

**Excerpts
of
Annual
Report
2007-2008
of
Ministry
of
Panchayati
Raj,
Government
of
India**

**Reading
Material**

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Decentralised Planning

Steps taken by the Ministry to ensure that decentralized planning becomes the foundation of the eleventh plan have met with considerable success. The Eleventh Plan, which has identified inclusive growth as its core vision seeks to *'substantially empower and use PRIs as the primary means of delivery of essential services that are critical to inclusive growth.'* The Plan asserts that *'it is absolutely critical for the inclusiveness of our growth process that these large numbers of elected representatives in our PRIs are fully involved in planning, implementing and supervising the delivery of essential public services.'* A detailed road map as to how this could be achieved has been elaborated in the in Chapter 10 of the Plan document entitled 'Governance', which recognizes decentralization and strengthening of PRIs as a major challenge. The Ministry of Panchayati Raj, has taken up the issue of implementation of Article 243G read with Article 243 ZD, in earnest. In the second of the seven Round Tables of State Ministers of Panchayati Raj organized by the Ministry, the issue of decentralized planning was considered in detail. A key resolution in this regard arrived at in the Round Table is as follows: 'The Planning Commission is requested to ensure that the 11th Plan begins with and is founded on district plans prepared in accordance with the provisions of Part IX and IX A of the Constitution.' Following this resolution, the Ministry began to work closely with the Planning Commission to work out the details. The major milestones in this regard are given in Table-

Sl. No.	Date	Event
1.	10.5 2005	The Ministry of Panchayati Raj (MoPR) in consultation with the Planning Commission set up an Expert Group on Planning at the Grassroots level, chaired by Shri V. Ramachandran, former Deputy Chairperson of the Kerala State Planning Board. The terms of reference of the Expert Group were to study and make recommendations on operationalising district planning through the formulation of district and sub-district plans at all levels of Panchayats and strengthening the planning machinery at the district and sub-district levels, including guidelines for the DPC to consolidate such plans. The Committee included Shri B.N. Yugandhar, Member, Planning Commission.
2.	24.10 2005.	On the basis of the interim report of the Committee, the Planning Commission issued Planning Guidelines on District planning for 2005-06.
3.	28.3. 2006	The Expert Group submitted its report to MoPR
4.	8&9 . 5. 2006	MoPR conducted at the National Institute of Public Finance and Policy (NIPFP), National Workshop of State representatives on Planning and Panchayati Raj to determine the further action on the recommendations of the Expert Group. The Ministry of Urban Development also participated in the Workshop. The Workshop drew up action points for States, the Union Ministry of Panchayati Raj and the Planning Commission to take decentralized planning forward.
5.	12.6. 2006	The report of the Expert Group was presented at the 3rd Meeting of the Empowered sub-Committee of the National Development Council on financial and administrative strengthening of PRIs. The Empowered Sub-Committee endorsed the recommendations of the Expert Group and the conclusions of the NIPFP workshop of 8th & 9th May.
6.	13,14 .6. 2006	The Committee of Chief Secretaries and State Secretaries of Panchayati Raj at Bhubaneswar discussed and endorsed the Expert Group report and the action points of the NIPFP workshop.
7.	15.6. 2006	The Council of State Ministers of Panchayati Raj at Bhubaneswar endorsed the conclusions of the Expert Group and the NIPFP workshop.
8.	25 .8. 2006	Following the above consultations with States and the endorsement by the Empowered Sub-Committee, the Planning Commission issued guidelines on district planning. These detailed guidelines included as an Annexure, Chapter 5 of the report of the Expert Group dealing with village level planning
9.	2. 2007	The Planning Commission commenced a process of monitoring of action taken by States on implementation of the guidelines on district planning issued by it. In order to especially focus on this aspect, the Commission constituted separate Working Groups on Panchayati Raj and Decentralised Planning, which would conduct detailed discussions with representatives of the States, when plan discussions are held with each State. Officials of MoPR head these Committees.

Setting up a Joint Task Force on Regional Planning Structures – Urban Rural Cooperation.

The establishment of Regional Planning platforms, namely, the District Planning Committee and Metropolitan Planning Committee through the 74th Constitutional Amendment is to put in place a coordinated planning mechanism that ties together plans developed across multiple jurisdictions of urban and rural local Governments. In order to recommend policy measures in this regard the MoPR in consultation with the Ministry of Urban Development set up a Joint Task Force on Regional Planning Structures for Urban Rural Cooperation, on 1st August, 2006. The joint Task Force has held several meetings in the course of the year and its report is close to being finalised.

Planning at the grassroots – Ramachandran Committee Report:

In order to gain clarity about the modalities surrounding the process of district planning from grass-root level upwards, the Ministry of Panchayati Raj constituted an Expert Group on Grassroots Level Planning in May 2005 under the Chairmanship of Shri V. Ramachandran, former Deputy Chairperson of the State Planning Board, and also Chief Secretary, Kerala. In the light of the recommendations of the Seven Round Tables, the Expert Group was to study and make its recommendations on strengthening Panchayats. The Ministry of Panchayati Raj accepted the Report of the Expert Group, in late March, 2006. A significant feature of the district planning process is that it speaks of the integration of the economic plan and the credit plan into the district plan. Chapter 3 of the Report of the Expert Group has been incorporated as part of the guidelines of the Planning Commission on District Planning. The Planning Commission issued detailed guidelines on District Planning for the Eleventh Plan in August 2006. These guidelines essentially signal a paradigm shift in the very process of District Planning, so that henceforth the onus is on State governments to follow the guidelines in letter and spirit or explain why these are not being followed.

Planning for the sixth schedule areas and those areas not covered by Parts IX and IXA of the constitution.

Looking into the possibilities of Participatory Planning in the Sixth Schedule areas and areas not covered by Parts IX and IX-A of the Constitution has been a challenging exercise. In particular, the approach that “one size fits all” cannot be applied to these areas, since the diversity

of situations and institutions is so vast that they demand nuanced solutions. An Expert Committee under the Chairpersonship of Shri V.Ramachandran, Former Vice-Chairman, State Planning Board, Kerala was set up by the Ministry of Panchayati Raj in pursuance of the decision taken by the Empowered Sub Committee on Financial and Administrative strengthening of Panchayati Raj Institutions of the National Development Council, held on 13th September, 2006. The Expert Committee was to specify the modalities and a clear roadmap for district planning in those States and areas to which Part IX and Part IXA of the Constitution do not apply. The Expert Committee has submitted its report in the month of September, 2007. The Report has been referred to Chief Secretaries of the States of Assam, Meghalaya, Tripura, Manipur, Mizoram and Nagaland, the Ministry of Home Affairs, Planning Commission, Ministry of Development of North Eastern Region and Central Ministries administering the major Centrally Sponsored Schemes, for follow up action.

Devolution of the 3Fs viz. functions, funds and functionaries to Panchayats

Activity Mapping

Activity Mapping is the instrumentalist argument for devolution, and is grounded in the democratic ideal. The new currency acquired by the idea of decentralization reflects a strong disenchantment with centralized modes of governing. Local democracy should enhance peoples' participation and ownership, augment public accountability, mitigate the cumulative effects of social and economic inequalities and usher in more responsive outreach across all programmes for poverty alleviation. Activity mapping involves an identification of functions within a given sector and the dis-aggregation of these functions into tasks, activities and responsibilities for devolution to the three levels of Panchayats. Activity mapping is an important trigger for the devolution of functions to Panchayats in the letter and spirit of Part IX of the Constitution, because it clarifies the role of each level of Panchayat. It is also an important precondition for the effective planning and implementation of Panchayat level plans. Assignment of activities alone will not improve accountability unless it is accompanied by a matching devolution of funds to implement the tasks and responsibilities assigned and devolution of trained and skilled functionaries. This role clarity transforms Panchayats from passive recipients of training and central/state government resources, to empowered service providers. While reviewing the progress of activity mapping

across States, the Ministry of Panchayati Raj invariably conveys to the authorities concerned that activity-mapping aims to cure the ambiguity and over-lap in role assignment across different tiers of the government and thereby promotes accountability for programme outcomes. The Government of India is committed to presenting an Outcome Budget each year and there is some urgency in States starting with some basic first principles guiding how activities are to be unbundled and then assigned to different levels. The guiding principle for activity mapping and role assignment is that of "subsidiarity", which holds that any activity that can be reasonably performed at a lower level should not be assigned to any higher level.

State/UT-wise Status of Activity Mapping for the delegation of functions listed in the 11th Schedule of the Constitution is as under:

A. States and UTs that have completed Activity Mapping:

Kerala, Karnataka, West Bengal, Sikkim, Haryana, Orissa, Dadra & Nagar Haveli and Daman & Diu.

B. States and UTs which have completed the basic ground level work but final approval to Activity Mapping is awaited:

Andhra Pradesh, Assam, Chhattisgarh, Himachal Pradesh, Manipur, Punjab, Rajasthan and Uttarakhand and A&N Islands and Lakshadweep.

C. States and UTs whose Panchayati Raj Legislation includes delineation of function to Panchayats:

Maharashtra, Gujarat and Goa.

D. States and UTs where work is in progress:

Arunachal Pradesh, Bihar, Madhya Pradesh, Uttar Pradesh, Tripura, Tamil Nadu, Chandigarh and Puducherry.

Promoting decentralised planning and constitution of District Planning Committees by States in conformity with the provisions of Article 243ZD of the Constitution:

District Planning

Article 243G of the Constitution envisages that Panchayats would undertake planning for social justice and economic development. Therefore, decentralised planning constitutes an important part of the powers and responsibilities of the Panchayats. Recognising that planning from the grassroots level upwards by the Panchayats is the most important step towards bringing Panchayats to the centre of local decision making, the second Round Table of State Ministers of Panchayati Raj resolved that as provided for in the Constitution, each tier of the Panchayati Raj system - Village, Intermediate and District - must prepare the perspective Five

Year Plan and Annual Plans for their respective jurisdiction. The same exercise should be undertaken in the Municipalities of each district. The DPC should "consolidate" the plans prepared by the Panchayats and Municipalities, as provided for in the Constitution, rather than prepare the District Plan of its own accord or of its own volition. Article 243ZD of the Constitution provides that every State shall constitute at the district level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole. Not less than four-fifths of the total number of members of the DPC is to consist of representatives elected by and from amongst the elected members of the Panchayat at the district level and of the Municipalities in the district in proportion to the ratio between the population of the rural areas and of the urban areas in the district.

Article 243ZD of the Constitution provides that every State shall constitute at the district level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole.

Of the 24 States covered by the Provisions of Parts IX and IX-A of the Constitution relating to Panchayats and Municipalities respectively, following are the 18 States who have constituted District Planning Committees in accordance with Article 243ZD.

Gujarat, Jharkhand, Maharashtra, Punjab, Uttar Pradesh and Uttarakhand have so far not constituted DPCs, in consonance with Article 243ZD of the Constitution. In respect of Jharkhand, the process of constitution of the DPC in strict accordance with the Constitution cannot proceed, because of the lack of elected Panchayats. Regarding the remaining States, barring Maharashtra and Gujarat, every State is either taking action on constituting DPCs immediately or has announced its intention of constituting DPCs following the impending Panchayat elections. Therefore, it is hoped that the majority of States would comply with this constitutional stipulation shortly.

Broadbasing decentralised planning:

The Second Round Table also resolved that the Planning Commission be requested to ensure that the 11th Plan begins with and is founded on District Plans prepared in accordance with the provisions of Part-IX and IXA of the Constitution. In pursuance of this objective, the Ministry of Panchayati Raj constituted an expert group chaired by Shri V.

Ramachandran, former Deputy- Chairperson of the State Planning Board Kerala, to formulate a road map for grassroots level planning from the Panchayat levels upward. The expert group submitted its report in March 2006. The report was widely discussed by States and in the Empowered sub-Committee of the National Development Council. Following a consideration of the report of the Expert Group, the Planning Commission issued detailed guidelines in August 2006 on district planning. Recognising that there was a need for undertaking a similar detailed exercise for decentralised planning for those areas that are not covered by Panchayati Raj, such as the Sixth Schedule areas, the Ministry set up another expert group again Chaired by Shri V. Ramachandran to examine the issue and suggest detailed guidelines. This Expert Group has also submitted its detailed report in September 2007.

Backward Regions Grant Fund Programme

Even as India shows commendable economic growth, persistent backwardness in certain pockets remains. It is now increasingly clear that structural and institutional deficiencies in backward districts lead to a lack of absorptive capacity, eventually resulting in the lack of desired outcomes from government development interventions.

Objectives of the BRGF:

The Backward Regions Grant Fund Programme (BRGF), launched by the Prime Minister at Barpeta in Assam on 19th February 2007, signifies a new approach to addressing persistent regional imbalances in development. Participative planning by rural and urban local bodies constitutes the core of the approach to BRGF. Panchayats at the Village, Intermediate and District levels and Municipalities constituted under Part IX and IX-A of the Constitution are positioned as institutions for planning and implementing the programme. The BRGF Programme covers 250 Districts in 27 States. The Rashtriya Sam Vikas Yojana, which covers 147 districts, has been subsumed into the Backward Regions Grant Fund programme.

The BRGF programme represents a major shift in approach from top-down plans to participative plans prepared from the grassroots level upwards. The conviction that drives this new locally driven approach is that grass root level democratic institutions know best the dimensions of poverty in their areas and are therefore best placed to undertake individually small, but overall, significant local interventions to sustainably tackle local poverty alleviation. There are three features of BRGF that make it

truly unique among central initiatives to combat backwardness. First, the approach of putting the Panchayats at the centre stage of tackling chronic regional backwardness is one that has never been tried at this vast scale, barring the implementation of NREGA. Second, no central funding stream is as 'untied' as the BRGF – the funds can be applied to any preference of the Panchayat, so long as it fills a development gap and the identification of the work is decided with peoples' participation. Third, no other programme spends as much funds, nearly, 11 percent of the total allocation, for capacity building and staff provisioning.

While recognizing the comparative advantage of local bodies in better tackling local matters, all backwardness cannot be handled this way. Therefore, the guidelines of the programme entrust the central role in planning and implementation of the programme to Panchayats in rural areas, municipalities in urban areas and District Planning Committees at the district level constituted in accordance with the part IX and IX-A of the Constitution to consolidate the plans of the Panchayats and Municipalities into the district plan. Special provisions have been made in the guidelines for those districts in J&K, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura which do not have Panchayats, where village level bodies and institutions mandated under other frameworks such as the Sixth Schedule are to plan and implement the programme.

District planning, which commences from the level of each local body and is finally concluded at the district level through the consolidation of these local Panchayat and Municipality based plans by the District Planning Committee into the district plan, it is hoped, will better strategise both local and more wide ranging interventions into a composite strategy document, buckling together both local and larger level interventions.

The importance of this exercise cannot be under-estimated – considerable resources are available today through a host of central and State schemes and funding mechanisms for poverty alleviation, infrastructure development and improvement of service delivery. However, when these are planned for, spent and monitored in vertical silos with little convergence, the results are invariably sub-optimal. For instance considerable funds are available under the Rural Employment Guarantee Programme, the National Rural Health Mission, ICDS, Sarva Shiksha Abhiyan, Mid Day Meal Programme, Drinking Water Supply and sanitation, Pradhan Mantri Gram Sadak Yojana, Irrigation Development and the Rashtriya

Krishi Vikas Yojana. Since BRGF funds are to be used for supplementing and converging existing developmental inflows into identified districts, it breaks out of the mould of programme wise planning. For its implementation, BRGF does not mandate the preparation of a BRGF plan, but of a district plan which takes into account all flows of funds. Once such a plan is prepared, the gaps that are not met through other sector specific programmes are identified and met through the application of BRGF funds.

Creation of capacity for effective planning at district and lower level is a key-pre-requisite to participative planning. Hence the BRGF contains a specific component for the capacity building of Panchayati Raj Institutions of Rs. 250 crore per year, representing 5.3 percent of the annual outlay. A framework that looks upon capacity building in a very comprehensive fashion, encompassing training, handholding and providing ongoing support to Panchayat elected representatives has been developed for States to follow, while undertaking capacity building.

The planning process under BRGF is based on guidelines for district planning issued by the Planning Commission in August 2006. The process of Integrated development will commence with each district undertaking a diagnostic study of its backwardness and a baseline survey by enlisting professional planning support, to be followed by a well-conceived participatory district development perspective plan to address this backwardness during the period of the Eleventh Five Year Plan. Such plans will integrate multiple programmes that are in operation in the district concerned and therefore address backwardness through a combination of resources that flow to the district. This will be done without giving any schematic outlay to BRGF that would be subversive of the principle of local prioritization in planning. Programmes identified for implementation under the Fund will be selected through people's participation, particularly through Gram and Ward Sabhas in the rural areas and Area Sabhas and Ward Committees in the urban areas. Participatory plans will be prepared in each Panchayat and Municipality, which would take into account all resources being spent in the area of the Panchayat, covering sectoral and district segments of the State Plan, Centrally Sponsored Schemes (particularly Flagship programmes), fund inflows on account of the National Employment Guarantee programme, tied and untied grants from Central and State Finance Commission, and Fund inflows on account of the Bharat Nirman Programme.

Formula for inter-se allocation of BRGF Fund to Panchayats/ Urban

Local Bodies (ULBs) within the Districts:

A key design feature under BRGF is that in the interests of certainty and consistency, each State is to indicate the normative formula that will be used for the allocation of BRGF funds to each Panchayat and ULB. This formula would consider the share of each local self-government institution category (Panchayats or Municipalities) within the district as also within the overall allocation made for each category, the norms governing the inter-se share of each Panchayat or Municipality concerned. Flexibility is given to States to determine the components that could go into the formula, which may include any index that is prepared and accepted within the State which reflects backwardness or level of development, addressing specific districtwise priorities identified in the district visioning exercise and a separate component that may be separately earmarked as performance incentives, based on specified criteria.

Once fixed, the details of the formula are expected to be widely disseminated, so that Panchayats and ULBs can plan with full information and assurance that allocations will be available to execute their plans. Once such norms are agreed upon, they are expected to be consistently applied during the entire period of the programme.

Special provisions for States and Districts not covered under Parts IX & IX-A of the Constitution:

Special provisions have been made in the guidelines for the districts in J&K, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura that do not have Panchayats. The traditional village level bodies and institutions in these districts will plan and implement the programme in these areas. These special provisions are based on the report of the Expert Committee constituted by the Ministry of Panchayati Raj on Planning for the Sixth Schedule Areas and those areas not covered by Parts IX and IX-A of the Constitution chaired by Shri V. Ramachandran.

Fund Flow Mechanism and Tracking of funds under the BRGF.

All funds sanctioned by Ministry of Panchayati Raj under the Programme are transferred to the Consolidated Fund of the concerned State Government. Those funds that are transferred to Panchayats and Municipalities by the State Governments within 15 days of the release funds to the Consolidated Fund following the same pattern, as in the case of transfer of Twelfth Finance Commission Grants. States have been requested to adopt the mechanism of bank transfer suggested by the Task Force of the Ministry of Panchayati Raj which was set up to study the feasibility of

rapid transfer of funds through banks to the Panchayats. The State Governments have also been requested to furnish details of bank accounts of all Panchayats.

Progress under the programme in 2007-08:

In 2007-08, BRGF was allocated Rs. 4670 crore under two components, namely a capacity building allocation of Rs.250 crore calculated at Rs. 1 crore per district and a substantially untied fund of Rs. 4420 crore. However, this allocation was reduced to Rs. 3600 crore at the revised estimate stage. The current status as on 31-3-08 of utilization of BRGF allocation in 2007-08 is given in Table.

	(Rs. in crore)
1 Total allocation (RE)	3600.00
2 Funds released for RSVY	954.50
3 BRGF development grant released	2496.67
4 Capacity building allocation released	121.32
5 Funds released as advance for hiring experts to assist in district planning	25.00
6 Funds earmarked for Programme Management and Development of Data Base	2.50
7 Total funds released	3599.99

Expediting release of funds under RSVY:

RSVY commenced in 2003-04 and covered 147 districts. Each district was to receive a total amount of Rs. 45 crore over a period of 3 years, in six instalments of Rs. 7.5 crore each. The programme was therefore to be completed by 2005-06. However, progress in implementation of RSVY has been slow in several districts. Following the entrustment of RSVY to MoPR, the Ministry has regularly followed up with States to expedite their RSVY proposals, in close coordination with Planning Commission and NABCONS (a special agency of NABARD, which was entrusted the task of monitoring RSVY implementation by the Planning Commission. Consequently, the position as on 31-3-07 regarding the implementation of RSVY is given in below:

	(Rs. in crore)
1. Total allocation under RSVY for 147 districts	6624.30
2. Funds released under RSVY in 2003-04 (by Planning Commission)	402.50
3. Funds released under RSVY in 2004-05 (by Planning Commission)	1241.08
4. Funds released under RSVY in 2005-06 (by Planning Commission)	1210.74
5. Funds released under RSVY in 2006-07 (by MoPR)	1818.30
6. Funds released under RSVY in 2007-08 upto 31-3-08 (by MoPR)	954.50
7. Total funds released	5627.12
8. Cumulative percentage of funds released	84.94%
9. Expenditures reported	4370.63
10. Cumulative percentage of expenditures reported against releases	65.97%

BRGF development grants:

Since BRGF is highly process oriented, the quality of its implementation depends upon the vigour of practice of Panchayati Raj and district planning in the State concerned. Thus in 2007-08, the quality of district plans, on which BRGF proposals are based, have varied from State to State. While in States such as Kerala, West Bengal, Karnataka, Madhya Pradesh and Rajasthan, where both the existing legal framework and the administrative practices enabling Panchayati Raj are relatively strong and stabilized, Panchayats have been assisted to undertake the preparation of participative plans. The plans submitted comply with the stipulations prescribed by the Planning Commission, on district planning. However, in other States the district plans for 2007-08 are relatively rudimentary and consist of nothing more than panchayat wise lists of works to be undertaken using BRGF funds. What has been lacking in these plans is attention to the critical steps that underlie a good plan – the main of which are as follows:

(a) Inherent weak Panchayati Raj system in some States with very little focus on empowerment of Panchayats with functions, funds and functionaries.

(b) Absence of activity mapping, an exercise which enables every Panchayat to know what its functional responsibilities are and thereby facilitates it to plan better for these,

(c) Absence of fiscal decentralization, or at the very least, information to each Panchayat of more or less how much money it is likely to receive under various heads during the financial year. In the absence of this information, Panchayats find it virtually impossible to prepare a plan that converges financial inflows and tend to prepare a wish list of works that it intends to take up under BRGF, with little regard for other investments,

(d) Non issue of district planning guidelines and weak and non-functional DPCs,

(e) Lack of capacity of the State administration in Panchayati Raj and Planning to better manage the processes of district planning,

(f) Weak institutions for capacity building, such as SIRDs, in States.

To overcome these constraints, the Ministry has been vigorously pursuing matters through several interactions at various levels with elected representatives, programme managers, State secretariat personnel, SIRD staff etc. The Ministry conducted State-wise workshops on district planning involving district level officials and elected repre-

sentatives in Andhra Pradesh, Karnataka, Madhya Pradesh, Orissa, Chhattisgarh and Uttar Pradesh. Separate workshops were also held for SIRDs to facilitate them to prepare capacity building plans. On 13 and 14 October, 2007, a national workshop on BRGF was held at Vigyan Bhavan, New Delhi, to which District Panchayat Chairpersons, DPC Chairpersons, Chief Executive Officers of District Panchayats and Member Secretaries of DPCs were invited. 290 representatives of BRGF districts attended, including 92 District Panchayat Presidents. Considering the special features of districts in the North-Eastern Region, a separate workshop was organized at Guwahati for them on 20 and 21 November, 2007. Following these workshops, there has been an impetus given for district plan preparation in States.

Plan Plus software:

In consultation with MoPR, NIC has developed the 'Plan-plus' software as a decision making tool for participative planning. The Planning Commission and States have been consulted during the process of development and their views and feedback obtained. The software has been demonstrated in all State level workshops held, using real data collected from Panchayats. This software has been tested for the planning process at all levels of Panchayats in Palakkad (Kerala), Gulbarga (Karnataka) Birbhum (West Bengal) and Dhamtari (Chhattisgarh). NIC has been engaged to assist the technical support agencies and all BRGF districts to operationalise the software for district planning.

Developing information bank on BRGF:

A website has been set up (www.brgf.gov.in) which shows all details of releases, guidelines and a host of other information.

Evaluation:

Monitoring and evaluation of BRGF is especially important for two reasons. First, it is highly process oriented. The rigour with which the participatory processes are complied is a key outcome of the programme, as it affects not only the efficiency of expenditure of BRGF funds, but also expenditure of other important schemes implemented at the Panchayat level. A good evaluation of BRGF would go beyond merely evaluating how BRGF funds have been applied – it would be an evaluation of the district planning process itself. Second, the use of funds is highly flexible and therefore, a wide range of physical and quality outcomes are expected from the well considered and sensitive use of BRGF funds. However, since the programme has only commenced in 2006-07 and ac-

tual releases of funds against district plans took place over the last few months, no evaluation has been done yet of the impact of this programme. The Ministry is working on a monitoring system that is able to effectively capture these nuances of implementation of BRGF. Apart from the Rs.10 lakh per district released for engaging technical support institutions to aid and assist Panchayats and district planning committees to prepare good district plans, the Ministry has also set apart Rs. 2.5 crore to strengthen its programme management capabilities. This will also include devising and implementing an effective programme evaluation system as the expenditures under the programme get under way.

Gender Empowerment And Involvement Of Youth Through Panchayats

Participation of women in the Panchayats was facilitated by the 73rd Constitutional Amendment which mandated one-third reservation of seats for women at all three tiers of Panchayats. The last 15 years of Panchayati Raj in India have seen women go from strength to strength in terms of their political participation. While many faced resistance initially to their presence in offices of responsibility, over time, acceptance of women within the Panchayati Raj framework has been increasing. Out of the total 28 lakh elected Panchayat representatives, around 10 lakh are estimated to be women. It is seen from the statistics that the average of women representation in Panchayats across the country is 36.94%. However, a few States have gone beyond the mandated 33% and provided for more reservation for women. For instance, Bihar and Madhya Pradesh have reserved 50% seats for women in Panchayats and Sikkim has reserved 40% seats for women. Roughly 54% of elected representatives in Bihar are women.

Research Studies have often focused on the participative style of leadership favoured by women. The performance of elected women representatives in India is in keeping with this leadership style. Several elected women representatives have been able to bring about considerable change in the socioeconomic conditions prevailing in their areas. Their achievements underline the importance of creating a space for women's political participation through mandated affirmative action. Though initially there were several instances particularly in the backward areas of the country of women representatives being reduced to proxies of their male relatives or being under the control of male-dominated political party systems, with exposure and experience, women are gradually consolidating their posi-

tion as agents of local governance. The issues raised by women representatives are often related to eradication of social evils like child marriage, female infanticide, liquor consumption etc. and because of their personal experience of some of these problems, the women representatives are at the forefront of bringing about the necessary interventions to solve such problems. The presence of women in Panchayats has had another ameliorating effect on the working of the Panchayats, namely, preparation of gender sensitive budgets. The association between women in Panchayats and the Self Help Groups (SHGs) is a strong one and their combined effect has considerably enhanced self-confidence and selfworth of women.

Realizing the need to encourage political participation by women in Panchayati Raj Institutions (PRIs), the Ministry of Panchayati Raj conceptualized a unique scheme titled Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA) targeted at elected women and elected youth representatives. This scheme has a total allocation of Rs.4307.47 lakhs for the Eleventh Five Year Plan period and provides 100% central funding for various activities. The guidelines of this scheme were notified in September, 2007. The Abhiyan has been launched in several States where it has met with a positive response.

Panchayat Mahila Shakti Abhiyan (PMSA)

The Panchayat Mahila Shakti Abhiyan (PMSA) aims at fostering solidarity among elected women representatives across the three tiers of Panchayats so that they can demonstrate their capacity and ability to hold such positions as well as fulfil their mandate. Given the specific problems faced by elected women representatives in the discharge of their duties, the Ministry recognized that imparting specialized training to the elected women representatives as well as elected youth representatives would enable them to bridge the gaps. Accordingly, the scheme is designed to provide a platform to elected women representatives and elected youth representatives to articulate their problems and to suggest solutions which are then presented to the respective State Governments in the form of a charter. This is done at a State Level Sammelan at which elected women representatives from all three tiers are given an opportunity to share their experience. Thereafter, district level sammelans are proposed to be held so that the momentum generated by the State Level Sammelan is carried further upto the district and block level. A significant component of the PMSA scheme is training and sensitization programmes targeted at multi-term elected women youth representatives. It is hoped that these repre-

sentatives by virtue of their experience in their offices would provide the leadership to more recent entrants into the Panchayati Raj sector and encourage them. The Ministry of Panchayati Raj partners with the National Commission of Women for organizing the PMSA sammelans in different States. PMSA sammelans were started in 2006-07 itself even before the scheme was notified.

The Abhiyan was launched in Rajasthan, Punjab, Manipur, Goa, Karnataka and Uttarakhand in 2006-07. During the current year, PMSA was launched in several States including Sikkim, Chattisgarh, West Bengal, Arunachal Pradesh, Madhya Pradesh and Andhra Pradesh. The State Level Sammelan marks the beginning of the PMSA in the State. The expected institutional output from the sammelan is the formation of associations or federations of elected women representatives who collectively press for the acceptance of the points listed in the charter. Other institutional outcomes include the formation of State Level Resource Centers which would keep updated information relating to the participation of women in PRIs and also serve as Knowledge Support Institutions. The unique feature of the PMSA is that it vests ownership and consequently the success of the scheme in the hands of the beneficiaries themselves. That is to say it is the elected women representatives who would provide the leadership to the Abhiyan with institutional and financial support from the Central and State Governments and it is the elected women representatives who would foster the conditions for genuine emancipation of women irrespective of caste or religion.

Panchayats (Extension To The Scheduled Areas) Act, 1996, (Pesa)

I. Basic Features of PESA

- (i) PESA extends Part IX of the Constitution to Fifth Schedule Areas, subject to certain exceptions and modifications.
- (ii) The Act has defined a village as ordinarily consisting of a habitation or a group of habitations or a hamlet or a group of hamlets comprising a community and managing its affairs in accordance with traditions and customs. It has been laid down that every village will have a Gram Sabha which will be competent to safeguard and preserve the traditions and customs of the people, their cultural identity, community resources and customary mode of dispute resolution.
- (iii) The manner of reservation of seats at each level of Panchayats has been provided for in the Act. It has been stipulated that reservation for the Scheduled Tribes will not be less than half of the total number of seats

and that all seats of Chairpersons of Panchayats at all levels will be reserved for the Scheduled Tribes. Further, it has been provided that the State Government will nominate persons belonging to such Scheduled Tribes as have no representation in the Panchayat at the intermediate level or the Panchayat at the district level and that such number will not exceed one-tenth of the total members to be elected in that Panchayat.

II. Implementation

Nine States have Fifth Schedule areas:- (i) Andhra Pradesh (ii) Chhattisgarh (iii) Gujarat (iv) Himachal Pradesh (v) Jharkhand (vi) Madhya Pradesh (vii) Maharashtra (viii) Orissa and (ix) Rajasthan.

While all States have enacted requisite compliance legislations by amending the respective Panchayati Raj Acts, certain gaps continue to exist. Further, some states are also yet to amend the subject laws, like those relating to money lending, forest, excise etc. Consequently, compliance remains incomplete, perfunctory and formal in virtually all states. Vital issues like the ownership of minor forest produce, planning and management of minor water bodies, prevention of alienation of tribal lands etc., which have been duly recognized in PESA as the traditional rights of tribals living in the Scheduled Areas have still not received attention and the necessary correctives remain unapplied. There are also issues relating to powers statutorily devolved upon the Gram Sabha and the Panchayats, not being matched by concomitant transfer of funds and functionaries resulting in the non-exercise of such powers. The states have, over the years, been repeatedly urged to expedite this process and the matter has been discussed a number of times at the meetings of the Ministers of Panchayati Raj as also in the meetings of the Committee of Secretaries of Panchayati Raj of the States. In view of inadequate response from the State Governments, the Ministry of Rural Development had commissioned research studies on implementation of provisions of PESA in some States as also regarding the evaluation of the status of PESA in different States. The matter was again discussed in the Third Round Table of Panchayati Raj Ministers in September, 2004 where the State Ministers agreed to enforce the provisions of PESA and also to undertake a wider consultation with other government departments so as to harmonize the provisions of the concerned laws with the aims and objectives of PESA. The Ministry of Panchayati Raj has also entrusted the task to the Indian Law Institute to formulate appropriate amendments in the concerned State laws with a view to assist the State Governments in car-

rying out the exercise of undertaking compliant legislation in consultation with their respective Departments of Law.

The Indian Law Institute (ILI) had submitted its report on 19/04/06. The same had been forwarded to the PESA States for comments. Some of the State Governments have sent their comments on the ILI report.

A meeting of the Secretaries of the Department of Panchayati Raj, Tribal Development, Commissioners of Tribal Area Development, Heads of Tribal Research Institute, Tribal Development Corporations and the Central Ministries was held on 14/7/2006 for suggesting remedial action, wherever required on various issues related to the PESA Act. Ministry of Panchayati Raj constituted three sub-committees, namely one chaired by Shri B D Sharma, on 'Model Guidelines to vest Gram Sabhas with Powers as envisaged in PESA'; another chaired by Shri Raghav Chandra on 'Land Alienation, Displacement, Rehabilitation & Resettlement' and the third chaired by Shri A.K Sharma on 'Minor Forest Produce'. All the sub-committees had submitted their report and recommendations. The same have been forwarded to the PESA States for comments. Meanwhile, the recommendations of the above said sub-committees are being examined in the Ministry. Some of the State Governments have also sent their comments on the three reports.

A review meeting of the PESA States on implementation of the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 was held on 13th November, 2007 at New Delhi. An action plan for implementation of PESA in letter and spirit was agreed to by the States in the review Meeting. Reminders have been issued to each of the States with the request to intimate the action taken by them with regard to the decisions taken in the review meeting.

PESA Status

Government of **Orissa** has taken several measures for implementing the provisions of PESA. Govt. of Orissa has suggested for inclusion in the Agenda of the next meeting of the Tribal Advisory Council for formation of three-tier Co-operative Societies at Panchayat level, Block Level and District Level for procurement & marketing of MFP and also formation of a Regulatory Authority at state level.

Govt. of **Chhattisgarh** has intimated that State has made Panchayat State laws compatible with the provisions of PESA and operational guidelines/rules have also been framed. Concerned Deptts have been

asked to make pertinent changes, as recommended by the ILI, in the local Acts. Some Deptts have reportedly expressed their disagreement with the recommendations as parallel provisions have been made for which Deptt. of PR will organize a common meeting and discussion with the concerned Deptt

Secretary, Panchayati Raj Government of **Himachal Pradesh** has written to the concerned departments to take action for amending the subject Laws pertaining to their Department for bringing them in tune with the provisions of PESA.

Government of **Gujarat** has requested the Departments of Agriculture, Cooperative and Fisheries, Home, Industries and Mines, Revenue, and Forests and Environment to take necessary action in respect of the ILI recommendation.

Government of Jharkhand has intimated that the process of inter-ministerial consultations on the recommendations of various committees pertaining to amendments of local laws is still to be completed in the Jharkhand.

The adaptation of laws in Madhya Pradesh in the light of the PESA Act has been started with the amendment of five important laws, namely, the Panchayat Act, the Excise Act, the Land Revenue Code, the Mining and Minerals Rules and Gram Nyayalaya Adhiniyam. Government of Madhya Pradesh is in agreement with the reports of Shri A.K.Sharma Committee and Shri Raghav Chandra Committee.

Govt. of Andhra Pradesh has stated that the A.P. Panchayat Raj Act, 1994 was amended in Act No. 7 in 1998 dated 16.01.1998 extending the provision of Part-ix of the Constitution of Panchayat Extension to the Scheduled Area in the State. Necessary Rules regarding reservation of seats and office of Gram Panchayat have already been framed. Necessary rules relating to A.P Minor Mineral Concession Rules, 1996 have already been amended. The Gram Sabha shall exercise such powers and perform such function in such a manner and to such extent as may be prescribed in respect of Minor Forest Produce.

Govt. of Maharashtra has made the necessary amendments to the Maharashtra Zilla Parishads and Panchayat Samitis Act, 1961 and Bombay Village Panchayats Act, 1958. The issue of Minor forest produce has been covered in the amendment made vide Maharashtra Act No. XLV of 1997. Regarding powers to Gram Sabha with regards to alienation of land of the persons belonging to the Scheduled Tribes, this has been covered in

the amendments made vide Maharashtra Act No. XXVII of 2003.

Government of Rajasthan has amended Rajasthan Land Revenue Act, 1956, Rajasthan Money Lenders Act, 1963 and Rajasthan Minor Mineral Concession Rules, 1986 in consonance with the provisions of PESA.

PESA & Central Government

Notwithstanding the fact that PESA casts a direct responsibility only on State Legislatures in terms of limiting their legislative competence by disabling them to make any law which would be inconsistent with the features referred to in the Act and also enjoins upon the State Legislatures to endow the Panchayats and Gram Sabha with certain specific powers which have been enumerated hereinabove, nevertheless considering that PESA is a Central legislation and is a logical extension of the Fifth Schedule, a duty is cast upon the Central Government to see that the provisions are followed properly. According to available information, no integrated exercise has yet taken place of examining the relevance of different Central Laws to Schedule V Areas and to harmonize them with the aims and objectives of PESA. Therefore, there is a need for undertaking this task now. Among the laws which warrant particular attention are the Land Acquisition Act, 1894; Mines and Minerals (Development and Regulation) Act, 1957; The Indian Forest Act, 1927; The Forest Conservation Act, 1980; The Indian Registration Act. Accordingly, the Ministry of Law & Justice, Department of Legal Affairs have been requested to intimate action taken and progress made by the Department of Legal Affairs in this regard. The Reports of the three Sub Committees were forwarded to the Ministry of Tribal Affairs, Environment and Forest, Water Resources Mines, Rural Development and Social Justice & Empowerment for comments. This Ministry has received comments in respect of minor minerals from Ministry of Mines on 29/11/07 stating that all the States having Scheduled Areas in their territories have amended the respective Minor Minerals Concession Rules applicable in their States in compliance with the provision of PESA Act. Ministry of Environment and Forest has informed about the action taken in this regard.

Panchayati Raj and Global Attention

Decentralization, devolution and local governance are gaining currency everywhere. It is now widely perceived that despite half a century of national and international assistance, there remains a huge unmet demand by local communities, for basic and essential services. These communities are seeking an increasing say in managing their lives as they are losing faith in centralized, remote government structures. The evolution of Panchayati Raj in India is of immense interest to developing countries across the world. India too seeks to learn from western countries such as Norway where local governance is successfully addressing the felt and perceived needs of local communities, as also from the experience of developing nations in the Commonwealth, and outside. The Ministry has initiated several moves at interacting with other similar bodies internationally, both to learn from their experience and to contribute to the increasing need of common knowledge on the art and science of devolution. Initiatives of the Ministry cover three broad areas, namely, bilateral cooperation with other countries, interaction with multilateral agencies and linking up with common for a dealing with local self-government.

Afghanistan

The President of Afghanistan HE Hamid Karzai met the Minister for Panchayati Raj in April 2006, during his visit to India. The Afghan delegation led by the president interacted with the officials of the Ministry of Panchayati Raj. They were introduced to the initiatives being taken by India following the 73rd and 74th constitutional amendments of 1992, such as activity mapping, devolution of funds and functionaries, and the role of Central and State Finance Commissions. Ministry of Panchayati Raj has participated in a Central Government delegation to Afghanistan and assisting in formulating and operationalising an MoU which has been signed between Ministry of Rural Development and Govt. of Afghanistan. In compliance to the MoU, Ministry of Panchayati Raj in collaboration with National Institute of Rural Development, Hyderabad, organized an Exposure –cum-training visit to PRIs in India from 15th – 26th January 2008. The focus areas of the training included local self governance, micro planning, devolution of powers and funds, mobilization of resources etc. for 9 persons. A proposed visit by the Minister for Panchayati Raj is also scheduled very soon, to enter into a separate MoU with the Government of Afghanistan.

China

After setting up of the Ministry of Panchayati Raj, the Prime Minister of India inaugurated the first National Conference of Chief Ministers in June 2004, and spoke of the need to draw lessons from the experience of China, particularly in the area of setting up town and village enterprises. Since then the Ministry of Panchayati Raj has been pursuing this dialogue. During March 2006, officials from the Department of Local Government, People's Republic of China called on the Minister of Panchayati Raj. In October 2006, the Ministry of Panchayati Raj participated in a Ministry of Youth Affairs delegation to China with a view to learning first hand, the functioning of their local government institutions and from their Town and Village Enterprises (TVE), which has a rele-

vance to our initiative of setting up Rural Business Hubs in India. In June 2007, under the Indo- China Youth Exchange Programme, 10 youths elected to Panchayati Raj Institutions were included in a 100 member Indian youth delegation arranged by the Ministry of Youth Affairs and Sports headed by the Minister for a 10 day visit to China which proved to be successful.

Pakistan

During October 2005, the Minister of Panchayati Raj visited Pakistan, and a dialogue commenced in the office of the Prime Minister of Pakistan, with the Chairman, National Reconstruction Bureau, in respect of the experience gained in India and Pakistan on local governance. In May 2006, Secretary, Ministry of Panchayati Raj visited Pakistan and carried forward the deliberation with the Chairman, National Reconstruction Bureau, and his team of officials. During these discussions, an India- Pakistan Joint Working Group (JWG) on Local Governance was proposed at the official level, together with a Joint India-Pakistan Forum (JIPF) on Local Governance at the ministerial level, with Minister of Panchayati Raj and the Chairman, National Reconstruction Bureau as the Co-chairs. Accordingly, the MoU was signed between India and Pakistan to constitute of Pakistan-India Joint Working Group on Local Governance on 22nd December 2006 at Islamabad and agreed to set up a Pakistan-India Joint Forum on Local Governance. As a step to give a practical shape to the MoU, the National Construction Bureau proposed to hold a Pakistan-India Symposium on Local Governance at Lahore on 1st-3rd July 2007. An Indian delegation of 50 members comprising State Panchayati Raj Ministers, elected representatives of PRIs, Experts on Panchayati Raj etc. headed by the Minister of Panchayati Raj participated in the Symposium at Lahore. It was agreed that both countries may continue to share their experiences in Local Governance, particularly to facilitate people to people contact, by organizing more such symposia.

Norway

Her Excellency Madam Magnhild Meltveit Kleppa, Minister for Local Government and Regional Development, Government of the Kingdom of Norway with an invitation from the Minister of Panchayati Raj visited India from 29th -31st October 2007. An Indo- Norwegian Symposium on local Governance was held during the visit which was informative for all participants. MoU between both countries has been proposed for a future partnership to strengthen local democracy.

Commonwealth Local Government Forum

The Ministry of Panchayati Raj was invited to become a Member of the Commonwealth Local Government Forum (CLGF), which has its presence in 39 countries of the Commonwealth with 150 member organizations. The Commonwealth Local Government Forum (CLGF) is a Non-Governmental Forum established in 1995 with an objective to undertake activities, exchange information between countries on matters relating to local government. The CLGF held its Fourth Conference of the Commonwealth Local Government Forum in Auckland from March 26-29, 2007 on "Delivering Development

through Local Leadership", in which the Hon'ble Minister of Panchayati Raj participated. The Ministry enrolled itself as a member of the CLGF in March 2007, which would facilitate a global interaction and exchange of ideas in respect to Local Governance. Additional Secretary, Ministry of Panchayati Raj participated in the meeting of the CLGF held on 22-24 July, 2007 in Goa.

World Bank

Over the past six years, the World Bank has been taking a keen interest in supporting Panchayati Raj. The World Bank's initial step was to commission a study, 'The overview of Rural Decentralization in India', which was completed in 2001. In the study, the World Bank undertook a quick snapshot study of seven states, comparing their experience and identifying the gains and shortcomings. This study was followed by a more detailed study of fiscal decentralization in Kerala and Karnataka state. Following these studies, the World Bank has engaged in more studies including the recently concluded ones on rural service delivery and financial accountability systems of Panchayats. Following these studies, the activities of the World Bank have coalesced into three specific areas. The World Bank aims to provide budgetary and technical support to states for strengthening Panchayati Raj. Karnataka is the first state to have obtained funds under the World Bank aided Panchayat Strengthening project, which has an outlay of US\$ 120 million, to be spent in the form of untied fund allocations and capacity building for Panchayats in the state's poorest 39 taluks. Similar programmes aimed at institutional strengthening, capacity building and technical support are envisaged for more states that are ready to fully implement the empowerment and strengthening of Panchayats. The proposed project in Kerala has obtained the approval of the Department of Economic Affairs and has requested the World Bank to provide financial support to the state. A Detailed Project Report (DPR) from the State Government of West Bengal and Bihar is being awaited and a modified Project Concept Note is yet to be submitted by the Government of Haryana and Punjab. This initial focus on a cluster of States has the added advantage that it will promote a sharing of lessons across other States and UTs. Given the diversity between States, this process will also facilitate flexibility, enabling Panchayats to make appropriate adaptation and adoption of mechanisms to reflect local conditions. The Ministry has also proposed that World Bank funding could be obtained for topping up allocations for its Gram Swaraj programme, which aims to provide a need based basket of capacity building support to Panchayats across the country. Similarly, top-up funding and technical support is also envisaged to be provided by the World Bank for the Panchayat Empowerment and Accountability Incentive Fund.

European Union

The countries of the European Union have more than a thousand years of experience in forming and running local governments. Therefore, there is substantial opportunity for India to interact with the countries of the European Union to learn from their experience of local government through representatives of Indian academicians and civil society with their counterparts in the countries of the European Union. A state Partnership Programme with an outlay of Euro 160 million is already in hand for the states

of Rajasthan and Chattisgarh. The project focus is on poverty alleviation, environmental protection and management and improving governance.

UNDP

The Ministry of Panchayati Raj has taken major initiatives in collaboration with UNDP. The Ministry of Panchayati Raj is implementing a UNDP project with an outlay of US\$ 3 million on Capacity Building of Elected Women Representatives and Functionaries of Panchayats in Rajasthan, Bihar, Uttar Pradesh, Madhya Pradesh, Maharashtra, Chattisgarh and Uttaranchal. The UNDP has also provided support under the programme for the Ministry's work on Panchayati Raj jurisprudence. UNDP in the next Country Programme (CP) cycle 2008-2012 has earmarked US \$ 50 million for the Governance Programme for the CP period, divided between two major components- (a) Decentralization with about \$ 20 million and (b) Access to Justice with about \$ 30 million. The indicative figures allocated to the Decentralization component for the first year, i.e. 2008, is US\$ 4 million out of which \$ 1 million will be spend by the Ministry of Panchayati Raj.

International Conference on Federalism

The Inter-State Council Secretariat, Ministry of Home Affairs, organized the Fourth International Conference on Federalism in India from Nov 8-10, 2007. The subject of the Conference was 'Unity in diversity – learning from each other'. The Inter-State Council Secretariat sought this Ministry's active participation and requested to organize an outreach event, which was meant to showcase the practice of local governance in India. This Ministry sanctioned an amount of Rs. 2.3 crore for the outreach event.

Role of PRIs in the Centrally Sponsored Schemes

Article 243G read with the Eleventh Schedule, stipulates that States may by law endow the Panchayats with such powers and authority as may be required to enable them to function as institutions of self-government. Such laws may also provide for the devolution of powers and responsibilities upon Panchayats for the preparation of plans for economic development and social justice and implementation of schemes for economic development and social justice as may be entrusted to them, including those in relation to the 29 matters listed in the Eleventh Schedule, as illustrative of being devolved to Panchayats.

In order that the devolution of powers and responsibilities to Panchayats is worthwhile and relevant to the lives of the people within their jurisdiction, it is essential that finances are devolved to them on the pattern of the devolution of functions to administer these tasks and responsibilities and that technical and administrative staff to assist Panchayats in carrying out their duties are placed at the disposal of the Panchayats and brought within the ambit of Panchayat discipline. Hence the stress in the National Common Minimum Programme on the devolution of the three Fs: Functions, Finances and Functionaries as the basic prerequisite of effective Panchayati Raj. Hence too the fundamental importance that the Ministry attaches to Activity Maps that clearly and unambiguously spell out the activities to be undertaken by the Panchayats at each of the three levels in respect of each devolved function. The Prime Minister's speech at the June 2004 Conference of Chief Ministers on *Rural Prosperity and Poverty Alleviation through Panchayati Raj*, gave a commanding direction to the Ministry to critically examine the CSSs, particularly with reference to the 29 subjects listed in the XIth Schedule.

Devolution of central funds and transfer of Centrally Sponsored Scheme allocations to Panchayats:

Central funds flow to Panchayats primarily from two sources, namely, devolution of non plan grants on the recommendations of the Central Finance Commission and of Plan grants through Centrally Sponsored Schemes and Additional Central Assistance.

Central funds constitute the bulk of the funding through Centrally Sponsored Schemes. Most important Centrally Sponsored Schemes fall within the functional domain of the Panchayats. Therefore, the Ministry of Panchayati Raj has taken up several measures to ensure the centrality of Panchayats in planning and implementation of CSSs.

Central Ministries and Departments and the Planning Commission have been engaged in an exercise to rationalize policies in Centrally Sponsored Schemes dealing with matters listed in the Eleventh Schedule of the Constitution. Ministry of Panchayati Raj have also reviewed CSS pertaining to subjects mentioned in the Eleventh Schedule of the Constitution and to other social and economic development policies with a view to ensuring that the modifications made or proposed to be made in Scheme guidelines conform to the letter and spirit of Part IX of the Constitution. This matter has been regularly reviewed by the Empowered sub-Committee of the National Development Council in its meetings.

Since the bulk of CSS funding lies in Ministries of Human Resource Development, Rural Development, Health and Family Welfare, Agriculture, Power and Environment and Forests, each of these Ministries have been requested to undertake an Activity Mapping delineating what is to be done at the Central, State and Panchayat levels. In order to ensure that the matter is taken up at the highest level, on the request of the Min-

istry, a Committee with Secretary (Panchayati Raj) and Secretary (Coordination) Cabinet Secretariat as co-chairs was constituted on the direction of the Cabinet Secretary to review the major Centrally Sponsored Schemes of the different Ministries of Government of India with a view to affording centrality to the Panchayats in the implementation of these schemes. Based on the discussions with the Central Ministries, the recommendations of the Committee have been incorporated in its final report, which was submitted to the Ministry of Panchayati Raj in January 2008. The recommendations of the Committee are being followed up with the concerned Departments/ Ministries of Government of India.

Twelfth Finance Commission Grants For Panchayati Raj Institutions

The appointment of a Finance Commission by the President is provided for under article 280 of the Constitution of India. The first such Commission was constituted on November 19, 1951. The Eleven Finance Commissions, which have preceded the present one, have, through their recommendations, given a definitive shape to fiscal federalism in our country. The President of India appointed the present Finance Commission, which is the twelfth, on 1st November 2002 under the chairmanship of Dr. C. Rangarajan.

The Tenth Finance Commission:

In consonance with the purpose, intent and spirit underlying the 73rd and 74th amendments to the Constitution, the Tenth Finance Commission had recommended, under Article 275 of the Constitution, adhoc grants to the States to enable them to supplement the resources of Panchayati Raj Institutions (PRIs). The Commission recommended grants totaling Rs. 4381 crore for the Panchayati Raj Institutions, payable during the four-year period of 1996-2000.

The Eleventh Finance Commission:

The Eleventh Finance Commission (EFC), was required to suggest, as per its terms of reference, the measures to augment the Consolidated Fund of the States to enable them to supplement the resources of the local bodies. The EFC had recommended grants amounting to Rs. 8,000 crore payable during the period 2000-05 for Panchayats. It recommended that the local body grants be used to finance the maintenance of civic services such as provision of primary education, primary health care, safe drinking water, street lighting, sanitation including drainage and scavenging facilities, maintenance of cremation and burial grounds, public conveniences and other common property resources.

The Twelfth Finance Commission:

The Twelfth Finance Commission recommended that a sum of Rs. 20,000 crore be made available as grants to State governments during the period 2005-10 to augment the Consolidated Fund of the States to facilitate the supplementing of the financial resources placed at the disposal of the Panchayats. This was a substantial increase over the Eleventh Finance Commission's recommendations. In a significant advance in current policy and practice, the Ministry of Finance, after consultation with the Ministry of Panchayati Raj, has mandated through its guidelines that these funds must invariably be transferred to the Panchayats within 15 days of their being credited to the State Consolidated Fund. The guidelines of the Ministry of Finance for the release and utilisation of grants recommended by the Twelfth Finance Commission stipulate that: (a) Grants will not be released to a State (if covered under Part IX of the Constitution) where elections

to Panchayats have not been held and for the period for which there were no elected Panchayats. (b) Each State Finance Secretary would be required to provide a certificate within 15 days of the release of each installment by Government of India under his signature certifying the dates and amounts of local grants received by the State from the Government of India and the dates and amounts of grants released by the State to the PRIs. (c) In the case of delayed transfer to PRIs from the State, an amount of interest at the rate equal to the RBI Bank rate should be additionally paid by the State Government to the PRIs, for the period of delay. (d) State Governments shall give details of allocations of funds to PRIs before States become eligible to receive funds. The stage has thus been set for devolving a growing corpus of untied funds to Panchayats on the basis of recommendations of the Finance Commission, and *without delay or diversion*. The Guidelines from Ministry of Finance ensure stringent and regular monitoring of the release of funds to Panchayats. Moreover, a significantly higher proportion of funds released for the Panchayats are now actually reaching the Panchayats.

Release of TFC grants:

TFC grants are released by the Ministry of Finance to the State Governments and the Ministry of Panchayati Raj monitors subsequent release of the grants by the State Governments to PRIs and their utilization. Local bodies grants are being released in two equal installments in July and January every year. States have to mandatorily transfer the grants released by the Central Government to the PRIs within 15 days of the same being credited to the State's Account. Also, Panchayats as defined in the Constitution can exist only when they are constituted as per the mandatory provisions of Articles 243B and 243C. Hence, grants are not being provided to a State (which is covered under Part IX of the Constitution) for the period for which there were no elected Panchayats as per the provisions of the Constitution. A statement showing the allocations and release of TFC grants during the years 2005-06, 2006-07 and 2007-08 are given in Table.

(Rs. in lakh)

State	Total allocation	Amount of one installment (6 monthly)	2005-2006		2006-2007		2007-2008	
			Amount released		Amount released		Amount released	
			1 st instalment	2 nd instalment	1 st instalment	2 nd instalment	1 st instalment	2 nd instalment
Andhra Pr.	158700	15870	15870	15870	15870	15870	15870	
Arunachal	6800	680	680	0	0	0		
Assam	52600	5260	5260	5260	5260	0		
Bihar	162400	16240	16240	16240	16240	16240	16240	16240
Chhattisgarh	61500	6150	6150	6150	6150	6150	6150	6150
Goa	1800	180	180	#	#	77#		
Gujarat	93100	9310	9310	9310	9310	9310	9310	
Haryana	38800	3880	3880	3880	3880	3880	3880	3880
Himachal Pr.	14700	1470	1470	1470	1470	1470	1470	1470
J&K	28100	2810	1762**	1762	1762	0		
Jharkhand	48200	4820	0	0	0	0		
Karnataka	88800	8880	8880	8880	8880	8880	8880	
Kerala	98500	9850	9850	9850	9850	9850	9850	9850
Madhya Pr.	166300	16630	16630	16630	16630	16630	16630	16630
Maharashtra	198300	19830	19830	19830	19830	19830	19830	
Manipur	4600	460	212*	212	212	212		
Meghalaya	5000	500	500	500	500	0		
Mizoram	2000	200	200	200	200	200		
Nagaland	4000	400	400	400	400	400		

Orissa	80300	8030	8030	8030	8030	8030	8030	8030
Punjab	32400	3240	3240	3240	3240	3240		
Rajasthan	123000	12300	12300	12300	12300	12300	12300	
Sikkim	1300	130	130	0	0	0		
Tamilnadu	87000	8700	8700	8700	8700	8700	8700	8700
Tripura	5700	570	570	0	0	0		
UP	292800	29280	29280	29280	29280	29280	29280	29280
Uttaranchal	16200	1620	1620	1620	1620	1620		
West Bengal	127100	12710	12710	12710	12710	12710	12710	
Total	2000000	200000	193884	192324	192324	184879	179130	100230
Grand Total								1042771

* Excluding share of PRI Grants pertaining to Hill areas amounting to Rs.248.40 lacs

** After deducting Rs.1048.03 lakhs being share of PRIs where elections have not been held.

Rs.463 lakhs available with the State Governments as unutilized grants of the Eleventh Finance Commission have been adjusted against the amount due in these Installments.

MONITORING AND REVIEW MECHANISM OF TFC GRANTS:

1. Monitoring at Central Government Level

A Central Review Committee headed by the Secretary (Expenditure), Ministry of Finance, Government of India including the representatives from the Ministry of Panchayati Raj, Ministry of Urban Development and Poverty Alleviation, Ministry of Home Affairs and M/o Finance (Deptt. of Expenditure) has been constituted to review the release and utilization of grants. The Committee is required to meet at least once in a year. The meetings of this Committee are required to be convened by Department of Expenditure, Ministry of Finance. Last meeting was held on 16.4.2007. Given the much higher quantum of grants and larger number of rural local bodies, a separate Committee for Panchayati Raj Institutions (PRIs) has been constituted to monitor the mode of release of local body grants to Panchayats. The Committee is chaired by Secretary to Government of India, Ministry of Panchayati Raj with the Joint Secretary (State Finances) and Financial Adviser (Panchayati Raj) as Members and Joint Secretary (Panchayati Raj) as Member Secretary. This Committee is required to bring out the points for intervention by Government of India in Ministries of Panchayati Raj and Finance to ensure smooth and uninterrupted flow of funds to PRIs. During the year, the Committee met on 24.5.2007, 24.9.2007 and 14.1.2008.

2. Monitoring at State Governments Level

In keeping with the recommendations of the Twelfth Finance Commission, all State Governments have constituted a High Level Committee (HLC) headed by the Chief Secretary to the State Government which includes the Finance Secretary and Secretaries of the Departments concerned as members to ensure proper utilization of the local bodies grants. The HLCs are required to meet at least once in every quarter to review the utilization of grants and to issue directions for mid-course correction, if considered necessary. The minutes of the HLC meetings have to be provided to the Ministries of Finance and Panchayati Raj, Government of India for information.

3. Transfer of Grants to PRIs through Banking channels

The Committee set up by the Ministry of Panchayati Raj to look into the modalities of transfer of funds to PRIs through the banking channels submitted its report in May, 2005. Elements of the report were put into operation during the year and the Ministry of Panchayati Raj suggested that State Governments could adopt this system to transfer the TFC grants to the Panchayats in a timely manner. The Ministry of Panchayati Raj has also got developed a software to maintain databases of the bank accounts of all the 2,40,000 Panchayati Raj Institutions to facilitate the transfer of funds through banking channels, preferably electronically. The State Government of Karnataka, Haryana, Rajasthan and Madhya Pradesh have already utilising the banking network to transfer the TFC grants electronically. Most of other States/UTs have agreed to adopt Fund Transfer Monitoring Software (FTMS) to their States/UTs.

4. Audit by the Comptroller and Auditor General of India

The Eleventh Finance Commission had made the following recommendations regarding audit of PRI accounts:

- Improve accountability including audit and accounts
- CAG to prescribe the formats for budget, accounts and database of finances of LBs
- CAG to be entrusted with responsibility of exercising control and supervision over

maintenance of accounts and their audit for all Local Bodies

Formats for preparation of budgets, maintenance of accounts of Local Bodies will be as prescribed by C&AG.

Accordingly, based on the guidelines issued by the Ministry of Finance, CAG was entrusted with the Technical Guidance & Support (TGS) arrangement under Section 20 (1) of CAG's DPC Act. Of 24 states, where 73rd and 74th amendments are applicable, CAG have been entrusted with TGS in 20 states. The EFC recommendations and their acceptance by the Government of India have brought about a major change in the accountability regime in PRIs. The Twelfth Finance Commission went a step further in this regard and linked the release of grants to certification of timely release and utilization of grants by the AG. The Comptroller and Auditor General of India now exercises regular check on release of grants to PRIs by the States and its utilization by PRIs and reports are being regularly provided to the Ministry of Finance and Ministry of Panchayati Raj. The States are being advised to improve the release and utilization of the grants on this basis.

5. Utilization of TFC Grants

As per the recommendations of the TFC, the PRIs should be encouraged to take over the assets relating to Water Supply and Sanitation and utilize the grants for repairs/rejuvenation and meeting the O&M costs. PRIs should also give high priority to expenditure on creation of database and maintenance of accounts through the use of electronic management information systems as far as possible.

Monitoring And Evaluation

The Ministry of Panchayati Raj places special emphasis on Monitoring and Evaluation of its programmes being implemented all over the country. Effective monitoring of the programmes is considered very important, particularly in view of the substantial step up in the allocation of funds for PRIs. It is well recognised that the success of the programmes largely depends on the effective delivery system and efficient implementation at the grassroots level so that the programme benefits reach the rural poor in full measure. In order to ensure this, the Ministry has evolved a comprehensive multi-level and multi tool system of Monitoring and Evaluation for the implementation of its programmes. The implementation of the recommendations of the various Round Table Conferences has resulted in devolution of finances, functions and functionaries to PRIs to some extent. The Government has instituted an in-built monitoring mechanism in the guidelines of each scheme to ensure that the objectives of the schemes are achieved by their implementation. The important instruments of the monitoring and evaluation mechanism in the Ministry of Panchayati Raj are the following:-

Visits and Review by Union Minister for Panchayati Raj

The Minister of Panchayati Raj visits States/ UTs and reviews progress on Panchayati Raj with the Chief Ministers, Ministers and officials of the State Government concerned with implementation of the programmes. Such review meetings provide the much needed impetus in implementation of the programmes by energising and motivating the implementing Agencies. The need for ensuring maximum devolution of powers to the elected bodies of PRIs at District, Block and Gram Panchayat levels. Such reviews have taken place in 22 States/UTs viz. Karnataka - April-May 2005, West Bengal - May 2005, Uttarakhand - June 2005, Haryana - August 2005, Chhattisgarh - August 2005,

Orissa - October 2005, Arunachal Pradesh - November 2005, Rajasthan - December 2005, Lakshadweep - January 2006, Sikkim - March-April 2006, Goa - April 2006, Andhra Pradesh - April 2006, Punjab - April 2006, Himachal Pradesh - May 2006, Kerala June-July 2006, Assam - September 2006, Manipur - October 2006, Madhya Pradesh - December 2006, Puducherry - January 2007, Tripura - February 2007, Andaman & Nicobar Islands - March, 2007 and Maharashtra - June, 2007. Each visit concluded with a Statement of Conclusions jointly signed with the Chief Minister of the State concerned, highlighting the key points of action on which the States would move to operationalise the recommendations of the Round Table.

Joint Resolution for UTs

In order to strengthen Panchayati Raj in the UTs, a Joint Statement of Conclusions was arrived at between the Union Minister for Panchayati Raj and Youth Affairs & Sports and the Union Minister of State for Home Affairs on 23/1/2006 for Lakshadweep and on 11/1/2007 for Puducherry. The union Ministry of Panchayati Raj would take the following steps in order to strengthen Panchayati Raj in the Union Territory of Puducherry and Lakshadweep.

- Union Ministry of Panchayati Raj shall assist the Panchayats to establish e-Governance systems in all Panchayats to ensure the handing of all services provided by them and other activities. This will include connectivity provision of software and training for all Panchayats.

- In pursuance of the Prime Minister's proposal for setting up Rural Business Hubs through Panchayats, the Union Territory of Puducherry and Ministry of Panchayati Raj will work towards partnerships between the organized business sector and Panchayats in promoting these hubs.

- The Ministry Panchayati Raj shall assist the Union Territory of Puducherry and Lakshadweep in capacity building and related training of elected representatives and staff of Panchayats on matters including those related to decentralized planning with focus on poverty alleviation, good governance and delivery of Citizens services.

A Joint Resolution on similar lines has been signed on 16.3.2007 for Andaman and Nicobar Islands during the visit of the Union Minister for Panchayati Raj to the Andaman and Nicobar Islands from 16th to 18th March, 2007.

Periodical Progress Reports>Returns

The programmes of the Ministry are regularly monitored through progress reports received from the States/UTs depicting the financial and physical progress of the programmes.

Utilisation Certificates/Audit Reports

The procedure adopted for release of funds to the States/UTs under various programmes stipulates that the States/UTs Governments should furnish Utilisation Certificates to the effect that the funds have been utilized for the purpose for which these were sanctioned and no diversion has been made. The auditing of accounts and reports thereon are a precondition for the release of the second and the subsequent installments.



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