

12.2.3 Rashtriya Gram Swaraj Yojana (RGSY)

RGSY, a Centrally Sponsored Scheme, has the objective of assisting the States in Training & Capacity Building of the PRIs. The scheme is for districts not covered under BRGF. It funds training, Panchayat Ghars and training infrastructure. Grants are provide to the States on a 75:25 basis and to the NGOs on a 100% basis.

12.2.4 e-Panchayat MMP

A detailed description of e-Panchayat, identified as one of the Mission Mode Projects (MMPs) under NeGP, is given in chap. 9.

12.2.5 Panchayat Empowerment and Accountability Incentive Scheme (PEAIS)

A brief description of PEAIS is given in para 2.2.

12.2.6 Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA)

PMEYSA aims to enable women Panchayat leaders to come together to articulate their problems as women Panchayat leaders, discuss issues regarding the institutional mechanisms for their empowerment, come up with a charter of issues to be mainstreamed into policy and advocacy support so that their concerns are addressed by the State and the three-tier PRI system, and form an association of the EWRs with cascading representation of EWRs from the block, district and divisional level EWRs’ organizations.

12.2.7 Rural Business Hub (RBH)

RBH provides avenues for people in rural areas to reap the benefits of rapid economic growth through the principle of 4 Ps viz. Public-Private-Panchayat-Partnership. Objectives of RBH are to identify rural products which have potential for national/ international markets, ensure value addition; help standardize quality of the products and increase production volumes to levels viable for marketing; promote Rural Non-Farm Enterprises (RNFE) which utilize local skills and/or resources and generate/promote rural employment; and foster mutually beneficial relations between the producers and members of industry as identified above. It is expected to promote at least one RBH in each development block of the country. The role of the Panchayat is to facilitate convergence of the extant schemes of the State and Central governments, together with the initiative of banks, financing institutions, and promotional bodies.

12.2.8 Action Research

The scheme of Action Research is meant to evaluate existing laws, policies, programmes, processes and institutions so as to suggest modifications, address the gaps, etc.
12.2.9 Media

This Scheme is for publicity and advocacy of issues relating to the Panchayati Raj.

12.3 ANNUAL OUTLAYS OF THE 11TH PLAN AND ACHIEVEMENTS.

12.3.1 Annual Outlays

Annual Allocations for the plan schemes implemented during the 11th Plan period were as under:

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12.3.2 ACHIEVEMENT OF THE 11TH PLAN SCHEMES

Schemes of the 11th Plan have provided considerable impetus to the PRIs in the country through capacity building of the Panchayati Raj representative and functionaries, integrated decentralized planning by PRIs through BRGF, e-enablement of the Panchayats, ranking of the States on devolution through PEAIS, awareness campaigns, and researches. These activities are critical at a time when PRIs are to become common universal platforms (like the District Administration) at the cutting edge for all union Ministries, State line departments, District Administration, people and other stakeholders.

12.4 Deficiencies of the 11th Plan Schemes

However, many core aspects of Panchayati Raj remain largely unaddressed, as the Eleventh Plan schemes hardly provided for these.

12.4.1 Manpower & infrastructure of GPs

Grossly inadequate office space, manpower and infrastructure at the GP level severely limit their performance. This is an extremely serious issue, as the GP is the most critical tier of governance and a vital forum for people’s participation, need-based planning and execution of projects, provision of civic services, management of local institutions, accountability processes such as social audit, etc.
12.4.2 Training Institutions

There is a need to work intensively on capacity building of the Panchayat representatives and functionaries. But the institutional structure is grossly inadequate or non-existent. There is no institute at the National level which can provide technical and intellectual support to the Centre and the States and generate knowledge about the emerging issues. At the State level, SIRDs cater mainly to the training for Rural Development. Panchayati Raj related capacity building is the secondary task of SIRDs. In fact, given the huge number of Panchayat functionaries (around 40 lakhs), training has to be carried out at the district and block levels. Yet there is no institutional structure at the district and block level. The lack of an institutional structure poses a severe constraint on systematic capacity building which involves not just training from time to time, but also regular hand holding, workshops, discussions etc.

12.4.3 Capacity of the Gram Sabha

The Gram Sabhas are central to transparent and accountable functioning of the Panchayats. Adequate support to and capacity building of the Gram Sabhas is, therefore, an imperative to make the Panchayats vibrant entities. This assumes special importance in PESA/LWE areas, where the Gram Sabhas have a range of complex functions to perform.

12.4.4 State Election Commission

After the 73rd Amendment, elections to the Panchayats have been held regularly. But the general lack of requisite manpower and infrastructure with SECs constrains their ability to ensure free and fair elections, which is vital to ensuring credibility of the PRIs as well as election of appropriate representatives.

12.4.5 Inadequate and stagnant outlays

Inadequate and stagnant outlay under all the schemes, have severely limited attainment of their objectives and consequently nurturing the Panchayats as efficient and accountable local governments. It has brought unfairly adverse remarks about them.

12.5 Schemes proposed in the Twelfth Plan

Proposals for the Twelfth Plan have been formulated to address the above deficiencies. A key concern is enabling the Panchayati Raj system so that the PRIs can function as credible universal platforms (like the District Administration) at the cutting edge for all union Ministries, State line departments, District Administration, people and other stakeholders. BRGF and RGPSA would be two flagship programmes of MoPR to serve this objective. A brief description of the schemes proposed for the 12th Plan is given below:

12.5.1. Proposal for Merger and Restructuring of BRGF, RGSY, PEAIS, PMEYSA, RBH and e-Panchayat.

The President in her address to Parliament on 4th June 2009, has announced the intent of the Government to restructure BRGF for focusing on decentralized planning and capacity building of the Panchayats. Due to the procedural tangles, this could not happen during the
11th Plan. It is proposed that during the Twelfth Plan, six existing schemes of MoPR be rationalized through (a) segregation of the Development Grant component of the BRGF and (b) merger of RGSY, e-Panchayat, PEAIS, PMEYSA, Capacity Building component of BRGF and RBH into one scheme (which will also have some additional features) to be called the Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA).

This rationalisation will result in the following two schemes:

a. BRGF: For providing adequate Development Grant for the districts/regions identified as backward; and
b. RGPSA: For strengthening the Panchayats as effective and accountable units of governments in all districts of the country.

Of the six schemes involved in this proposal, BRGF is an ACA to the State Plans, whereas, PMEYSA and PEAIS are Central Sector Schemes and RGSY, e-Panchayat and RBH are Centrally Sponsored Schemes (CSSs). The present proposal is to treat BRGF as ACA to the State Plan while RGPSA would be a CSS. Establishment and EAP would be two minor Central Sector Schemes.

12.5.2 RGPSA

(A) RGPSA will address the critical deficiencies that constrain functioning of the Panchayats. RGPSA would:

- Enhance the capacities and effectiveness of the Panchayats and the Gram Sabhas;
- Promote democratic decision-making and accountability;
- Strengthen the institutional structure for knowledge creation and capacity building

(B) Activities of RGPSA would include the following:

- Augmenting man-power, office space and infrastructure of PRIs, especially GPs and e-enabling them.
- Capacity building of all the Panchayati Raj representatives & functionaries.
- Supporting and institutionalizing processes of the Gram Sabhas with a special focus on PESA/LWE Areas, democratic and consultative decision making, etc.
- Maintenance of accounts online, conduct of social audit, etc.
- Institutionalizing integrated decentralized planning
- Institutionalising Panchayat processes such as Gram Sabha meetings, GP planning, Social Audit, Standing Committee etc.
- Incentivizing the States and the Panchayats for devolution and performance respectively.
- Strengthening institutional structure for capacity building and research at National, State, District and Sub-district levels.
- Strengthening the State Election Commissions
- Promoting Rural Business Hubs through the Panchayats to enable them to perform their constitutional function of economic development.
- Encouraging innovative practices in the PR system and processes.
- Establishing Project Management Units at the MoPR, State, District and Block levels and developing a Management Information System (MIS).

(C) A brief description of these activities is given below:

(i) **Augmenting man-power, office space and infrastructure and e-enabling of PRIs:**
- **Manpower at GP level:** Wherever GPs lack core staff including Panchayat Development Officer, Accountant – cum- Data Entry Operator and Technical Officer, these will be provided. In the case of small GPs, core Panchayat staff will be provided for a cluster of GPs with 5000 population.

- **GP buildings:** Wherever GP buildings do not exist or are insufficient, these would be funded under RGPSA. The labour component of the buildings would be met out of MGNREGS, wherever possible.

- **e-enablement of PRIs:** Implementation of the 12 core common software applications and over 20 State specific applications will be facilitated through computing infrastructure and professional manpower, etc.

(ii) **Training of the elected representatives & official functionaries**

This would include activities enumerated in the NCBF, such as training, development of training materials, trainers, training related infrastructure, etc.

(iii) **Supporting the Gram Sabhas, democratic and consultative decision making, accountability etc.**

- **Monitoring of Panchayat processes and support:** Panchayat processes such as meetings of the Panchayats and their Standing Committees, Gram Sabha meetings, social audit etc. will be strengthened. Best practices would be identified, documented and disseminated. Under the Scheme, funds would be provided for preparing plans, Gram/Ward/Mahila Sabha meetings, federations of elected representatives of PRIs.

- **Special support to the Gram Sabhas in PESA/LWE Areas:** Committee of Secretaries (COS) in its meeting held in July, 2010 on the implementation of PESA decided that MoPR would develop a scheme for strengthening offices of the Gram Sabhas/Panchayats in PESA/LWE areas. Strengthening Gram Sabhas, particularly in PESA/LWE areas, will include:
  (a) Manpower: (i) Gram Sabha Mobiliser for each Gram Sabha (ii) PESA/Gram Sabha Officer at block level (iii) PESA/ Gram Sabha Coordinator at district level.
  (b) Training and Capacity Building: (i) Orientation of Gram Sabha members (ii) Training of elected representatives and functionaries of the Panchayats (iii) Services of support NGOs at district level for regular handholding.
  (c) Provision of infrastructure: Gram Sabha Offices-cum-Meeting Halls will be constructed by accessing funds from MGNREGA, BRGF, 13th Finance Commission Grants etc.

(iv) **Institutionalizing decentralized planning**

For implementing the constitutional mandate (Art. 243ZD) and Planning Commission guidelines dt. 25.08.06 for preparing integrated decentralized plans, Planning Commission had approved for the 11th Plan a Scheme for “Support to the Planning Process”. This scheme would be operationalized in the 12th Plan.

(v) **Strengthening institutional structures at National, State, District and Sub-district levels**

- **NIPR:** The acute necessity of having a National Institute for Panchayati Raj (NIPR) was felt way back (notwithstanding the existence of NIRD) when Panchayati Raj was a part of MoRD itself. This would serve as a dedicated think tank, training &
resource institution to provide intellectual leadership to the PRIs and to catalyze capacity building of elected representatives and officials of the PRIs. MoPR has prepared DPR for the NIPR which provides for functional and physical details. The functional aspects include charter of activities and staffing arrangements. Planning Commission has been requested for in-principle approval.

- Setting up State Panchayats Resource Centre (SPRC) in SIRDs: Each SPRC will be provided with faculty and infrastructure for training resource persons, preparing training materials, TNA, Impact evaluation, etc.
- Establishment of District and Block Resource-cum-Training Centres: These Centres will be established to provide continuous training and hand-holding support to the Panchayat functionaries. These Centres will function with some core staff and also access experts for various activities.

(vi) Incentivization of the Panchayats and the States

To promote greater devolution by the States, performance by the PRIs, and local level dispute resolution, States and Panchayats would be incentivized as follows:

a) Incentivization of the Panchayats: incentivization of the well performing Panchayats and elected councils in the North East is critical as it would: (i) encourage the Panchayat representatives who work hard for the people and also provide feedback to those Panchayats that do not perform well; (ii) bring PRIs’ performance into prominence; (iii) consolidate public expectations and be an additional pressure for the PRIs to perform better; and (iv) provide important feedback for Central and State policy vis-à-vis the PRIs as well as capacity building efforts.

b) Incentivization of State for devolving 3 Fs; State level prizes based on the State’s rank of the Devolution Index (DI) would encourage States that devolve powers and focus attention of the States on the relevant issues. It is, therefore, necessary to continue the process of rewarding States with refined DI.

c) Incentivization of States adopting dispute free village campaign; MoPR has formulated a draft Nyaya Panchayat Bill to ensure inexpensive, non-legalistic and speedy access to justice to the citizens at their doorsteps. While passage of the proposed Bill may take some time, MoPR has advised the State Governments to initiate scheme similar to the ‘Mahatama Gandhi Dispute Free Villages Campaign” launched by Maharashtra. Under the Maharashtra Scheme, cash awards are given to Gram Panchayats who attain pre-determined targets in dispute resolution. It is proposed to incentivize States into adopting similar schemes.

(vii) Strengthening the State Election Commissions

The SECs will be provided financial assistance depending on the needs of each SEC, during the 12th Plan period as per proposals made by the SECs within the scheme guidelines.

(viii) Supporting Innovations

RGPSA Funds will be provided to support innovative activities by government such as developing processes of planning, strengthening of the Gram Sabhas, Capacity building
etc. Decisions to support such projects will be taken by an empowered committee set up in this regard.

(ix) **Incentive to the Panchayats for raising own resources:**

This would enhance financial self dependence of the Panchayats and make them more accountable.

(x) **Establishing Project Management Units (PMUs) and developing MIS.**

To plan and implement BRGF, RGPSA, etc., PMUs will be established at the National State, District and Block level. District and Block level units will be integrated with District and Block Resource-cum-Training Centres. On the lines of JNNURM, SSA, NRHM etc., 6% of the annual allocation under RGPSA, BRGF etc. will be set aside for setting up these PMUs. PMUs would engage professional staff and set up effective monitoring systems alongside concurrent and post audit - both financial and social.

(D) **Funding under RGPSA**

Funding for RGPSA would be based on the proposals prepared by the States within the scheme guidelines and approved by an Empowered Committee at the Central level. The eligible activities would be as indicated above and States would select activities relevant to their context. North Eastern States would also be eligible for supporting democratically elected District Councils and Village Councils (accountable to the Gram Sabhas) with at least one-third reservation for women.

### 12.5.3 BRGF

(a) Evaluation reports show that BRGF is an effective programme for local area development particularly for filling the critical infrastructure gaps, somehow not met by the sectoral programmes. Integrated, participatory and bottom up planning under the BRGF provides the right framework for convergence of plethora of schemes and vertical structures and meeting the needs and aspirations of the people as envisaged by the Planning Commission guidelines of 25th August 2006.

(b) In the Twelfth Plan period, the development grant component of BRGF is proposed to be continued as BRGF with the following changes:

(i) In consonance with the recommendations of the 2nd ARC, Blocks would be used the unit for identifying backwardness.

(ii) Apportionment of funds within a Block to the various PRIs and ULBs would be based on objective and transparent criteria of backwardness. This will enable BRGF to achieve its objective of addressing regional imbalances.

(iii) Area development programmes in operation, (viz. BADP, HADP, IAP, Bundelkhand Package, Special Plans for Bihar and KBK) would be subsumed into BRGF, with additional allocation for meeting specific objectives of BADP, HADP, IAP, KBK etc., while ensuring integrated decentralised planning for better outcomes through convergence with other sectoral programmes.
(iv) The Programme would be managed by the PMUs set up for RGPSA.

(v) Similar to the reforms pursued through JNNURM, MoUs would be signed between the States and MoPR.

(vi) The “fixed annual entitlement” character of BRGF grants does not provide for incentive to perform and leads to inevitable lapse of part of the budget provisions. An arrangement for incentivising good performance would be built in. This should generate competition and ensure attainment of the objectives.

(vii) The present arrangement of routing the BRGF Grants is a major impediment in timely receipt of funds by the local bodies. The Mechanism for Fund Transfer based on Authorisation System, to be implemented through the Core Banking Solution developed by MoPR (guidelines dt. 23.2.10) would be used.

(c) The annual outlay for BRGF has stagnated around Rs. 5,000 crore p.a. over the 11th Plan. This translates into a meager allocation of Rs. 2 to 5 lakh per GP, which has made the BRGF somewhat ineffective in mitigating backwardness and attracting other programmes to converge on the BRGF platform.

The Inter Ministerial Task Group (IMTG) set-up by the Planning Commission had recommended (January, 2005) for the initially identified 170 Backward districts an allocation of at least Rs. 6,000 crore for 2005-06 to be up-scaled to Rs. 8,000 crore per year as the Programme picked up. Since the number of districts covered under BRGF actually became 250 and major inflation has taken place, Rs. 30,000 p.a. proposed towards the Development Grants at the current prices would be fully justified. In fact, the Planning Commission has enhanced the allocation for its component of BRGF from Rs. 1,130 crore in 2009-10 to Rs. 2,250 crore in 2010-11 and then to Rs. 4,875 crore in 2011-12.

Rs. 30,000 p.a. would include allocation intended for the other area development programmes suggested for merger into BRGF (BADP, HADP, IAP, Bundelkhand Package and the Planning Commission component of BRGF).

12.5.4 Action Research and Media

(a) Given that Panchayati Raj is an area in which new developments take place continuously and new issues arise, the scheme for Action Research needs to be continued in the 12th Plan.

(b) Similarly, Media/IEC is an essential part of promoting Panchayati Raj. The Scheme is, therefore, proposed to be continued during the 12th Plan. Activities would include 52 episode television serial on Panchayati Raj, a 24x7 Television Channel dedicated to Panchayati Raj, a bimonthly newsletter in English, Hindi and regional languages, use of melas/ fairs / festivals for IEC, radio programmes etc.

12.6. OUTLAY FOR THE PLAN SCHEMES DURING THE 12th PLAN

12.6.1 Keeping in view the above justification, outlay proposed for the 12th Plan is as follows:
### Outlays for the 12th Plan

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**Note 1:** - BRGF Components administered by Planning Commission (IAP, KBK, Bihar, Bundelkhand package), BADV, HADV, etc. would be subsumed within the BRGF component administered by MoPR.

**Note 2:**
- a. Manpower: (i) PDO @ Rs. 12,000 p.m., Accountant @ Rs. 8,000 p.m., JE @ Rs. 10,000 p.m. = Rs. 30,000 p.m. = Rs. 3.60 lakh p.a per GP
- (ii) Equivalent No. of GPs (per 5000 Rural population) = 75 cr./5,000 = 1.5 lakh
- (iii) Annual cost of Manpower = Rs. 3.60 lakh x 1.5 lakh = Rs. 5,500 cr. p.a.
- b. Office space: To construct/augment GP buildings within 3 years.
- c. e-Panchayat: Based on DPR done for each State/UT
- d. Training: @ Rs. 1 cr. p.a. per district
- e. Gram Sabha: (i) Human Resources – Rs. 3100 cr. (iii) Management Rs. 600 cr. = Rs. 3700 cr. for 5 years in PESA/LWE Areas.
- f. Dec. Planning: (i) District Planning Building @ Rs. 50 lakh = Rs. 300 cr. total
- (ii) Infrastructure and professional & other staff @ Rs. 50 lakh = Rs. 300 cr. p.a.
- g. Institutions: (i) NIPR @ Rs. 3 cr. p.a.
- (ii) SPRCs @ Rs. 1 cr. x 25 Nos = Rs. 25 cr. p.a.
- (iii) District TRCs @ 600 No. x Rs.30 lakh and Block TRCs @ 6000 No.x Rs. 10 lakhs = Rs. 180 cr. + Rs. 600 cr. = Rs. 800 cr. p.a.
- i. GP processes include Gram Sabha meetings, Social Audit, GP Planning, Standing Committee etc.

**Note 3:** Other items include Advocacy & Media, RBH, Innovation Fund, incentive for raising own resources, support to SECs, etc.

**Note 4:** 6% of BRGF, RGPSA etc. would be utilised for Management etc.

**Chapter Thirteen**

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Key recommendations for the 12th Plan.

Critical importance of the Panchayats is effectively reflected in the address of PM of January 16, 2009 “We are a large, young and restless nation. On the move. There is no other way to include the aspirations of all our people to guide our collective destiny other than to develop a strong local government system. Inclusive growth, which is the motto of the 11th five year plan, can be achieved only through inclusive governance. And the key to this is an effective, well functioning system of Panchayats.”

2. The Panchayats in the 12th Plan should evidently be seen in the context of (a) ‘Gram Swaraj’ dream of Mahatma Gandhi, (b) ‘Power to the People’ exhortation of Rajiv Gandhi, and (c) Constitutional stipulation of the Panchayats to function as institutions of self-governance and also plan and implement programmes for economic development and social justice. The Panchayats should, therefore, become common universal platforms (like the District Administration) at the cutting edge for all Union Ministries, State Line Departments, District Administration, people and other stakeholders. Accordingly, the 12th Plan should position the Panchayats as 1950s positioned the CD Blocks.

3. The essence of such a positioning of the Panchayats is contained in the following key observations of Dy. Chairman, Planning Commission(DCH) on the role and enablement of the Panchayats made on the occasion of the 1st National Panchayat Day (24.4.10):

(a) If effective use of huge outlay of Rs. 1.7 lakh crore under CSS alone for the year 2009-10 was to be ensured, role of the Panchayats in governance, planning, implementation etc. has to be institutionalized;
(b) The Panchayats should have their own cadres including school teachers, health and sanitation workers, etc.
(c) Administrative support like Secretary, Accountant, technical personnel etc. should be provided to the Panchayats by pooling resources from all the schemes together and given to the Panchayats as a block.
(d) The Panchayats should be provided more funds through BRGF based on decentralized plans, as silos of too many central schemes have not delivered optimally;
(e) Matching resources should be provided against own resources raised by the Panchayats;
(f) We should have self-confidence of trusting the third tier of democracy.

4. Empowerment, Enablement & Accountability of the Panchayats should accordingly be the agenda for the 12th Plan, as follows:

(A) Empowerment:
   (i) Mandate CSSs/ACAs through the scheme guidelines, to devolve Functions, Funds and Functionaries(3Fs) upon the Panchayats and merge Parallel Bodies into the PRIs as per the guidelines dated 19.1.2009 of MoPR. EFC format should also have a corresponding column as per Annx.II.
   (ii) Amend the Constitution as per recommendations of the 2nd ARC Report on Local Governments. MoPR has already circulated a draft Cabinet Note.
   (iii) Have elected Village Councils in the Sixth Schedule areas of North-Eastern States. MoPR is negotiating with the NE States as per the decision of the CoS.
(iv) Empower the Panchayats to resolve disputes locally through enactment of the Nyaya Panchayat Bill.

(B) **Enablement:**

(i) **Capacity Building of the PRI**

(a) Provide adequate manpower, office space, ICT etc. by pooling at least 3% of CSSs/ACAs with MoPR, as follows:

- Functional office buildings to the Gram Panchayats (GPs) for housing all GP level functionaries, a Post Office & the ICT hub.
- Panchayat Development Officer, Accountant, and Technical Assistant to every GP or a cluster of GPs with a population of 5,000. De-limitation of small GPs into viable size GP is also advisable.
- Social mobiliser to each Gram Sabha at least in the PESA/LWE areas.
- ICT and Broadband to every Panchayat for operationalizing e-Panchayat in a mission mode

(b) Pool funds for training under all the programmes, being implemented or supervised through the Panchayats, and avoid training in the silos. Accordingly set up integrated District and Block Level Training-cum-Resource Centres. To nurture these Centres, set up SPRCs and NIPR.

(c) Grade also the Panchayats on performance, further refine the Devolution Index for the States and enhance the outlay of PEAIS.

(ii) **Strengthening District Planning**

(a) Enhance District component of BRGF outlay to at least Rs. 20,000 p.a. to address regional backwardness effectively and also catalyze convergence of plethora of programmes through integrated bottom up planning on the BRGF platform. Also subsume all area development programmes(viz. Planning Commission components of BRGF, BADP, HADC etc.) into BRGF and provide additional Rs. 10,000 cr. p.a. for serving their objectives.

(b) Urgently operationalize the scheme of ‘Support to the Planning Process’ approved in the 11th Plan. Such support should include, technical & managerial staff to the DPCs, database creation & updation, District Planning Buildings etc. so that Planning Commission’s guidelines dated 25.08.06 are implemented.

(iii) **Others:**

(a) Fund the Dispute Free Village Campaign Scheme.

(b) The States to electronically transfer funds released by the Central Govt. to the relevant Panchayats directly, using CBS and as per ‘authorization to spend’ based on the scheme guidelines.

(e) **Accountability:**

(i) Give the Gram Sabha effective control over all local institutions and functionaries.

(ii) Empower the Gram Sabha to approve all plans, works, beneficiaries’ and Utilization Certificates.

(iii) Mandate Social Audit through the Gram Sabhas for all major schemes, to be videographed.

(iv) Set up Ombudsmen urgently for check on malfeasance and maladministration of the Panchayats.

(v) Provide matching resources to the Panchayats against their own revenue.
(vi) Put Panchayat Accounts, Plans etc. online in the public domain.

5. Hopefully, the 12th Plan, which coincides with the time-line of the “Roadmap for the Panchayati Raj(2011-17)”, would bring the Panchayats centre-stage and achieve the inclusive growth agenda through inclusive governance, as envisioned in the 11th Plan. The Panchayats can evidently better ensure (a) Benefits of ever increasing public spending, through plethora of vertical structures & schemes, reach people in a good measure through integrated decentralized planning and implementation, and (b) Improved attendance & performance of the grass root functionaries through closer oversight.

6. It is evidently the time to act with speed & determination, lest we miss a historic opportunity of reaching the fruits of planning and economic growth to our people in full measure. Governance reforms and strengthening at the cutting edge would evidently be a necessary complement to the economic reforms. Excerpts from speech made by Shri Rajiv Gandhi in May, 1989, while introducing the Constitution Amendment Bill regarding the Panchayati Raj, should provide useful guidance (Annex.III). We could re-launch his ‘Power-to-the-people” exhortation through the 12th Plan.