Roadmap for the Panchayati Raj (2011-17):

An All India Perspective

Government of India
Ministry of Panchayati Raj
www.panchayat.gov.in

Panchayati Raj

"Active Gram Sabha: For Empowered People And Accountable Panchayats"

Roadmap for the Panchayati Raj (2011-17):

An All India Perspective

Panchayati Raj

"Active Gram Sabha: For Empowered People And Accountable Panchayats"

Contents

Chapter 8: e-Governance in Panchayats   42

Chapter 9: Panchayat (Extension to Scheduled Areas) Act (PESA)   46

Chapter 10: Decentralised Governance in the North-Eastern States   49

Abbreviations

ACA	Additional Central Assistance
APARD	Andhra Pradesh Academy of Rural Development
ARC	Administrative Reforms Commission
ATIR	Annual Technical Inspection Report
BPR	Business Process Re-engineering
BRGF	Backward Regions Grant Fund
BRTC	Block Resource-cum-Training Centre
CAG	Comptroller and Auditor General
CBS	Core Banking System
CBT	Capacity Building through Training
CD	Community Development
CDLG	Capacity Development for Local Governance
CEC	Chief Election Commissioner
CFC	Central Finance Commission
CGA	Controller General of Account
CPSMS	Central Plan Scheme Monitoring System
CSS	Centrally Sponsored Scheme
CSC	Common Service Centre
DDWS	Department of Drinking Water and Sanitation
DI	Devolution Index
DLFA	Director of Local Fund Audit
DP	District Panchayat
DPC	District Planning Committee
DPMU	District Project Management Unit
DPR	Detailed Project Report
DPU	District Planning Unit
DRDA	District Rural Development Agencies
DRTC	District Resource-cum-Training Centre
EWR	Elected Women Representative

FAQ	Frequently Asked Questions
GIS	Geographic Information System
GO	Government Order
GoI	Government of India
GP	Gram Panchayat
GS	Gram Sabha
IAY	Indira Awaas Yojana
ICDS	Integrated Child Development Services
ICT	Information and Communication Technology
IE	Implementation Entity
IEC	Information, Education and Communication
IGNOU	Indira Gandhi National Open University
ISNA	Information and Service Needs Assessment
IT	Information Technology
LSG	Local Self-Governance
LWE	Left Wing Extremism
MGNREGA	Mahatma Gandhi National Rural Employment Guarantee Act
MIS	Management Information System
MMP	Mission Mode Project
MoPR	Ministry of Panchayati Raj
MoUD	Ministry of Urban Development
NABARD	National Bank for Agriculture and Rural Development
NCBF	National Capacity Building Framework
NDC	National Development Council
NER	North-Eastern Region
NGO	Non-Governmental Organisation
NIC	National Informatics Centre
NIPR	National Institute of Panchayati Raj
NIRD	National Institute for Rural Development
NRDWP	National Rural Drinking Water Programme
NRHM	National Rural Health Mission
OF	Optical Fibre
PB	Parallel Body

PEAIS	Panchayat Empowerment and Accountability Incentive Scheme
PESA	Panchayats (Extension to the Scheduled Areas) Act
PLCP	Potential Linked Credit Plan
PMEYSA	Panchayat Mahila Evam Yuva Sashaktikaran Abhiyan
PMU	Project Management Unit
PPP	Public-Private Partnership
RGNIYD	Rajiv Gandhi National Institute of Youth Development
RGSY	Rashtriya Gram Swaraj Yojana
RTI	Right to Information
SC	Scheduled Caste
SEC	State Election Commissioner
SFC	State Finance Commission
SHG	Self-Help Group
SIRD	State Institute for Rural Development
SIS-DP	Space Based Information Support for Decentralised Planning
SoPR	State of Panchayats Report
SPE	Special Purpose Entity
SPMU	State Project Management Unit
ST	Scheduled Tribe
TNA	Training Need Assessment
ToT	Training of Trainers
TSIs	Technical Support Institutions
ULB	Urban Local Body
USOF	Universal Service Obligation Fund
VWSC	Village Water and Sanitation Committee
ZP	Zilla Panchayat

NOTE:

Circulars/letters mentioned in this document are available at www.panchayat.gov.in

Introduction

Why Panchayati Raj?

1. The 'Gram Swaraj' dream of Mahatma Gandhi and the 'Power to the People' dream 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."

Progress

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 most States.

3. After Ministry of Panchayati Raj 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 2-3 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 of today, as a part of the ambitious e-Panchayat Project, daily receipt and expenditure of about 50,000 Gram Panchayats(GPs) are available on-line in the public domain and it is expected that by June, 2011, all GP accounts 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 their enablement. Backward Region Grant Fund (BRGF) has given untied financial backup to the Panchayats and (a) Promoted decentralised, 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, though the recently launched backward area development packages bypassing BRGF/MoPR and the stagnant outlays has affected BRGF and the efforts of MoPR.

5. The 13th Finance Commission award is a major milestone in the history of 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, defacto reorganising 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 major 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 is holding elections after a long gap. The high turn out of the voters in 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 decentralised planning is yet to happen (Art. 243ZD): largely due to non-cooperation from the line Deptts.
- Devolution of 3 Fs is highly uneven across States: one reason is that Art 243G gives 'discretion' to the States.
- Implementation of PESA needs urgent attention: which will address people's disaffection in tribal/ forest Areas.
- 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 people and communities.

Roadmap

8. Fifty years of Panchayati Raj (PR), which was celebrated on October 2, 2009, certainly provided an occasion for introspection & revisiting Constitution, Laws, Policies, Programmes, 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?

9. The First draft of the "Roadmap for Panchayati Raj (2011-17): An All India Perspective" was accordingly prepared and presented during the first National Panchayat Day (NPD) celebrations on April 24, 2010. It was based on (a) Seven Round Tables which this Ministry had organised with the Ministers of the State Governments 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.

10. Panchayat being a State Subject, State Governments 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.

11. One may ask, what is new in this Roadmap? Frankly, this Roadmap is basically a coherent collection of the existing policies and programmes and some works-in-progress. Its value lies in logically delineating issues and specific action points within the larger governance framework. Some issues would, of course, require a national debate, viz amendment to the Constitution.

12. As expected, this Roadmap covers key aspects of accountability and efficiency, devolution of 3Fs, capacity building of the Panchayats and Functionaries, decentralised 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. It may, however, be remembered that any Roadmap is a dynamic document.

12th Plan and the Panchayats

13. Hopefully, the 12th Plan, which coincides with the time-line of this Roadmap (2011-17), would bring 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 April 24, 2010, made very encouraging observations on the role and enablement of the Panchayats. Some of these 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, the role of Panchayats in governance, planning, implementation etc. has to be institutionalised; (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 Panchayat as a block; (d) Panchayats should be provided more funds through BRGF based on decentralised 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. He also observed that 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

14. Finally, there is unanimity that Gram Sabha is the soul of 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 Swaraj' and 'Power to the People' are to be realised.

Acknowledgement

15. Many have contributed in refining the initial draft I had prepared: colleagues in this Ministry, sister Ministries, State Govt. NGOs, UN agencies and individuals. Jitender Kumar, Vandana Prakash and Nupur Tiwary need particular mention. Most of all, constant guidance and support of the-then Minister Dr. C.P. Joshi and the present Minister Shri Vilasrao Deshmukh, made it possible.

April 24, 2011

(A.N.P. Sinha)
Secretary,
Ministry of Panchayati Raj

Chapter 1

Status of the Panchayats and Approach to the Roadmap

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 the 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 decentralisation 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 presidentship 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 24th 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 28th session in December 1913 in Karachi, the Congress adopted a resolution regretting that decentralisation 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 democratisation 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. The 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 May 10, 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 November 25, 1948 including Village Panchayats in Part IV of the Constitution containing the 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 organised 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, the National Development Council (NDC) endorsed the basic principles of democratic decentralisation 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.

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.'

1.1.6 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 Ashok 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 Ashok 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 to spread their wings in various fields of activities encompassing rural life. Mandal Panchayats, in addition to the Village Panchayats, as envisaged in the Ashok Mehta Committee, exist only in Andhra Pradesh.

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 emphasised in his Address to the Nation in January 1985 and also included in the Revised 20-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 recognised.

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 October 13, 1989), the Bills failed to muster—by a handful of votes—the required constitutional majority in the Rajya Sabha. In September 1990, the 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 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 Parliament which effected some further changes while conforming considerably to the earlier 1989 initiative.

The Lok Sabha and the Rajya Sabha passed both the Bills on December 22 and 23,, 1992 respectively. By the time 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 (73rd Amendment) Act, 1992 on April 24,, 1993 and the Constitution (74th Amendment) Act, 1992 on June 1,, 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

Article 244 of the Constitution envisages three categories of Tribal Areas, namely:

- Areas notified as 'Scheduled Areas' in the specified States (Fifth Schedule).
- Areas listed as 'Tribal Areas' in the Sixth Schedule in NER.
- 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.

1.3.1 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. The Panchayats (Extension to the Scheduled Areas) Act (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 9 of this document discusses in detail Schedule V and PESA.

1.3.2 Local Self-Governance in the NE States
The legal framework of local self-governance (LSG) in NER broadly comprises three typologies:

- Sixth Schedule Frame (Meghalaya, parts of Assam, Mizoram and Tripura)
- State Legislation Frame (Nagaland, Hill Areas of Manipur and non-Council areas in Mizoram)
- 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' (Council, in brief) 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, are constitutionally virtually function as 'state within state'.

The traditional self-governing village institutions are strong throughout NER especially in tribal territories. But formal institutions such as Village Council or Gram Sabha under various State laws (including the Sixth Schedule) are rather weak. Accordingly, the traditional-formal impasse continues.

1.4 Current Status of the Panchayats

1.4.1 State of Panchayat 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

Constitutional Frame of Governance in NE

State	ADC/Other Area	Areas covered by		Areas Exempted from Part IX & IX A
		Part IX	Part IX A	
Arunachal	No ADCs	✓	✓	
Assam	3 ADCs			Sixth Schedule Area
Manipur	Other Areas	✓	✓	
	Hill Areas			Art 243M (2) (b)
	Valley	✓	✓	
Meghalaya	3 ADCs			Sixth Schedule Area
Mizoram	3 ADCs			
	Other Areas		x	Art 243M (2) (a)
Nagaland				Art 243M (2) (a)
Sikkim	No ADC	✓	✓	
Tripura	One ADC			Sixth Schedule Area
	General Areas	✓	✓	

reservation for women, Scheduled Castes (SCs) and Scheduled Tribes (STs) bringing almost 1.6 million representatives from these groups into elected positions in the Panchayats, making the Panchayats the nursery of future leadership. State Finance Commissions (SFCs) have been constituted and in many States, their recommendations have been acted upon. All the States (excluding Uttarakhand and Jharkhand) have constituted District Planning Committees and 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 their enablement for 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/improvements along the way.

The State of Panchayati Raj Report 2009-10 has been commissioned through a group of Consultants headed by NR Management. They are expected to submit the Report by June 2011.

1.4.2 Devolution and PEAIS/DI

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

The DI has been improved continuously over the years since the inception of the scheme in 2005-06. Since 2007-08, 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. The indicators for the DI aim at assessing the state of devolution in respect of the 3Fs. DIs developed for PEAIS so far do not specifically capture the degree of Panchayat accountability and performance.

In 2010-11, the DI was improved further as the extent of devolution of powers by the States to Panchayats was assessed along with cumulative performance. For the incremental performance, initiatives taken by the States after 1st April 2009 for strengthening Panchayats were assessed along three dimensions i.e. the extent to which the initiatives led to: (i) institutional strengthening, (ii) process improvement; and (iii) improved delivery of services. On the Incremental Devolution Index, Rajasthan, which has devolved the functions of primary health, education, agriculture, social justice and empowerment and women and child development, along with funds and functionaries was adjudged the best performer. Kerala, Maharashtra, Karnataka and Haryana were ranked after Rajasthan on the Incremental Devolution Index.

From 2011-12, it is proposed to also assess the performance of Panchayats. For this, State-specific indicators will be developed based on model indicators, questionnaire and marking scheme devised by MoPR.

1.5 Current Status of Panchayat Infrastructure and Management Skills

1.5.1 Manpower and Office Buildings
A large number of Gram Panchayats in the country do not have even full time Secretary. Around 25% of the Gram Panchayats do not have basic office buildings

1.5.2 Database
Database for Planning, Monitoring etc. are lacking in most of the cases.

1.5.3 Capacity of the Panchayat Functionaries
A large number of elected representatives of PRIs are semi-literate or literate and know little about their roles and responsibilities, programmes,

procedures and systems. Often for want of good, relevant and periodic training, they are not able to perform their functions properly. Trainings need to be more women-friendly in terms of venue, content, delivery, follow-up and gender sensitisation of men.

1.5.4 ICT
Although all the District and Intermediate Panchayats are connected with computers, only around 20% GPs are reported to be having computing facility. In some States, the GPs do not have any computing facility. Gujarat, Kerala, Tamil Nadu and West Bengal have done good work by providing computing facility to almost all the GPs.

1.6 Efforts of Government of India and the States in Strengthening Panchayati Raj

1.6.1 Round Tables and National Charter
The Ministry of Panchayati Raj (MoPR) organised a series of seven Round Tables of State Ministers of Panchayati Raj between July and December 2004 around the country for evolving a national consensus. (Full report available on website at www.panchayat.gov.in). The following significant decisions were taken:

- **Activity Mapping:** Activity Mapping will be completed by the States by April 1, 2005.
- **Decentralised Planning:** States would constitute DPCs in all districts by April 1, 2005. Spirit of Article 243G should be upheld in that the 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 nine 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 laws 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 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 DI 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, direction and conduct of elections to the Panchayats.

- **Audit:** The working of the Director of Local Fund Audit (DLFA) and other similar bodies would be upgraded, considering that Panchayats are institutions of local self-government. This would require greater coordination between the DLFA and other bodies viz. Comptroller and Auditor General (CAG). Panchayats would be associated with the preparation of simple and easily comprehensible audit and accounting standards and norms, emphasising fund management and tracking. This would go a long way in capping, reducing and greatly limiting opportunities for malfeasance and corruption.

- **Social Audit:** There was a need for giving greater emphasis upon undertaking social audit at the Gram Sabha level and to establish a symbiotic relationship between social and formal audit. Social audit policies would be prepared, based on best practices available in different States and considered for their adoption by the State Governments.

- **e-Governance:** Information Technology (IT)

needs to be primarily positioned as a decision-making support system for the Panchayats themselves—a tool for transparency, disclosure of information and social audit, a means 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 decentralised training and capacity building for all PRI functionaries with clarity in respect of timelines, resource inflows and objectives of the capacity building and training.

1.6.2 Role of MGNREGA, BRGF, Finance Commissions and Planning Commission in energising the Panchayats

(1) MGNREGA

Panchayats at district, intermediate and village levels are the principal authorities for planning and implementation of the Mahatma Gandhi National Rural Employment Guarantee Act (MGNREGA). It is notable that:

- At least 50% 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.

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

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

These features of MGNREGA 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 August 17 and 20, 2009 is also for all-round strengthening of PRIs for effective

implementation of MGNREGA (Available on website at www.panchayat.gov.in).

A cardinal principle of MGNREGA is participatory, bottom-up planning. Further, convergence guidelines issued by Department of Rural Development (DoRD), which seek to efficiently manage and conserve natural resources including soil and 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.

(2) BRGF

The Backward Regions Grant Fund (BRGF) launched in February, 2007 intends to address regional imbalances in 250 identified backward districts through:

- Decentralised, 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.
- Bridging the critical gaps in development that are not met through the existing schemes/resources.
- Building capacity of the Panchayats and functionaries.

The major achievement was preparation of decentralised plan by 246 of 250 districts and local bodies therein. It has met local-felt needs within the available amount, which are not met otherwise. The salient findings of World Bank Evaluation of BRGF (July-Dec 10) are:

- BRGF stimulated bottom-up planning.
- Discretionary Grants meet local needs.
- BRGF empowers local bodies, but its impact is dwarfed: Enhance BRGF Funding significantly.
- Local bodies/States reluctant to use 5% of BRGF funds for 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 the indicators of backwardness.

- Strengthen DPC Technical Secretariat.
- Adopt competitive mode for CBT.
- Incentivise performance.
- Create/Strengthen Project Management Units (PMUs) at National, State and District levels.

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

(3) State Finance Commissions

Own revenues of the local bodies being very small, they largely depend on the devolution of funds from the Central and the State Governments and the Finance Commissions. In fact, the SFCs recommendations could also play an important role in the award of the Central Finance Commission (CFC).

As such, the SFCs have to play a serious role in the scheme of fiscal decentralisation while arbitrating on the claims to the resources by the local bodies and the State Governments, and ensuring greater stability and predictability to the transfer mechanism. However, there has been a growing concern about the functioning and reports of the SFCs. Often the reports are analytically weak; the SFCs themselves are not staffed with adequate and knowledgeable professionals; they have inadequate data and norms for service delivery to work with and at the end of it all, their recommendations are ignored.

(4) Central Finance Commission

CFC has been devolving sizeable grants to the PRIs since the past two decades. The 10th CFC devolved Rs. 4384 crore to PRIs for the period 1996 to 2000. This amount increased to Rs. 8000 crore—an increase of 1.8 times—during 11th CFC's term of 2000-2005. This further increased 2.5 times during the 12th CFC (2005-10) to Rs. 20,000 crore.

In a radical departure from the past, the 13th CFC has linked devolution of funds to the PRIs 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 crore on the PRIs over the period of 2010-15. As compared to the 12th CFC grants, this is an increase of almost 220%, and is likely to be higher given the revenue buoyancy.

(5) Planning Commission

The XI Plan document and its Mid-Term Appraisal has placed great emphasis on capacity building and enabling Panchayats for effective delivery of policy and programmes, which presently are managed within silos. **However, this is yet to be put in practice.**

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

1.7 Why are the Panchayats not delivering in many States?

Some reasons for their uninspiring performance are:

Lack of adequate devolution: Many States have not taken adequate steps to devolve 3Fs to the PRIs to enable them to discharge their constitutionally stipulated functions. Further, it is imperative that the PRIs have resources to match the responsibilities entrusted to them. While SFCs have submitted their recommendations, not many States have implemented these or taken steps to ensure the PRI's fiscal viability.

Excessive control by bureaucracy: In some States, the GPs have been placed in a position of subordination: GP 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 representative.

Tied nature of funds: This has two implications. The activities stated under a certain scheme are not always appropriate for all parts of the district

GP. This results in unsuitable activities being promoted or an under-spend of the funds.

Overwhelming dependency on government funding: Statistics show the overwhelming dependence of Panchayats on government funding. When Panchayats do not raise own resources and instead receive funds from outside, people are less likely to request a social audit and the Panchayats less accountable.

Reluctance to use fiscal powers: is the Panchayats have 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 and collect taxes. The argument pushed by Panchayat heads is that it is difficult to levy tax on your own constituency, especially when you live in the community.

Non-harmonisation: There is lack of harmony of State Acts and Rules, central legislations and programmes with the 73rd Amendment.

Status of the GS: Empowerment of GSs can be a powerful weapon for transparency, accountability, inclusive growth and social audit. This can be and is being done in two ways. In the guidelines of different Ministries for Central Schemes, specific functions for GS are being proposed by MoPR. Some States have also provided for specific functions of the GS and Ward Sabha under their Panchayat Laws. The Ministry will take up with the other States, which have not made such provisions, to include the same in the Panchayat Laws.

1.8 Approach to the Roadmap

Fifty years of Panchayati Raj were celebrated on October 2, 2009. It is certainly an occasion for introspection and revisiting the Constitution, laws, policies, programmes etc. if:

- PRIs are to become institutions of local government.
- Benefits of ever-increasing public spending, through plethora of vertical structures and schemes, are to reach people in a good measure.

🌾 Attendance and performance of grassroots functionaries are to improve.

Though the idea of self-governance has got legitimacy through the constitutional and legal framework, in actual practice, progress on the ground is not very inspiring. We have miles to go before realising this constitutional vision. The States need to take bold steps and the Government of India (GoI) needs to provide necessary support.

Recommendations of the Round Table of State Ministers of Panchayati Raj, 2nd Administrative Reforms Commission (ARC) and Inter State Council are the primary sources for formulating the Roadmap. Recommendations of the 2nd ARC in its Sixth Report on "Local Governance – An Inspiring Journey into the Future" particularly 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 decentralisation and financial information system; participatory and integrated planning based on good database and requisite expertise; building organisational capacity of PRIs; building capacity of elected representatives/officials; and strengthening accountability of PRIs.

While GoI along with the State Governments has been working on these issues, there is a need for further strengthening the efforts particularly at the operational level.

Chapter 2

Accountable and Efficient Functioning of the Panchayats

2.1 Participation at Village Level: Gram Sabha and Ward Sabha

Article 243A gives constitutional recognition to the GS as 'a body consisting of persons registered in the electoral rolls relating to a village comprised within the area of the Panchayat at the village level.' The Constitution further stipulates that a GS may exercise such powers and perform such functions at the village level as the legislature of a State may, by law, provide. GS is the key to self-governance and to transparent and accountable functioning of the GP. The GS is the only forum that can ensure direct, participative democracy. It offers equal opportunity to all citizens of a village or cluster of villages to discuss and criticise, approve or reject proposals of the Panchayat executive and also to assess its performance. It is the platform for effective social audit, which lies at the core of ensuring transparency and accountability in the functioning of the system.

To this end, there is a need to accord clearly enunciated statutory powers and authority to the GS. The first Round Table of State Panchayati Raj Ministers at Kolkata on 24-25 July, 2004 recommended that the GSs should in fact be given power and functions in accordance with Article 243A of the Constitution to enable them to make the elected Panchayats answerable to the people.

2.1.1 Present Functioning of the GS

It is generally seen that meetings of the GSs are not held regularly and are marked by thin attendance, particularly of women and marginalised groups. There is little discussion on the proposals put forward for approval by the Panchayat. Issues of common interest and of the marginalised sections are often not discussed. People do not perceive GS as an empowered body that will effectively resolve issues placed before it in an inclusive manner. Another reason why GSs are seen as ineffective is the dysfunctional relationship between Panchayats and GSs.

The general perception is that the task before the GS is approval of the lists of beneficiaries, approval for issuance of utilisation certificates and passing of the annual accounts. Panchayat heads bring their own supporters and potential beneficiaries to attend the meetings so that while the quorum is completed, most of the other electors keep away. Hence, a sense of cynicism has developed about the efficacy of GS meetings. In fact, the ineffectual nature of GSs in affected areas is stated to be one of the primary causes behind the rise of Left Wing Extremism in the Scheduled Areas and their vicinity.

For the rural local governance to be effective, energising GSs is the real challenge. There is need to evolve mechanisms for regular and meaningful meeting of the GS, active participation of its members and monitoring of its functioning. Good practices that provide people's assemblies below the GS such as Ward Sabha, Mahila Sabha and Bal Sabha should be promoted. Since the area and population of a Ward Sabha is smaller and commonality of interest greater, people would discuss with close involvement matters that they wish taken up through the Ward Member to the GP and evolve a consensus.

2.1.2 GS and Social Audit

Social audit is a close corollary of energetic GS functioning. It would inculcate respect for downward accountability amongst elected

representatives and government officials. If GS keeps a close vigil on implementation and leakages, inefficiencies can be virtually eliminated. GS can monitor and discuss attendance of government functionaries, functioning of schools, dispensaries, anganwadi centres, ration shops and other local institutions. GS can discuss reports of the Standing Committees of the GP. GS can also go through the list of beneficiaries under schemes such as Indira Awaas Yojana (IAY), Antyodaya Anna Yojana (AAY) and National Old Age Pension Scheme.

GS can be an effective forum for familiarising the electors with the provisions of Right to Information (RTI) for eliciting information that they are unable to obtain in the normal course.

2.1.3 Energising the GS

The scope of deliberations in the GS meetings can be enhanced to make these more interesting and meaningful, such as:

- GS can be an effective forum for information sharing on programmes, schemes, good practices and matters of common interest for which assistance from the State and Centre is available through different policies and programmes.
- GS can discuss issues such as: (i) quality of life and Millennium Development Goals; (ii) social security, gender justice, female foeticides, substance abuse (alcohol, tobacco and drugs), hygiene and nutrition; (iii) sustainable development, diversification of agriculture, better cropping practices, opportunities for improving incomes, drought/flood management, soil and water conservation; and (iv) infrastructure development, etc.
- GS should fully participate in planning, implementation and performance review of various schemes viz. BRGF, MGNREGA, NRHM, SSA, ICDS, IWMP, RKVY etc. In preparing plan and shelf of projects, realistic assessment of resources should be made. All State Departments should clearly articulate the role of GS in their Policy/Programme/Scheme.

The role and responsibilities of Sarpanch, Panch and Secretary should be clearly defined.

Sarpanch and Panch should represent the voice of people and not be rendered as mere functionaries of the administration. Secretary, while being accountable to the GS through GP, should be duly protected from the local pressures.

Voluntary disclosure by the Gram Panchayat before the Gram Sabha on activities mentioned above at (i) to (iii) will achieve the twin objectives of (i) empowering the Gram Sabha and (ii) transparency with more efficient delivery of services. The Ministry of Rural Development has issued instructions for voluntary disclosure under MGNREGS before Gram Sabha. Under various schemes, which affect the people and require people's participation, MoPR has been taking up with other Ministries to give specific functions and roles to the Gram Sabha. The Ministry has also been advocating that selection of beneficiaries is best done at Ward Sabha level, particularly, for larger Panchayats.

However, the Gram Sabha is primarily exposed to programs implemented through Blocks. In order to increase the quality of life, it is essential that people should participate in other areas of service delivery like agriculture and allied sectors, education, health, drinking water, sanitation and artisan sectors. In disturbed areas with special problems like trafficking of women and children, forced indentured labour, starvation and other distress conditions and chronic natural disasters, Gram Sabha should have special roles.

There is one weakness of Gram Sabha, apparent even in the functioning for limited number of programmes, and which require their approval under the guidelines. The attendance is thin and, sometimes, signatures are collected from individual members. One solution to this problem is that the expenditure of conducting a Gram Sabha or Ward Sabha meeting should be provided by the scheme. If this is done, then the Gram Sabha will not be a marshalled body under the control of an executant. The guidelines for providing funds for Capacity Building also need to be expanded so that the expenditure incurred on a Gram Sabha meeting is admissible under it.

2.1.4 Duty of GPs and Government Officials towards GS

It is the bounden duty of the GPs and government officials to ensure that the GSs function properly through close monitoring and mentoring of their meetings and the GSs are able to function as the core of the local governance. It is also important to ensure that the physical location of the GS and sitting arrangements infuse a sense of confidence in women and people of marginalised communities to openly participate in discussions.

2.2 Standing Committees

A number of subjects have been devolved on the Panchayats by the State and Central Schemes. All these subjects cannot be discussed in the meeting of the Village Panchayat or the GS. Attention of the GS is often attracted to the most pressing challenges and issues at the time of the meeting. Many states, therefore, have formed subject-wise Standing Committees of the Panchayats to give a focused attention to various subjects. Thus, its Standing Committees on Agriculture, Health, Education and Water Supply and Sanitation are able to look after these particular subjects. The Standing Committee will formulate its own plan keeping the broad policy of the State and the local needs in mind. At present, the functioning of the Standing Committees is generally weak. Capacity development and training programmes must be designed to inform elected representatives, specially women, on statutory aspects of Standing Committees to empower them for effective participation. Additionally, the attitude of the official members for their better participation in functioning of the Standing Committees is also required. A Standing Committee on women-related issues like domestic violence, safety, security and basic needs is required.

Mere instructions by the State Government to functionaries of the above departments particularly agriculture and allied activities, for some of which GP level officials may not be in position, may not be adequate. Often in many of these Departments, officials at the grassroots level do not get TA or DA for the tours. Since, it is in the interest of the Gram Panchayat to ensure the attendance of the officials, the Gram Panchayat funds should be available for meeting these small expenses which will go a large distance in ensuring their attendance and participation.

2.3 Transparency and Accountability

Improving transparency and accountability in the functioning of Panchayats is very important for enhancing their credibility. The following steps are proposed:
- Sensitisation of GPs to RTI
- Benchmarking of service levels for assessing performance
- Recommending community monitoring tools like citizen's charter, report cards such as PAHELI (People's Assessment of Health and Livelihoods) for assessing service delivery.
- Documentation of social audit best practices, alternative ways to provide social audit, and additional support to social auditing.

Steps are needed for improving access to information to the people. One immediate measure can be to make some disclosure voluntarily. GP could be required to publish by writing permanently on suitable walls or permanent display board in its office or in other public places:
- Roles and responsibilities of the Panchayat, and elected and official functionaries
- Receipt and expenditure
- List of beneficiaries for programmes
- List of areas approved
- List of the rights under various Acts like MGNREGA, RTE, RTI, Citizen's Charter etc.
- Progress of important programmes like MGNREGA every month
- Availability of services like dispensary-hours etc.

This should be in addition to building capacities and sensitivity of the Panchayats in supplying information to the people as per their need.

2.4 Democratic Functioning of the Panchayats

Panchayats need to function democratically by following a consultative and inclusive decision-

making process and not at the discretion of the heads of the bodies at all three levels..

2.5 Organising the Poor for their Participation through Self-Help Groups

Self-Help Groups (SHGs) have become powerful community organisations in some states with visibly effective social capital. The SHG system has also resulted in improvement of the financial situation of ordinary people, especially women, mainly through thrift and credit operations, thus providing security against vulnerability.

Because of the community-based and democratic functioning of SHGs and perceived efficiency, they have been used as extension mechanism as well as instruments in the delivery of services and implementation of projects. This is often done at the expense of the legitimate authority of PRIs, because officials are comfortable in dealing with interest groups. This tendency has aggravated as officials find dealing with political bodies like Local Governments quite messy and uncomfortable.

This dichotomy is being resolved in Kerala through the association of Kudumbashree (Federation of the SHGs) with the Panchayats and also in West Bengal by involving the SHGs in Panchayats. Their achieving minimum level of income will be crucial for being able to participate freely, which is essential for expansion of democracy.

Another problem with SHG is that a typical Gram Panchayat would have several of them sometimes running into a hundred of SHGs. Often these SHGs have separate economic interests, which may or may not be convergent. There is however no point in wishing away the importance of Self Help Groups and, particularly, their federations. The ground level political reality will have to determine the relationship between SHGs and PRIs.

2.6 Women and Panchayats

The President of India in her address to the Parliament on 4.6.09 had mentioned the intent to provide 50% reservation for women in Panchayats as women suffer multiple deprivations of class, caste and gender. Enhancing reservation in Panchayats will lead to more women entering the public sphere.

Accordingly, a Bill to amend Article 243D to provide 50% reservation for women in seats and also offices of Chairpersons in all three tiers of Panchayats was introduced in the Lok Sabha on 26.11.2009. Presently, out of approx 28.18 lakh elected representatives of Panchayats, 36.87% (around 10 lakh) are women. With the proposed Constitutional Amendment, the number of elected women representatives (EWRs) is expected to rise to more than 14 lakh.

A number of steps are necessary for empowerment of women, such as:

- A provision of women component plans in PRI budgets.
- Linkages with SHGs in all levels of PRIs.
- Adequate training and capacity building of EWR.
- Leadership training programmes for EWRs
- Training of other functionaries on gender issues
- Peer-to-peer and horizontal learning from success stories
- Sharing good practices and exposure visits
- Political parties must put up women candidates.
- Women candidates be given opportunity to serve a full term.
- Mahila Sabhas be encouraged to facilitate women's concerns and be raised on priority basis in meetings of Gram/Ward Sabhas.
- Separate quorum for women's participation in Gram/Ward Sabhas.

MoPR will take up with the States for inclusion of provisions under the Panchayat laws for recognition of Mahila Sabha and separate quorum for women participation in Gram/Ward Sabhas.

2.7 Role of the Non-Office Bearers

Non-office bearers can become a champion of their constituency defending public interest

in the Panchayat body and channel the grievances, needs and aspirations of their electorate into the scrutiny process without jeopardising the process of the Panchayat. The role of non-office bearer would be to represent their constituents, participate in the policy and budget decisions of the general body, suggest policy improvements, and scrutinise the executive's policy proposals and their implementation.

There is a need to take steps to clarify their roles as well as arrange for their capacity building.

2.8 Role of Political Parties

There is need for consensus building on strategic issues of development among all the political parties. In many States, the opposition parties are also represented on the Panchayat committees. One very important aspect of involvement of the political parties in opposition is to work as the watchdogs for monitoring activities of the majority.

Legal provisions create only the framework; and effective participation of all stakeholders will require appropriate political will and democratic spirit from all the members. Moreover, it is the duty of the majority to create conditions for participation of all (including the opposition parties) with freedom, mutual respect and dignity.

There has been a debate whether elections at the Gram Panchayat level should be based on political parties with party symbols. This is happening in practice in many places. A view has been that multi-partisanship in a small body like Gram Panchayat will make it divided, fractious and weak and therefore, inefficient. Another view is that it is a part of the democratic process and natural. States need to take a conscious view in the matter.

2.9 Vigilance, Redressal of Grievances and Ombudsman

In order that the Panchayats become true institutions of the people, there should be a strong mechanism for redressal of grievances against malfunctioning of those bodies. There will be two types of arrangement for that purpose. The first type can comprise a system for recording of grievances in each Panchayat body along with a system for monitoring of grievance redressal. The second type will be redressal of grievances through an Ombudsman as provided in the Model Panchayat Legislation. (See website www. panchayat.gov.in). Both these institutions are needed for proper vigilance over PRIs.

In some states, the higher level of PRIs has been empowered to go through records and physically inspect schemes being taken up by any tier of the PRI.

Panchayats, however, also have a role to play in addressing day-to-day challenges pertaining to matters with the next level of Panchayats or with administration.

2.10 Federation of Panchayats

2.10.1 India is the largest democracy in the world and, ironically, does not have a federation of PRIs. The federations promoted by NGOs are not elected through a democratic process and therefore lack a legal entity. Some of the bye-laws of these federations also gives prominence to NGOs over the PRI's elected representatives, which is contrary to the spirit of the Decentralised Governance. Therefore, the federation under the process of constitution should be on an elected basis.

2.10.2 At the Block level, the general body may consist of all the heads of Gram Panchayats, one of the elected members of the Panchayat Samitis and one Ward Member elected from each Gram Panchayat. They may elect one Sarpanch, one ward member, one Panchayat Samiti member and of course the Chairman. The District level General Body may consist of the above elected members and all the elected members of the Zilla Parishad. They will elect one Ward member, one Sarpanch, one Panchayat Samiti Member, one Chairman of Panchayat Samiti, one Zilla Parishad member and of course the Chairman of the Zilla Parishad. This unit of

six members from each district, two from each tier will constitute the General Body for the State.

2.10.3 The election, except at the State level, may be conducted in the normal meetings of the PRI and so will not involve any other expenditure. At the same time, the election through the minutes of the PRIs would provide the federations a legal status under common law. The General Body of the State may elect one to three units of representatives depending on population, which will constitute the National Federation. The Chairperson of the National Federation may be elected for one year though the General Body will remain valid for five years. Any member who loses his position in the original PRIs to which he/she had been elected would lose his/her membership in the Federation.

2.10.4 The general bodies of the federations/associations at various levels should have one-third representation of women. A sub-group of EWRs could be constituted to address their special needs.

2.10.5 The principle which has been incorporated in this procedure is to re-enforce the independence of the three tiers of Panchayats under the Constitution. Such a Federation will have legitimacy and will be in a position to effectively claim its rightful place in decentralised governance.

2.10.6 Every Federation should have its own fund, into which may flow contributions from the Panchayats, State and Central Governments, the public, non-governmental organisation (NGOs), banks and funding sources. The federations and associations may sustain and promote their networking activities through the internet, video conferencing and regular broadcasts over television and community radio on Panchayat programmes.

2.11 Panchayat and the Civil Society

All possible steps need to be taken for creation of an ambience so that the PRIs and civil society mutually reinforce each other in better understanding of the issues and in strengthening the processes for good governance. The interface between civil society and PRIs, nevertheless, needs to be watched with care. Too much emphasis on the NGOs may weaken the Panchayats without producing a better alternative.

Panchayats have been traditionally doing works, which are assigned to Block and therefore have been associated as a limited platform for schemes implemented through the Blocks. As has been discussed above, this is contrary to its function and role as a common platform for all issues of Governance which affect the people and which require people's decision. The expansion of PRI's functions should be enabled through amendments of guidelines of Central Schemes and amendment of State laws to specify functions and roles relating to Panchayats and for insistence on voluntary disclosure under the guidelines of schemes. The GS meetings should be formally funded under the schemes and the grants given to the Panchayats like Finance Commission grants.

2.12 Action Points

- Define powers of the Gram Sabha in the Constitution and State legislation along the lines of PESA. (GoI and States)
- Provide for Ward/Mahila Sabhas with specific functions. (GoI and States)
- Ensure effective functioning of the Gram Sabhas: Regular and purposeful meetings, participation of the marginalised groups, attendance of official functionaries, preparation of minutes of the meetings and follow-up etc. (States and Panchayats)
- Strengthen social audit and give proactive information to the Gram Sabha. (States)
- Promote democratic functioning of the GPs (not dominated by Sarpanch) and activate Standing Committees.
- Grade performance of the Panchayats and provide incentives/disincentives based on such a gradation. (GoI and States)
- Establish Ombudsman to guard against mal-administration and malfeasance of the Panchayat functionaries. (GoI and States)
- Provide essential office space, manpower and infrastructure to the Panchayats. (States)
- Build robust but simple systems, processes and procedures for accountability and efficiency of the Panchayats. (GoI and States).
- Launch Green Kerala Express type reality show on the Panchayats.

Chapter 3
Functions of the Panchayats

3.1 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 a common platform for planning, implementation and monitoring of all line department functions and programmes.

- Governance and Regulatory
- Agency Functions
- Civic Services
- Economic Development
- Social Justice

- Environment and Natural Resource Management

3.2 Constitution and the Functions of the Panchayats

Article 243G, read with the Eleventh Schedule, stipulates that State Legislative 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 and implementation of plans 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.

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

3.3 Devolution and Activity Mapping

3.3.1 Devolution by the States

Devolution of 3Fs by the States is highly uneven across States. While across the key sectors, the State Panchayat laws mandate a role for the Panchayats, in most cases, the law is ambiguous enough to allow for both decentralised and centralised modes of programme or service delivery to co-exist. In some cases, where the states have clearly devolved such responsibilities to the Panchayats, these are either still largely being provided in a top-down manner through the state civil service machinery or the ability of 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.

3.3.2 Need for Activity Mapping

Clarity on the role and responsibilities of the Panchayats of different tiers is provided by the Activity Mapping which, thus, becomes an important step in the devolution of functions to the Panchayats.

Further, 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 one time exercise and has to be done continuously while working out locally relevant socio-economic programmes, restructuring organisations 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 Decentralisation and Citizen-Centricity.

3.3.3 Steps in Activity Mapping

The first step towards activity mapping is the unbundling of each Sector into services, activities and sub-activities to a level of disaggregation that is consistent with the devolution. For example:

- Rural Education, Health, Drinking Water and Sanitation are Sectors.
- Education would include services such as Primary, Secondary and Tertiary Education and Vocational Training.
- Services can be further unbundled into activities. For example: Basic education could be unbundled into activities such as:
  - Identifying and recruiting persons with appropriate teaching skills.
  - Monitoring teacher attendance.
  - Procuring and maintaining an inventory of educational materials and equipment.
  - Setting up school buildings with adequate drinking water and sanitation facilities.
  - Repairing and maintaining existing schools.
  - Ensuring an even spread of teachers, wherever necessary.

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 and population), devolution of functions, relationship between the three tiers, capacity of PRIs, terrain, climate etc.

Along with the activities to be devolved, relevant institutions would have to be transferred to the Panchayats for maintenance and upkeep.

Finally, the Activity Map will need to be issued in the form of a detailed Government Order (GO).

3.3.4 Clear 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.

Moreover, the devolution should not be limited to the planning and promotional responsibilities but also the implementation (but not as a contractor).

Furthermore, matching devolution of funds and functionaries is also required for PRIs to perform their assigned functions effectively.

3.4 Role of CSSs and Additional Central Assistance (ACA) in devolution of 3Fs upon the PRIs

3.4.1 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 ACA. 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. MGNREGA is one such good example.

3.4.2 MoPR has vide its letter dt. 19.1.09 on the delineation of role and responsibilities of the PRIs in CSS and ACA, elucidated:
- Constitutional provision relating to the responsibilities of the PRIs in the planning and implementation of schemes
- Critical role of the CSSs or ACA in devolution

of 3Fs upon the PRIs (including an indicative activity matrix)
- Comparative advantages of PRIs over departmental structures in the planning, implementation and monitoring of schemes
- PRIs and 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 PRIs and their Committees.

3.4.3 Any direct and upfront involvement of PRIs in the planning and implementation of CSSs/ACA—that is otherwise done through departmental structures—does impact outcomes positively by making interventions more appropriate, location responsive and user-friendly. The scheme guidelines, therefore, need to be modified to:
- Provide centrality to PRIs (which would also enhance the coverage and outreach).
- Specify roles and functions of different levels of Government, including the three tiers of the PRIs, through detailed activity mapping.

3.4.4 More specifically, the scheme guidelines must pay attention to the following aspects:
- Annual action plan of the scheme should flow out from the participatory and holistic decentralised 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 central schemes.
- Fund Transfers: Specific mode and timeline by which funds are transferred must be specified as also the entities that handle funds and the system of utilisation report. Seamless and time bound flow of funds to the expenditure levels or just-in-time delivery of funds would both require IT for electronic tagging and for tracking of funds.

- Specific measures to build competencies at the appropriate level with training programmes, modalities of training, basic core content and pedagogy, **Frequently Asked Questions** (FAQs), self-learning tools, Information, Education and Communication (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.
- The guidelines must also specify how the data on planning and implementation of the scheme will be placed in the public domain through suo moto disclosures, its process and periodicity.
- Details are required of the annual audits and evaluation mechanisms prescribed.
- 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 as has been done in the case of Rural Sanitation Programme (Nirmal Gram Puraskar).

3.4.5 Each CSS entrusted to the Panchayats for planning and implementation should earmark separate allocations to meet the costs of administration on the pattern of the 6% earmarked for this purpose under MGNREGA. It should be permitted to use an earmarked part of such allocations for training, manpower, Management Information System (MIS) and evaluation.

3.4.6 Proliferation of CSSs/ACA has implications for convergent planning and implementation for better outcomes and therefore, a conscious policy in this regard is urgently required. More so, silo and top down approach of these CSSs/ACA has the problem of not reflecting people's needs and aspirations. Much larger untied funds to the PRIs has several advantages. Therefore, National Rural Health Mission (NRHM) framework, for example, provides central role to the Panchayats, though it has not been acted upon.

3.4.7 Management Development Index
Under the National Rural Drinking Water

Programme (NRDWP), States are incentivised 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, the Department of Drinking Water and Sanitation (DDWS) proposes to devolve funds based on a Management Devolution Index which will measure the extent of devolution with regard to rural water supply to PRIs in each State through an independent agency. It is suggested that similar incentive funds may be introduced in other CSS to incentivise States to devolve 3Fs in each of the 29 subjects listed in the Eleventh Schedule.

3.5 Parallel Bodies and the Functioning of PRIs

Often, Parallel Bodies (PBs) are created for supposedly speedy implementation and greater accountability. However, there is little evidence to show that such PBs have avoided the evils including that of partisan politics, sharing of spoils, corruption and elite capture. 'Missions' (in particular) often bypassing mainstream programmes, create disconnect, duality and alienation between the existing and the new structures and functions. In addition, there are issues of continuity beyond the life of CSSs or ACA, subsequent operation and maintenance, and continued accountability. PBs usurp the legitimate space of PRIs and demoralise the PRIs by virtue of their superior resource endowments, though such resources are available only during the lifetime of schemes. Arguments such as protection of funds from diversion have now weakened since advances in core banking systems, treasury computerisation 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 PBs to manually transfer funds and collect, pool and analyse data on expenditures.

Ministries should, therefore, rapidly phase out such PBs from their schemes. If necessary, the technical and professional components of these PBs could be retained as Cells or Units within

the PRIs for carrying out their technical and professional functions.

3.6 Gender issues

50% reservation for women in the Panchayats (in fact more than 50% actual representation in many States) has far-reaching implications for the PRIs functioning as a platform for all women and child policies/programmes.

3.7 Attendance and Performance of Local Functionaries

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

3.8 Action Points

- Emphasise governance, regulatory and convergence function of the Panchayats.
- Devolve functions as per Activity Mapping. To begin with, 3Fs relating to at least Primary Education, Primary Health, Women and Child (including ICDS), Social Justice, Drinking Water and Sanitation, Civic Services, Agri Extenstion, 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. (States)
- 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.

Chapter 4

Functionaries of the Panchayats

4.1 First Round Table Resolutions on Manpower for the PRIs

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

- Devolution of functionaries to the PRIs should be patterned on the mapping of activities related to the devolved functions.
- Staff provided on deputation to assist the PRIs for devolved activities must be under the disciplinary supervision and control of the elected authority.
- States or UTs may consider instituting a Panchayati Raj Administrative and Technical Service.
- Progressive merger of the District Rural Development Agencies (DRDAs) with the District Panchayats should be done to ensure availability of the technical expertise and other facilities of the DRDAs to all tiers of the PRIs under the overall responsibility and disciplinary control of the elected authority.

4.2 2nd ARC and Manpower for the PRIs

The 2nd 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.

4.3 Manpower for the PRIs

4.3.1 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 timeline were suggested:

(a) Gram Panchayat Cadre

GP should normally have four categories of staff:

- Core staff for its internal processes: PDO/Secretary, Accountant, Technical Assistant and Computer Operator
- Scheme Specific Staff: for example, Rozgar Sahayak for MGNREGA
- Functional Staff: such as Teachers, ASHA, Anganwadi workers
- Contractual skilled workers: such as Pump Operator, Motor Mechanic, Hand Pump Mechanic, Electrician, Sanitary workers

(b) District Panchayat Cadre

- District Panchayat Cadre (DP Cadre) could comprise of officials who have jurisdiction over areas larger than a GP.
- The DP cadre could be constituted by a judicious mix of direct recruitments and promotion from GP cadre.
- Employees of DP cadre would supervise the work of the functionaries at the GP level. Examples of this would be: Extension Officers, Junior Engineers etc. Some employees listed above for GP cadre could also fall in this cadre.

(c) State Cadre

- GP cadre could serve as a feeding cadre to DP cadre.
- Class I and II could be State cadre for which DP could be the feeding cadre.

(d) The possible promotional channel could be illustrated as follows:

- Panchayat Secretary (GP Cadre)/Village Development Officer (DP Cadre)/Extension Officer (Panchayat) (DP Cadre)/BDO (State

Cadre) – Further promotions as per State policy.

- Anganwadi Worker (GP Cadre)/Mukhya Sevika (DP Cadre)/ACDPO (DP Cadre) CDPO (State Cadre)/State Directorate/Commissionerate.
- Agriculture Asstt. (GP Cadre)/Extension Officer (Agr.) (DP Cadre)
- Agriculture Officer (DP Cadre)/State Cadre

4.3.2 It is well recognised that the size of 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.

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

- Class-I and II officers are State Cadres and are posted from line departments to Zilla Parishads on deputation.
- However, Class-III and Class-IV employees are Parishad employees and not State Govt. employees.
- There are separate service rules for each of these categories.
- In the State Govt. cadre (Class-II), certain percentages of vacancies are always filled through promotion from the District cadre.

4.3.4 Resources for deploying core staff of Panchayats could be found out of the State resources, BRGF, MGNREGA, Finance Commission Awards etc. as per a well considered phasing. Other staff could be financed under the existing Plan/non-Plan arrangements.

4.4 Panchayat Manpower for Supporting MGNREGS

Since MGNREGA mandates the Panchayats as the principal planning and implementation agency, one Panchayat Development Officer and one Technical Assistant should be provided to each GP or a cluster of GPs with 5000 population using MGNREGS funds.

4.5 Cadre Management

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 would support the States in engaging reputed consultancy organisations to commission studies to:

- Compile information of all cadres, their strengths, vacant positions, anticipated future vacancies with timelines, Recruitment Rules etc.
- Make recommendations on rationalisation/convergence of various cadres.
- Suggest changes required in Administrative Orders and rules etc. for implementing the accepted recommendations.
- Suggest other implementable measures that would result in transition to the desired state along with timelines.
- 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.
- Make appropriate recommendations for performance measurement at each of the levels in GP and DP cadres.

4.6 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.
- Rationalise/Converge various cadres into appropriate Panchayat Cadres and make corresponding changes in the Administrative Orders and rules etc.
- Give job description for each post and identify skill development matrices for each, for training of the personnel.

Chapter 5

Panchayat Finances and Accounting

5.1 Resources of the Panchayats

5.1.1 Over the last decade, the own sources of revenue of PRIs have been less than 10% of their expenditure. In contrast, more than 90% of their expenditure has been financed through CSS, ACA or other government grants, the major recipient of this source being the GPs.

5.1.2 Data from the Thirteenth Finance Commission shows that Panchayat's own sources of revenue are very meager. Five out of 28 states reported 'nil' as own sources of revenue of the Panchayats. Only in the three states—Goa, Kerala and Haryana—did the Panchayats report more than Rs. 100 per capita coming out of their own revenue-sources. In contrast, per capita expenditure through GPs was more than Rs. 500/- per capita in three states of Chhattisgarh, Goa and Kerala.

5.2 Constitutional Provisions on Panchayat Finances

5.2.1 The taxation power of the Panchayats essentially flow from Article 243 (H), which reads that "the Legislature of a State may, by law:

- Authorise 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.
- 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."

5.2.2 Article 243 (I) of the Constitution mandates setting up of 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.
- Measures needed to improve the financial position of the Panchayats.

5.3 2nd ARC and Panchayat Finances

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

- Panchayats are heavily dependent on grants from Union and State Governments.
- A major portion of grant from the Centre and States is scheme specific. Panchayats have 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.
- 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.
- Overall, a situation has been created where Panchayats have responsibility but grossly inadequate resources.

5.4 Sources of Panchayat Funds

5.4.1 Need for fiscal decentralisation and raising own resources

There is an imperative need for an effective fiscal decentralisation so as to ensure that the finances available with the Panchayats match the transferred functions based on activity mapping for the devolution of 3Fs.

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 and accountability of Panchayats.

Moreover, fiscal decentralisation needs to be viewed as a comprehensive system beginning with the assignment of expenditure and revenue responsibility.

The Twelfth Finance Commission, on the basis of some studies, has 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 Thirteenth Finance Commission has also reiterated the need for local bodies to raise their own tax and non tax-revenues, particularly by exploiting sources like property tax, profession tax, recovery of maintenance costs at least for water supply, sewage disposal and solid waste management, levy of service charges on Government properties, incentivisation of local bodies for revenue collection etc.

5.4.2 SFCs

Processes of fiscal devolution from states to the Panchayats are taking place through SFCs. The States have the basic responsibility of enhancing the credibility and acceptability of the SFCs. The SFCs, therefore, need to be strengthened and their work and reports streamlined in many ways including some standardisation in

their methods and approaches as advised in our 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-eighths 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.

SFCs should work out standard methodology for normative assessment of the revenue receipts and expenditure of the local bodies. This should include the requirements of expenditure on maintenance of assets and staff, and discharge of statutory civic functions. On the receipt side, the assessment should include potential and actual collection of property taxes, occupation/professional taxes, rents and user charges etc. Based on such assessment, the SFC should make recommendation for transfer of resources from State Government to the local bodies. The CFC should, in turn, make its recommendations in relation to Local Bodies based on the SFC's reports. This would avoid the need for the CFCs taking recourse to ad hoc principles for fiscal transfers in relation to the local bodies.

5.4.3 CFC Devolutions

The 13th FC has, in a radical departure from the past, devolved to the local bodies a share of divisible tax pool instead of fixed grants. The Commission has also allotted a performance grant subject to the fulfillment of stipulated conditions, which are expected to bring about considerable improvement in the working of the Panchayats. The 13th CFC has devolved Rs. 63,150 crore on the PRIs over the period 2010-15. As compared to the 12th FC grants, this is an increase of almost 220% and is likely to be higher given the revenue buoyancy.

5.4.4 Devolution of funds to PRIs to be generally untied

Most of the Panchayat funds are the funds being transferred under a number of budget heads; often, in packets of small allotments against a

plethora of agency functions vis-à-vis Central and State schemes.

Except for the CSSs and ACA Schemes, serving national priorities/objectives as also the purpose-specific programmes of the States, all allocations to the PRIs should be untied. This will allow the PRIs to have the flexibility to plan and implement their programmes in accordance with the local priorities. The scheme guidelines should contain only a brief description of the objectives and expected outcomes. Furthermore, centrality of PRIs in implementation of these schemes must be guarded. BRGF in one such good example.

5.4.5 Incentive for raising own revenues
Providing incentive is an effective tool for motivating individuals and institutions for better performance. Accordingly, PRIs showing higher revenue collection—including adopting innovative steps—should be suitably rewarded, viz. by linking some part of the award of the Finance Commissions to the revenue generation efforts.

The existing PEAIS could be modified for greater weightage to the revenue efforts. States should also devise their own incentive and/or award mechanisms.

5.4.6 Institutional credit and market borrowing
Some GPs in Kerala have accessed bank credit for public-private partnership (PPP) projects such as shopping complexes and bus stands. Similarly, institutional credit would also be available to other states for strengthening of Panchayats. Institutional credit would generally be available to solvent Panchayats for good projects. However, no Panchayat seems to have obtained an institutional credit rating as yet.

Strong PRIs need to be encouraged within the State Government guidelines to borrow from the market on the strength of their credit viability for infrastructure and income generating projects. Once these projects start showing positive results, the financial institutions would be inclined to step up lending.

5.5 Own Resources of the Panchayats

Tax revenues from those on land and buildings etc. and non-tax revenues (for example, from auction of Panchayat resources) could be an important contributor to their finances. Although these sources provide the main income to the Panchayats of some states, there is an utter neglect of own revenue sources designated to the GPs in many states. There is no systematic effort either by the State Governments or by the Panchayats to fully tap their assigned sources of revenue.

Some sources of finance for PRIs, especially Panchayats, are discussed below:

5.5.1 Tax domain of Panchayats and its realisation
A study of State Legislations indicates that the village Panchayat finances include more than 60 taxes and fees including octroi, property and house tax, profession tax, land tax, taxes/tolls on vehicles, entertainment tax/fee, license fee, tax on non-agricultural land, fee on registration of cattle, sanitation/drainage/conservancy tax, water tax, lighting tax, education cess and tax on fairs and festivals.

Panchayat resources could also be augmented through innovative tax/non-tax measures, for example, fee on tourist vehicles, special amenities, restaurants, theatres, cyber cafes etc. as some Panchayats are doing.

Further, all common property resources vested in the Panchayats need to be identified, listed and made productive for revenue generation. Panchayats could be empowered to collect cess on the royalty and additional/special surcharge from minor minerals, forest produce and other natural resources since the financial, ecological and health impact of such activities is felt maximum in the surrounding areas and inhabitants.

The State Governments should focus on prescribing band of rates for such taxes and levies, mentoring, strengthening and incentivising Panchayats.

(a) Tax on lands and building

Almost all over the world, the main tax revenue of habitations is tax on lands and buildings. It is seen that this gives a sizeable income to the village Panchayats in Maharashtra, Kerala and Karnataka. However, certain northern states have abolished this tax, thereby depriving the village Panchayats of their important source of income. Since this is the major tax for large habitations, small habitations must make a beginning in assessing the residential and commercial properties. Kerala charges property tax on all buildings and land appurtenant thereto as a percentage of the net annual value of the building. For buildings given on rent, twenty-five percentages is added to the tax rate. This practice seems to be the best since it should give an elastic source of revenue to the Panchayats.

(b) Other Taxes

Earlier, the profession tax was the main source of income to the village Panchayats. However, in many States, this tax has been taken over by the State Government and a small compensation is paid to the village Panchayats. Advertisement tax, entertainment tax, shows tax is also levied in some States. However, they form a negligible source of income to the village Panchayats.

5.5.2 Non-Tax Revenue

(a) Auction of Panchayat land, ponds etc.

GPs in some northern states are allowed to annually auction village Panchayat lands for cultivation, for example, Shamalat lands in Haryana. In certain other areas, annual auction of other resources like fishery ponds is done which gives the Panchayats some non-tax income. In particular, this is an important source of income for the Panchayats of Haryana and Punjab.

(b) User Charges

The charges recovered for services such as water supply and sanitation are user charges. However, these are more often not levied/collected. Management Devolution Index proposed by DDWS includes 'Proportion of water charges demand collected by PRIs' as one of the indicators for calculating the index and providing incentives thereon. Similar incentives

can be introduced by MoPR and by States.

5.5.3 Assessment and Collection of Taxes etc.

To begin with, the following action points are suggested:

- 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 and 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 and non-tax efforts of Panchayats by reworking the formulae for devolution of funds and also provide disincentives for the non-performing PRIs.
- Fix user charges on a rationale basis and provide incentives to PRIs for enforcement.

5.6 Clarity on Devolution in State Budgets

A key step in providing clarity on fund devolution to Panchayats pertains to the creation of Panchayat Sector windows in the budgets

of State Governments. This requirement can be met in two ways. Each Department could create separate line items in their budgets for Panchayats, earmarking allocations pertaining to responsibilities devolved and schemes entrusted to Panchayats. Departments can thus directly send their funds to Panchayats in accordance with these earmarked budget line items.

Alternatively, all such earmarked funds pertaining to different departments could be consolidated by the State Finance Department and sent to 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.

5.7 Mechanism for Transfer of Funds to the PRIs

Increasingly, large amount of funds are being transferred under various schemes from GoI to the State Governments for further transmission to the Implementation Entities (IEs). Reforms are needed to:

- Reflect the changed content of programmes.

- Enable tracking of actual expenditure (not merely the releases) with necessary details.
- Provide timely and reliable Management Information, out of the huge magnitude and complexity of transactions, which is useful for monitoring and decision making.
- Eliminate the large float in the system, due to the Special Purpose Entities (SPEs) created purportedly for efficient transfer of funds.
- Bring SPEs into the formal structure of accountability, including audit by CAG.

The Planning Commission along with Ministry of Finance, Controller General of Accounts (CGA), State Governments and CAG are working on the Central Plan Scheme

Monitoring System (CPSMS) to address the above issues. Till such time, the larger system under CPSMS is put in place, MoPR has 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 and when it is rolled out.

The Core Banking System (CBS) along with the 'Authorisation' system, would not only address most of the problems mentioned above but also enable vastly improved financial management and transparency as mentioned below:

- At the click of the mouse, authority concerned will get information on both the "Authorisations" and the "fund flows", through the CBS.
- The CBS would report the actual payments (not merely releases by the higher level) each day and the State funds would be debited accordingly.
- Rapid authorisation 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.
- Transparency would be ensured by making information available online in the public domain. This would also facilitate social audit. Citizens could report any discrepancy between the information displayed and the actual.
- Ways and means position of both the Central and State Governments would improve as float/parking in the system would be eliminated.

5.8 Accounting and Audit System

5.8.1 Model Accounting System for Panchayats (MAS) and PRIASoft (accounting software)

A sound and robust accounting and audit system is necessary to ensure transparency and

accountability of the Panchayats, particularly in view of the substantial increase in flow of funds to them. A new simplified accounting format, namely, the 'Model Accounting System for Panchayats' (MAS) has been developed after a detailed exercise involving C&AG, MoPR, Ministry of Finance, Planning Commission, etc. and a number of States.

For drawl of Performance Grant component, under the 13th FC Award, States need to adopt an accounting framework and codification pattern consistent with the MAS. Recognising the importance of ICT in efficient, transparent and online accounting, MoPR has developed a web-based accounting software, namely, PRIASoft to facilitate computerised maintenance of accounts as per the revised formats under MAS and also to facilitate automatic generation of reports, registers and information in the desired formats. The software is incredibly user-friendly and capable of capturing data required for effective planning, budgeting, implementation and monitoring of schemes. The software is available in local languages and it would incorporate the facility of digital signature.

MoPR is further preparing an Accounts Manual and a Training Manual for MAS and PRIASoft. Status of implementation of MAS/PRIASoft is as follows:

- Assam, A.P., Orissa, U.P., Maharashtra, M.P., Rajasthan, Tripura, H.P. and Sikkim have already issued orders for adopting MAS & PRIASoft.
- Haryana, Chhattisgarh, Uttarakhand, Punjab, Bihar and Goa have agreed to implement and are likely to issue orders soon.
- Gujarat, Kerala, West Bengal, Karnataka, Tamil Nadu have different accounting systems and accounting softwares. These States need either to adopt or ensure compatibility of their systems with MAS/PRIASoft.
- As on March 31, 2011 accounting of about 50,000 GPs were online. It is something seen to be believed.

5.8.2 Audit

Audit of accounts of the local bodies needs to be conducted as per the recommendations of the Thirteenth Finance Commission. The Commission recommends that audit of the accounts of all local bodies (both urban and rural at all levels) may be done under the Technical Guidance and Supervisions of the CAG.

State Governments may constitute separate committees of Legislature for discussion of the Annual Technical Inspection Report (ATIR). This will ensure accountability as suggested by 2nd ARC.

5.9 Fiscal Responsibility Regime

MoPR seeks to provide guidance to the PRIs on developing a fiscal responsibility regime through its 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 and Measures to Enforce Compliance.

5.10 GoI to support States

5.10.1 Sound finances of the Panchayats are a Constitutional obligation 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.

5.10.2 The 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.

5.10.3 Commensurate Staffing and Capacity Building

The above efforts may not bear outcomes if not supplemented by providing the PRIs with adequate manpower, mentoring and guidance. The States should, therefore, strengthen the

administrative and enforcement capacity of Panchayats through proper staffing including outsourcing, frequent training programmes comprising well-structured modules (possibly with the help of ICAI), simple guidelines etc. Sufficient funds for this purpose are available for 250 BRGF districts under BRGF and for non-BRGF districts under RGSY.

5.11 Action Points

- Increase share of transfers to the PRIs from the State Governments as untied grants by consolidating the State schemes into untied grants (as Kerala has done), and explicitly define through State legislation a formula to allocate grants to the PRI as a share of the State revenues. (States)
- Give right to the Panchayats to levy and collect taxes, tolls, fees, user charges on their own with minimum and maximum rates and incentivise such collection, in order to reduce their dependence on the Central and State Governments. (States)
- Strengthen composition, function and the Reports of the State Finance Commission. (States)
- Link allocations through CSSs to the States to the Devolution Index and to the Panchayats, based on their performance grading. (GoI)
- Implement Model Accounting System including PRIASoft and strengthen Audit System. (States)
- Fulfil performance grant conditions under the 13th CFC award. (States)
- Prepare Asset Directory for O&M needs and avoiding duplication of works. (States)
- Adopt FRBM for the PRIs circulated by MoPR. (States)

Chapter 6

Capacity Building for the Panchayats

6.1 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 lakh Elected Representatives and 10 lakh official functionaries have to be trained every year.

6.2 National Capacity Building Framework (NCBF)

6.2.1 NCBF formulated by MoPR lays down a comprehensive framework for building the capacity of PRIs. NCBF 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 and evaluation of the capacity building efforts. It suggests training programmes in a range of areas, including the 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.

6.2.2 Its overall objectives include:

- Enabling elected representatives to upgrade their knowledge and skills to better perform their responsibilities.
- Orienting the officials to become more effective technical advisors and implementers of the ideas emerging from the elected representatives.
- Improving the functioning of the GS as an important institution of local decision making.
- Sensitising media, political parties, legislatures, civil society institutions and citizens to accept and promote the Panchayati Raj as an essential level of local governments and for inclusive and participatory development.
- Giving focussed attention to more demand-based and ongoing knowledge-based handholding CD support.

6.2.3 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 Capacity Building through Training (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 by NCBF—have not been able to implement them as per the schedule. This is particularly true in the case of larger States.

Coverage, content, quality and frequency of training is a general issue for most of the States. 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.

6.2.4 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.
- Technical Support Institutions (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 Urban Local Bodies (ULBs) too are adequately covered in all CBT activities.
- Establish a baseline for the PRIs/ULBs performance and capacities with indicators and benchmarks.
- Clarify links between reporting, utilisation certificates, social audit and physical audit.
- Improve the sharing of good practices through IT, visits, exchange of information, peer reviews etc.

6.3 Accelerating CBT Efforts

6.3.1 Consultations with State etc.

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

- Revitalise the State Institutes for Rural Development (SIRDs) through functional autonomy including powers to recruit faculty.
- Network National Institute for Rural Development (NIRD), SIRD and 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 and Block Resource-cum-Training Centres.
- Develop model curriculum and 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 lakh ERs and 10 lakh OFs.
- Establish an autonomous institution under MoPR for handling the task on an ongoing basis and also serve as the think-tank.

6.3.2 Diversifying CBT

Obviously, there is a need to develop a nationwide movement, and a different culture and approach to CBT including reorientation of the training institutions. Institutions closer to the people at the Block and District levels need to be built, strengthened and associated in this gigantic task.

We also need to broaden the institutional support and look at options hitherto not considered on a significant scale such as Universities, NGOs, Private Organisations etc. who can introduce the best training practices being used in the academic and corporate world to the task of CBT.

6.3.3 PPPs for institutional strengthening

MoPR conducted a CBT Business Meet in January 2010 attended by most of the States and about 150 Service Providers. The expectation on such partnerships is that it should lead to a major improvement in quality of 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.
- Signing of State Support Agreement.

"Pursuant to the Buyer-Seller Meet" of January 2010, some States have already formalised the PPP arrangements and these include Haryana, Orissa, Punjab and Uttar Pradesh, whereas

Gujarat and Maharashtra are on the verge of signing the MoUs with the selected partners.

6.3.4 Cross-departmental efforts

MoPR is in discussion with Ministries handling major Panchayat-centric CSSs (NREGS, NRHM, SSA, 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, utilising the technical inputs from Saakshar Bharat. Similar efforts are required in respect of SSA, MGNREGS, NRHM, ICDS, DWS etc.

6.3.5 Training material

MoPR has already prepared an extensive repository of training material and personnel. Some computer-based self-learning material has also been prepared through Andhra Pradesh Academy of Rural Development (APARD). These are available for use to any training institution or body. A sample CD is also available (in the local language) for providing (after due customisation) to every representative soon after his or her election and also to the officials, so that they could refer to it at their convenience and repeatedly. Similar initiatives could also be undertaken by the States.

6.3.6 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.

6.3.7 Helplines and 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.

6.3.8 CDLG Project

UNDP is assisting in capacity building in seven States Bihar – Chhattisgarh, Jharkhand, MP, Orissa, Rajasthan and UP through the Capacity Development for Local Governance (CDLG) project.

Capacity development teams are providing technical support to State Governments in better management of CD grants, development and roll-out of State CD strategies and enhancing quality and outreach of CD programmes. At the MoPR level, funds are being utilised to strengthen the guidance and management of CB&T initiatives.

6.4 Training Infrastructure for CBT

6.4.1 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 four 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 centres with the existing arrangements for CBT activities and equip them with appropriate manpower that may be admissible under BRGF and other schemes.

The BRTCs set up under BRGF may coordinate with BRCs set up under NRDWP and similar block level centres setup under other schemes for training and support to GPs.

6.4.2 Formal certification in the domain of PR

Furthermore, it would also help to have formal certification for the PRI training. Some institutions such as the Rajiv Gandhi National Institute of Youth Development (RGNIYD), Indira Gandhi National Open University (IGNOU), etc. have launched Degree, Diploma and Certificate Programmes in Local Governance. States should popularise such courses among the ERs, OFs etc. and also link to some incentive.

6.4.3 National Institute of Panchayati Raj (NIPR)

There is no dedicated training and resource

institution to catalyse capacity building needs of elected representatives and officials of the PRIs. In order to meet this need, MoPR proposes to set up NIPR to work as national level think tank and training resource institution.

Ministry has prepared detailed project report (DPR) for the NIPR which provides for functional and physical details. The functional aspects include the Charter/activities and staffing arrangements. The physical details include the infrastructure and finances for the capital expenditure (Rs.54.5 crore spread over 5 years) and recurring expenditure (averaging at Rs.25 crore per annum).

6.5 CBT for EWR and Panchayat Mahila Evam Yuva Sashaktikaran Abhiyan (PMEYSA)

6.5.1 The Government proposes to increase reservation for women in the PRIs from the existing at least one-third to 50%. The number of EWRs would thus increase from less than 10 lakh to about 14 lakh. 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, household obligation, lower literacy, lack of confidence etc. Often, male members of their family usurp their functions.

6.5.2 For enabling EWRs to discharge their responsibilities effectively, their special needs should be met. Capacity building components of BRGF and RGSY schemes generally have not 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.

6.5.3 State Government in this context need to:

- Review periodically the implementation of PMEYSA including: (a) setting up of EWR Federations at State and District levels; and (b) establishment of State Support Centre and its functioning.
- Utilise funds released, submit UC and propose further funding.
- Suggest improvement in the design and implementation of PMEYSA.
- Ensure convergence of PMEYSA with the related programmes.
- Institute a mechanism for concurrent monitoring of results.
- Develop leadership skills of ERWs as well as SHG leaders.

6.6 Perspective/Annual CBT Plans

Each State should prepare a Perspective Plan for CBT for the PRIs aligned with the election cycle and based upon training need assessment (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, training of trainers (ToT), TNA, evaluation etc. The Action Plans should also give specific attention to SC/ST and EWRs.

6.7 Action Points

- Implement National Capability Building Framework (NCBF) in letter and spirit.
- Develop comprehensive CB strategy based on thorough Capacity Assessment to address gaps at the individual, institutional and environment levels.
- Prepare perspective and annual training plans based on TNA etc.
- Set up State level Standing Committees to synergise CB efforts of all Line Departments/ Institutions.
- Make training programmes women-friendly.
- Strengthen SIRDs.
- 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 etc.
- Include transformational leadership and own resource mobilisation in the training programmes.

Chapter 7

Decentralised Planning

7.1 Need for Decentralised Planning

7.1.1 Central/State Schemes and DPCs

It is widely recognised that most of the schemes exist in silos, planned and implemented as stand alone schemes, without any horizontal convergence or vertical integration, resulting in multiple district plans—unrelated to each other and often mutually conflicting—prepared without any integrated vision or perspective.

The existing mechanism of implementation is also not very effective, efficient and economical. The much needed convergence of related schemes and resources is possible only through the mechanism of constitutionally mandated decentralised and holistic planning through Local Self-Governments (LSGs) and DPCs. Planning Commission's guidelines dt. June 25, 2006 elucidate this.

With increased specialisation and sectoral thrusts in development, there has been a tendency for more and more sectoral plans prepared in relative isolation, for example, District Health Plan, District Watershed Plan, District Education Plan and so on. 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. Achieving this coordination in the face of an increasing number of schemes and fund flows into the districts will necessitate a quantum improvement in the existing planning and implementation mechanism through local governments and DPCs.

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 sub-optimal usage of resources and limited outcomes. Local area planning needs to evolve beyond projectised financial expenditure planning and observe the spatial dimension in order to achieve integration and convergence with other levels of governance.

7.2 Constitutional Provision

The 73rd and 74th Constitutional Amendments (Articles 243G, 243W) envisage planning for economic development and social justice by PRIs and ULBs, 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 and natural resources
* Integrated development of infrastructure
* Environmental conservation
* Extent and type of resources available whether financial or otherwise.

7.3 Eleventh Plan and Decentralised Planning

The Eleventh Plan further envisages participatory district planning process as an integral part of the preparation of State Five Year Plans and Annual Plans. The Eleventh Plan document details

several steps such as activity mapping, creation of Panchayat sector windows in the State and Central budgets, and IT enabling of Panchayats as key steps in this direction. Such holistic planning will result in convergence of schemes, synergistic implementation and better outcomes.

7.4 2nd ARC and Decentralised Planning

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

- Development authorities to become the technical/planning arms of the DPCs.
- Strict compliance of the guidelines dated 25.8.2006 issued by the Planning Commission in preparation of the district plan.
- Developing methodology of participatory local level planning.
- Integration of District Plans with the State Plans.
- Clear demarcation of planning functions among the local governments and planning committees.

7.5 National Conference on Decentralised Planning

The National Conference of Chairpersons/CEOs of the DPCs held at New Delhi on 16-17 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 and Rural Plans, capacity building for District Planning etc.

7.6 Manual for Integrated District Planning

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.

7.7 Participative Integrated District Planning

7.7.1 Participative integrated planning is multi-dimensional, including:

- Three levels of Panchayats and Municipalities
- Multiplicity of sectors (viz. health, education, nutrition, sanitation, livelihoods)
- A variety of funding sources (viz. State/Centrally Sponsored Schemes, Finance Commission, own resources)
- An intertwined group of departmental and programmatic machinery
- A broad spectrum of stakeholders, each seeking fulfillment of its own from a plan.

7.8 Role of BRGF/MGNREGA in catalysing Decentralised Planning

In spite of various initiatives on decentralised, participative and integrated planning, the MGNREGS and BRGF remain the two main schemes for planning from below. BRGF attempts to catalyse bottom up integrated planning and bridging critical gaps in the infrastructure, and empowering 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 GP and the GS 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.

7.9 DPCs

7.9.1 Role

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:

- Providing overall leadership to the planning process without taking away the functional responsibilities of the local governments.
- Leading the district envisioning exercise.
- Setting district priorities on the basis of consensus among local governments, line departments, civil society, academia and other stakeholders in development.
- Performing the central role in the preparation of the Potential Linked Credit Plan (PLCP) for the district with support from National Bank for Agriculture and Rural Development (NABARD).
- 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.
- Overseeing the participative planning process to ensure that the processes and timelines are followed.
- Monitoring implementation of the approved district plan and addressing bottlenecks that may arise.

7.9.2 Support to DPCs

To enable the DPC to perform this role, a District Planning Unit (DPU) should be constituted by merging DRDA, District offices for Planning/Economics and Statistics, and Town and Country Planning, District unit of the National Informatics Centre (NIC), and the 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 (like: planning, programme management, resource management, livelihood) could be hired to support the DPU in the work of planning and implementation. In fact, the BRGF guidelines provide for such technical and professional support and the States are advised to use this option. Moreover, Planning Commission was coming up with 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 four years.

The DPC must also have a building to house the DPC and DPU Secretariat. 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.

7.10 District Vision and Perspective Plans

7.10.1 District Vision

The District should prepare an integrated vision for development (for both urban and rural areas) over 10 to 15 years, and a perspective plan of five 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. Separate ULB plans need to be integrated into district plan. Five-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 and spatial needs to be kept in full view.

7.10.2 Databases

The District vision and plan must have a strong empirical grounding provided through rigorous compilation and analysis of data including the baseline which needs to be institutionalised as part of the planning system. Ministry of Statistics and PI is implementing a scheme for generating micro level database for PRIs in particular. Geographic Information System (GIS) based district mapping can be a very valuable

input. Such database and GIS facility would be necessary both for preparation of Plans and monitoring outcomes.

7.10.3 Information and Communication Technology (ICT)

ICT solutions make it much easier to capture, integrate and analyse data and much more meaningful data display (including GIS) to decision-makers at all levels. ICT will enable better recording of budget envelopes, prioritising selected projects and works, linking these to budgets, generating/modifying/finalising plans, projectisation and monitoring of implementation. Most importantly, ICT can throw open the entire planning process to public view and bring life to the ideal of decentralised planning. The PlanPlus software would be of great help in the process and is strongly recommended.

7.10.4 GIS for Decentralised Planning

The National Remote Sensing Centre, Hyderabad has undertaken a Space Based Information Support for Decentralised Planning (SIS-DP) project. Satellite remote sensing, GPS, IT and GIS technologies have the capability for preparing and integrating the data from various sources (both spatial and non-spatial). The SIS-DP project has the following objectives:

- **Spatial Geo Database –** Creating land cover, water resource, infrastructure details, slope and linking of stakeholder department data for the 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 under the project.
- **Village cadastral data –** Digital village cadastral data along with attribute information (ownership, healthcare, education, marketing, commercial facility etc.) will created to overlay on various layers.
- **Decision Making Tool and Dissemination –** Customised solution for development of tools and utilities will be developed and deployed up to GP level.
- Capacity Building – Pool of manpower and capacity building of State and national level

along with training of manpower to maintain database for decentralised planning.

7.11 Spatial Planning

Given the haphazard growth of the rural areas, particularly in the vicinity of urban areas and given its consequence for posterity and for the environment, it is necessary to have land use plan for the rural areas as well. States of Rajasthan and Goa have already taken initiative in this regard.

For this, the definition of local planning area under Section 37(1) of the Model Law needs to be extended to include the rural areas. Preparing land use plan for all the 2.33 lakh GPs (comprising approx 6 lakh villages) would take a long time and will involve massive planning and monitoring. However, GPs with more than 5,000 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 ZPs/DPUs/DPCs.

MoPR has requested the Ministry of Urban Development (MoUD) to amend the related Sections including Section 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.

7.12 Decentralised Planning and PlanPlus Software

PlanPlus software has been developed to demystify and simplify the decentralised 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 levels to generate the convergent unit plans for the Panchayats and the Municipalities, and consolidate the same into the District and 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. MoPR and NIC have organised training programmes for over 10,000 State and District level functionaries on the use of PlanPlus. To make it more popular and effective, more such training programmes are recommended, for which the persons trained before, besides the officers of the NIC, could act as the resource persons. Cost for such training could be met from BRGF and RGSY.

7.13 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 and 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. (GoI and States)
- Train relevant PRI representatives and functionaries in integrated planning and PlanPlus. (States)
- Initiate spatial planning and amend relevant legislation for enabling. (GoI and States)
- Expedite use of Plan Plus software and GIS. (States)

Chapter 8

e-Governance in Panchayats

8.1 Necessity of e-Governance in Panchayats

If the Panchayats are to perform efficiently and effectively all the mandated tasks which are increasing day by day, extensive use of IT 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.

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

8.2 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 such as Decentralised Database and Planning, Budgeting and Accounting, Implementation and monitoring of Central and State sector schemes, Unique codes to Panchayats and Individuals, essential GIS based applications, online self-learning medium for elected representatives and official functionaries etc. to citizens, all Central Line Ministries and State Government departments etc. 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.

8.3 Components for Roll-out of e-Panchayat

Essentially, there are the following six components which are required for successful roll out 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 and the alternatives are listed below:

8.3.1 ISNA, BPR and DPR

MoPR has carried out detailed study on Information and Service Needs of all stakeholders including Central Line Ministries, State Departments, District Administration, Panchayats and citizens. Based on the study, Information and Service Needs Assessment (ISNA) reports, Business Process Re-engineering (BPR) reports (in which the identified services have been re-engineered for optimising the efficiency/effectiveness of service delivery) and DPRs which is a complete roadmap for operationalising e-Panchayat MMP have been prepared for each of the 34 States and UTs. The DPRs give the roll out model, total project cost and operational strategies.

States need to re-engineer their processes for internal functioning of Panchayats and for citizen service delivery. The revised process maps have been suggested in the BPR reports of States. Legal changes required to put in place revised processes have also been listed in these reports.

8.3.2 Computing Infrastructure

For panchayats to start delivering services electronically, there is a need for appropriate ICT infrastructure to be made available at the

Panchayat offices. For this, following alternatives are available to the states:

* **Service Procurement model:** This model is recommend for the States where GPs do not have manpower to use e-Panchayat. It would entail engaging a Service Agency which would provide the ICT hardware, including the augmentation of servers at the Data Centre, maintenance and upkeep of hardware and trained manpower. This model will take care of issues arising out of hardware obsolescence and manpower requirements of the Panchayats.

* **Universal Service Obligation Fund (USOF) PC Bundling Scheme:** This model is recommended for States that have trained computer operators. Under this scheme, hardware is provided on EMI basis with a small amount as down payment. A subsidy of Rs. 4500/- per BSNL broadband connection is also available from USOF. BSNL who is administering the scheme, has tied up with vendors (HCL, Novatium etc.) for supply of hardware for these connections.

There are distinct advantages in this model such as:

* The rates for PC as well as additional/optional items, such as DVD combo internal CD R/RW, Printer, Internal Hard disk, UPS etc. have been decided by BSNL, a Central PSU, following a bidding process and therefore, the States need not invite fresh bids.

* This model also addresses the issue of technological obsolescence.

* For GPs having power supply problems, States could also negotiate with vendor(s) for laptops.

* **Direct buy** is suggested as the last option and should include AMC for at least five years.

This infrastructure can be financed from the following four available options:

* One time funding for filling ICT infrastructure gaps at GP level is available from MGNREGS funds under the permitted 6% administrative expenses.
* For BRGF Districts, from Capacity Building component
* 13th Central Finance Commission grants as these are untied.
* Through their own budgets.

8.3.3 Panchayat Enterprise Suite and Application Softwares

On the basis of the ISNA reports, 12 Core Software Applications have been identified and taken up for development, centrally. These software applications would be applied uniformly across the country and would be useful for the PRIs at all the three tiers. Their description and functional requirements that would be met are as below:

	Description	Functional area
1.	Local Government Directory	Would provide unique codes to all Panchayats, capture changes to Panchayats owing to delimitation and assign codes appropriately. It would link all Core Common Applications.
2.	Panchayat Profiler	Would maintain a complete village profile encompassing socio-economic data, socio-demographic data, public infrastructure and services, geographical boundaries of Panchayats etc.
3.	PlanPlus	Would help in preparation of Panchayat wise as well as district plans starting from grassroots, enable convergence of funds from different schemes, track fund flows and maintain sources of funding.
4.	ActionSoft	Would be used for Scheme implementation and monitoring. It would allow Panchayats to enter the implementation status of all schemes (Central, State and from own sources) on defined monitoring parameters.
5.	PRIASoft	Would capture details of receipts and expenditure, automatically generate cash book, registers, Utilization Certificate for any scheme. It will generate required registers by just a few basic entries.
6.	Asset Directory	Would help in management of information related to assets and utilities in a Panchayat area.
7.	Grievance Redressal	Would be a generic grievance redressal system allowing citizens to lodge complaints against Panchayat functionaries and report any malpractices. It would track the entire grievance redressal process until closure.

8.	Social Audit	Would capture all events and details relating to social audit conducted by GS, the action taken report etc.
9.	Training Management	Would be a portal providing details of all training programmes, i.e. schedule and training material. The Panchayat functionaries will be able to register for courses online . Also, the partner training agencies will be able to register.
10.	GIS	Would display maps of Panchayats and integrate with other applications for Panchayats such as Panchayat Profiler, Planning and Budgeting, Asset Directory etc. so that a spatial view of the profile/plan of a Panchayat is obtained.
11.	Panchayat Portals	Would generate a website for each Panchayat across the country. Would act as a single delivery gateway using single sign-on.
12.	ServicePlus	Would be a generic citizen service delivery application to capture all events and information related to delivery of services to citizens by Panchayats.

These applications would serve all core internal needs of the PRIs, namely:

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

All the applications have interlinkages, some aspects of which are given in the flow chart below:

Out of 12 core common Software Applications of PES, PRIASoft and PLANPlus have been rolled out. Ministry has also provided one time training to the users in the States on the usage of PRIASoft and PlanPlus. The State PR department are advised to start implementing these applications at all levels. They should assess the status of implementation of these, identify the bottlenecks and adopt measures to remove them through capacity building and other relevant actions. As all these applications are interlinked, hence States must ensure that National Panchayat Directory is updated in time for any changes as it would be reflected in other applications too.

Remaining applications are under various stages of development and will become available soon. Besides these, for every State, some state specific applications to be identified by States will also be developed in association with NIC.

8.3.4 Connectivity

Internet connectivity is the basic requirement for running PES applications at the Panchayat as all these core common applications are web based. Hence, provision of internet connectivity
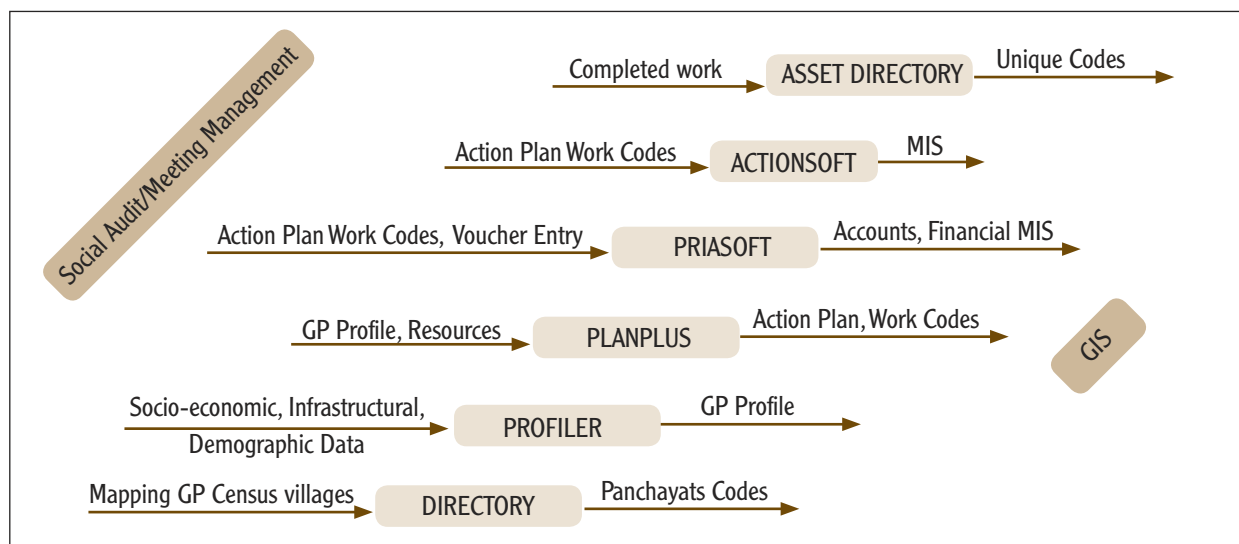
at the GPs is equally important for the successful implementation of the e-Panchayat MMP. Therefore, States would need to assess the connectivity requirements at the GP level.

The States are advised to ensure that GPs not having connectivity should apply at the BSNL office for a broadband connection. Subsequently, they should pursue with regional BSNL offices for providing reliable connectivity at the GPs.

8.3.5 Capacity Building

Inadequate capacities at the Panchayat is one of the hindrances in successful deployment of PES Applications. States need to analyse the existing gaps and required training needs of employees, and accordingly devise strategies to train their officials. Training on use of Computers and on Application software can be carried out by States utilising funds from BRGF (Capacity Building Component), RGSY and other sources.

MoPR has tied up with DOEACC, a society under DIT, for providing training on basic ICT skills including use of internet, office, accessing information from various websites etc. DOEACC operates through authorised and accredited institutes. States can also recommend facilities available with Engineering Colleges/Rural BPOs/ Technical Institutes etc. for imparting training, provided they are authorised from DOEACC for this purpose.

8.3.6 Project Management

With a view to successfully implement and introduce e-governance at the grassroots level, MoPR has deployed consultants/professionals in States to provide handholding support to the State PR Department. This trained manpower would help create the required ecosystem for successful deployment and implementation of the IT applications.

The consultants have been primarily positioned to fill the skill gap at the state level. Therefore, they need to assist the state PR and RD Departments in the overall project management for the effective roll out of e-Panchayat MMP. In addition, they have to play the role of a facilitator and change agent for the state PR and RD Departments for meeting the objectives of e-Panchayat MMP.

The consultants will be primarily reporting to the Secretary, PR and RD Departments of the States or a nodal officer designated by him for this purpose, on a day-to-day basis. The State NIC coordinator will provide requisite guidance on technical matters.

It is proposed to form State Project Management Unit (SPMU) and District Project Management Unit (DPMU) for every State.

8.4 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.

8.5 Action Points

- Provide ICT infrastructure and manpower to all GPs. (GoI and States)
- Have a clear strategy and action plan for roll-out of e-Panchayat Project for which ISNA, BPR and DPR have been prepared for each State/UT. (States)
- Develop and deploy all 12 Core Common Applications within a year and also the identified State specific Applications. (GoI and States)
- Leverage CSCs as front-ends for citizen services as an option.
- Connect all GPs with broadband. (GoI)

Chapter 9

Panchayat (Extension to Scheduled Areas) Act (PESA)

9.1 Provisions under Schedule V of the Constitution

The Schedule V Areas of the nine States (AP, Chhattisgarh, Gujarat, Jharkhand, MP, Maharashtra, Orissa, Rajasthan and HP) are characterised 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:

- Report by Governor to the President regarding the administration of these Areas.
- Tribes Advisory Council to advise Governor on matters pertaining to the welfare and advancement of the STs.
- 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.
- Governor to make regulations for the peace and good government.
- Union Government to give direction to the State as to the administration of these Areas.

9.2 Need for PESA in spite of Schedule V

Despite these special provisions, the pressure on natural resources in these areas continued due to the large projects being set up therein and unscrupulous elements indulging in illegal mining and forest felling. Land alienation and exploitation have 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 entrusted part IX of the Constitution to Schedule V Areas, and provided for people-centric governance and people's control over community reserves and their life, with a central role to the GS in order to provide people-centred development and also for enhancing people's control over common-pool resources.

9.3 Powers of the Gram Sabha

The GSs under PESA are deemed to be 'competent' to safeguard and preserve the traditions of their people, community resources and customary mode of dispute resolution. The GSs further have:

- Mandatory executive functions to approve plans of the Village Panchayats, identify beneficiaries for schemes, issue certificates of utilisation 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 moneylending 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.

9.4 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 have continued to be under stress, leading to disaffection with the system.

Generally, PESA areas and those in their vicinity suffer from LWE. Effective implementation of PESA is the answer to various causes of discontent leading to extremism in the tribal areas. Not surprisingly, various Expert Committees have recommended implementation of PESA in letter and spirit. There is, evidently, urgency in the implementation of PESA, given the deepening and widening of extremism in these areas and vicinity.

9.5 Effective Functioning of GS

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

* Empower the GS and ensure its effective functioning.
* Undertake special programmes to acquaint the GSs of their rights and duties.
* Develop appropriate training and information material in the regional language.
* Identify, train and deploy a social mobiliser in each GS for activating the GS.
* Conduct regular training programmes on PESA for State and Panchayat functionaries (both elected and officials) to sensitise and educate them on PESA with focus on the role and conducting of the GS.

9.6 Action Taken by MoPR

MoPR has done the following regarding PESA:
* Comprehensive guidelines issued to the States on 21 May, 2010.
* Model PESA Rules circulated to the States.
* Guidelines issued to the States for empowering GS.
* ILI studies to analyse State and Central Laws circulated.

* Detailed comments on LA, RR, M&M Bills and IFA provided to the relevant Ministries.
* Regular reviews being held with the States.
* Note circulated for amending PESA Act.
* Committee set up on MFP: to suggest modality of ownership by GS, better prices to gatherers etc.

9.7 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.
* Subject Laws, Rules and Executive Instructions in consonance with PESA.

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

(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 etc.
* Delimitation of villages through SEC on the application of communities.
* Nominate under-represented tribal groups (PTGs etc.).
* Effective role of the GS in restoring alienated land; decision to be executed by SDM.
* Land Aquisition: 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.

9.8 Key Interventions by the Centre

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 compliance with PESA.
- MoTA: Rationalise Schedule V areas; link

funding under 275(1) to PESA compliance; fund administrative support to GS; and support value addition to MFP by locals.
- 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; MFP issues, resolve JFMC; bring under GS.
- D/o Financial Services: Provide Credit options in Schedule Areas.
- MoPR: Amend PESA to remove infirmities; assist States in formation of rule/guidelines etc.; capacity building etc.
- Special report on PESA from the Governor.

9.9 Action Points

- Amend PESA Act to remove infirmities. (GoI)
- Adopt Model Rules framed by MoPR with suitable modifications. (States)
- Amend relevant subject laws and rules and issue executive instructions for PESA compliance. (States and GoI Ministries)
- Enable and activate the GSs. (States and Panchayats)
- Build capacity of the functionaries implementing PESA. (GoI and States)

Decentralised Governance in the North-Eastern States

10.1 Decentralised Governance

10.1.1 The North-Eastern States have different legal structures on Decentralised 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 Tribal Councils, but they are not particularly functional. 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.

The main problem in the areas covered by Councils i.e. excluding Arunachal Pradesh, is that the Decentralised Governance is not deep enough. Village Councils do not exist in Council areas of Assam and Meghalaya. In Nagaland and Manipur, the Village Councils are often headed by traditional Village Chiefs. 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 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.

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, appropriate to incorporate the principles of Decentralised Governance within the legal framework set up for each State and each region in the States.

10.2 2nd ARC and Expert Committee on NE States

10.2.1 2nd ARC
The 2nd ARC in its Seventh Report (February, 2008) entitled 'Capacity Building for Conflict Resolution' has dealt specially with 'Conflicts in the North East' (NE). Besides dealing with the general theme of capacity building in administration, the 2nd ARC has focused especially on three aspects of local government institutions, namely:

- Autonomous District Councils in the Sixth Schedule areas
- Village-level self-governance therein
- Tribe-specific Councils in Assam.

10.2.2 The Expert Committee
MoPR had appointed an Expert Committee chaired by Shri V. Ramachandran (a 2nd ARC member) in 2006 for examining in detail, the functioning of self-governing institutions under the Sixth Schedule. The Committee submitted its Report in September, 2007. The major

policy issues of self-governance dealt by the Committee are naturally subsumed in the ARC recommendations.

10.2.3 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.

10.2.4 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, 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.

10.3 Issues

10.3.1 Governance at the Village-level

(a) Traditional vs Formal
The traditional self governing village institutions are strong throughout NER, especially in the tribal territories. Formal institutions such as Village Council or Gram Sabha (under various State laws including the Sixth Schedule) are rather weak.

Nagaland has taken some ingenious measures in its Village Council Act, 1978. But there are some 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. They have to be remedied in keeping with the spirit of rising democratic aspirations.

This traditional versus formal impasse is equally pervasive in Council Areas and other tribal territories in NER. The 'core' elements of PESA frame can be adopted as a model for resolving the prevailing anomalous situation in NER.

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 do not get fair deal.

(b) Variation in the Schedule VI framework
Moreover, the Schedule VI framework varies from State to State as follows.

- There are Village Councils 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 programmes. 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 organisations weak.

(c) Inter-Ministerial Team (IMT) of MoPR, MHA, DONER, MoTA, MoLaw etc. of GoI 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 IMT prepared by GoI have the objective of deepening

Decentralised Governance through provisions like:

* Make Village Council answerable to Gram Sabha.
* Limit the powers of State Government in matters of extension and supercession of Councils.
* Reservation for women.
* Mandatory and regular election for the Village Council through State Election Commission.
* Make women members' participation part of the quorum.
* Constitution of State Finance Commission.
* Vesting of both developmental and judicial powers on the Village Councils.

10.3.2 Urban Local Bodies in the Tribal Areas

'Local Government' in general areas comprises of two parts: (a) Panchayats in Part IX; and (b) Municipalities in Part IX A. But the jurisdiction of Councils in the Sixth Schedule is unified. This unified Council frame should continue. In fact, as envisaged in PESA and recommended by ARC in its Report on LSG, the Sixth Schedule Council pattern could be followed in the whole country.

Although areas outside Part IX-A of the Constitution of India are not required to have municipalities, many areas in Schedule V Areas have municipalities. Two opposite views have been proposed by the stakeholders. One view is to have ULBs and often it comes from residents of the areas with urban character. Another view is that constitution of ULBs will take away the traditional control of Village Councils over land and this will result in influx of outsiders.

10.3.3 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 could 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.

10.3.4 District Council and the Administration of Justice

* Administration of justice in the Tribal Areas of 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.

* Streamlined administration of justice after amendment in the Sixth Schedule should be an integral part of the new structure. Ultimately, the decentralisation of Governance should need 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.

10.3.5 Raising the Level of Administration in Tribal and Scheduled Areas

Article 275 (1) underwrites the cost of raising the level of administration of Scheduled Areas and Tribal Areas to that of the rest of the State concerned, by the Union Government. There is a need for preparing a perspective plan for raising the level of administration in all Tribal Areas to that of the rest of the country within a period of ten years or so, taking advantage of other area schemes as well. Separate annual plans for raising the level of administration should be prepared by the States concerned under the guidelines of MoTA along with the developmental plans.

10.3.6 District Councils and State Finance Commissions (SFCs)

Some States that are outside the purview of Part IX, have not established SFCs. While it is not

necessary to have full-fledged SFCs in all the NE States, the Governor may be empowered to set up a high level State Finance Committee with terms of reference as in Article 243 (II) for:

- Reviewing the financial position of Panchayats and Councils.
- Recommending devolution of funds thereto from the State.

10.4 Administrative Reform Measures

10.4.1 Reduced Hierarchy and Simpler Systems

The new opportunity of strengthening self-governing institutions in NER should be used for basic administrative reforms. The uniqueness of small-sized States should be harnessed in terms of simpler systems with reduced hierarchy engendering greater opportunities for face-to-face interaction between the people and the administration.

10.4.2 General Administration

The Ramachandran Committee has made some

state wise recommendations regarding finance, accounts and audit. The implementation of these recommendations should be made in a time bound manner.

10.5 Institutional Improvements: Roles of and Inter-relationships among the Seven Major Institutions

Institutional improvements are critical to effective and efficient governance in the states of NER. Resolution of issues between the state governments and councils (district or regional or tribe-specific) constitute one institutional improvement that is required. The other concerns the seven major institutions in the area i.e. MoTA, DoNER, NEC, ISC, NCST, MoPR and NEHU which are responsible for various administrative and developmental tasks. They should work in unison especially an effective self-governing system is prepared in NER.

10.6 Action Points

- Inter-Ministerial Team (IMT) to continue to consult with the State Governments, Councils and other stakeholders like women's bodies to finalise the draft amendments in the State laws. (GoI and States)
- IMT to further work on:
  - State and Council Relation issues that remain unresolved.
  - Need for tribe-specific Councils and their role in the context of proposed self-governing village institutions. (GoI and States)

Chapter 11
Constitutional and Legal Framework

11.1 Model Panchayati Raj Act

MoPR is responsible for ensuring implementation of Part IX of the Constitution in letter and spirit. Inarguably, it has formulated a draft Model Panchayat and Gram Swaraj Act which:

- Spells out the power, duties and functions of the Panchayats.
- Incorporates devolution of 3Fs to the Panchayats as per the letter and spirit of the Constitution and endows Panchayats also with regulatory functions like rural policing, issue of birth/death/caste/residence certificates etc.
- Ensures accountability of Panchayats through the central role of Gram Sabha and through clear provisions on Accounts and Audit including Social Audit, Ombudsman etc.
- Proposes Nyaya Panchayats as a mechanism for dispute resolution through mediation, conciliation and compromise
- Provides model frame for State Election Commission and State Finance Commission,
- Elaborates various aspects of Panchayat Finances, Planning, Budgeting etc.

The Panchayats have also been endowed with regulatory functions like rural policing, issuing of birth/death/caste/residence certificates etc.

It is expected that the Model Act would provide a reference for the existing and future Panchayat laws besides bridging the gaps and removing inconsistencies which exist in many of the enactments.

There is a need for harmonisation of laws and rules to adhere to provisions of 73rd Amendment so as to reduce conflict with functional domain of Panchayats.

11.2 Amendment to Article 243 of the Constitution

11.2.1 While the 73rd Amendment to the Constitution ensured certain essentials such as regular elections to Panchayats under the supervision of State Election Commissions (SECs), reservations, the establishment of SFCs etc., it is up to the State Legislatures to devolve appropriate functions to PRIs. This has led to highly uneven devolution of the 3Fs across States.

11.2.2 The spirit of the Constitution is clear in this regard Article 40 in the Directive Principles of State Policy states that 'the State **shall** take steps to organise village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government.'

11.2.3 Further, the-then PM, while introducing the 64th Constitution Amendment Bill in May 1989, had concluded his speech as follows "To the people of India, let us ensure maximum democracy and maximum devolution. Let there be an end to the power-brokers. Let us give power to the people".

11.2.4 Moreover, the Statement of Objects and Reasons of the Constitution (73rd Amendment) Act, 1992 states that 'In the light of the experience in the last forty years and in view of the shortcomings which have been observed, it is considered that there is an imperative need to enshrine in the Constitution certain basic and essential features of Panchayati Raj Institutions to impart certainty, continuity and strengthen them'.

11.2.5 As the country has commemorated 50 years of three-tier Panchayats on 2ⁿᵈ October, 2009, it would be most appropriate to have a re-look at the relevant provisions of the Constitution and carry out amendments required to realise true Gram Swaraj of Gandhiji. In the meantime, without waiting for the required amendments, empowerment and enablement of the Panchayats should proceed ahead.

11.3 Constitutional Amendments to be Considered

11.3.1 Amendment to Article 243G and 243W of the Constitution: Article 243G of the Constitution provides that the Legislature of a State **may**, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government with respect to the preparation and implementation of plans for economic development and social justice including for matters listed in the Eleventh Schedule.

11.3.2 Notably, Article 40 states that the state shall take steps to organise Village Panchayats. The change in the word from '**shall**' (Article 40) to '**may**' (Article 243G), gives discretion in devolving powers and authority to the Local Bodies. As a result, the actual devolution to the Local Bodies has been highly uneven across States and far from satisfactory in most of the States. It may be noted that the Constitutional provisions relating to the structure of local governments are mandatory in nature, and consequently, regular elections with the mandated reservations, constitution of State Finance Commission etc. have now become the norm. Correspondingly, devolution of powers and functions upon the Local Bodies that can be performed at the local level, also needs to be made mandatory.

11.3.3 Since matters listed in the Eleventh and Twelfth Schedules are also State subjects, for genuine devolution in the present Constitutional framework, MoPR has supported the States in carrying out 'activity mapping', i.e. delineating clearly the functions to be performed at different levels (Central/ State Govts., 3 tiers of Panchayats, ULBs etc.),

following the principle of subsidiarity (i.e. devolving functions to the lowest possible level where it can be performed), to be followed by appropriate devolutions of funds and functionaries. But, this has not led to the desired outcome. Either the activity mapping has not been done, or has not been followed with government orders, or the principle of subsidiarity has not been followed, or funds and functionaries have not been devolved.

11.3.4 It may, therefore, be desirable to make devolution of power and authority to the Local Bodies mandatory with a suitable formulation. Possibility of a Panchayat list like Union/State/ Concurrent list could be explored.

11.4 Setting Up of District Councils

11.4.1 The rural and urban areas represent a political, social, economic and geographical continuum. However, in the present system, there is an artificial divide between rural and urban local governments, which has several shortcomings. First, the planning and management of socio-economic development including basic public services are artificially segmented. Second, in a rapidly urbanising society, the boundaries between rural and urban territories keep shifting. The peri-urban areas around cities have dual characteristics of both the village and the town. Finally, as a democratic body representing the whole district does not exist, the District Collector continues to be the symbol of authority in the district. Thus democratic decentralisation is undermined. In all, the artificial separation of rural and urban local governments leads to fragmented planning and implementation, sub-optimal utilisation of resources (manpower and financial) and vital gaps.

Further, though Article 243 ZD provides for the creation of DPCs to consolidate plans prepared by the Panchayats and the Municipalities, the effectiveness of the DPC is very limited, because it does not have the necessary power and control over sectoral formations. An empowered institution, i.e. a unified elected District Council for the entire district (in place of the District Panchayat), with representation from all rural and urban areas,

is needed to promote democratic governance and holistic planning and implementation for addressing people's needs.

11.4.2 The District Council could be responsible for planning for the whole district, as well as for all the local functions, including those listed in the Eleventh and Twelfth Schedules. Suitable regulatory functions could also be devolved to District Councils as these should be empowered bodies capable of taking decisions on a wide range of issues. The DPC comprising of officials and experts will become a professional/technical arm of the District Council, providing overall support to the planning process; setting of district priorities on the basis of consensus among stakeholders; review of plans of local bodies, overseeing participative planning; monitoring and implementation of district plans.

11.4.3 The District Council could have its own Chief Executive Officer (CEO) of sufficient seniority to facilitate coordination of all the development departments of the district. The Collector may function as the CEO of the District Council, so that the strength of the Collector's institution is utilised to empower the District Council. The Collector would be accountable to the elected District Councils on all local matters and to the State Government on regulatory matters, not delegated to the District Councils.

11.4.4 Such an arrangement already exists in the Sixth Schedule areas in the North East, as the Autonomous Districts Councils enjoy legislative, judicial and executive powers without segmentation into the rural and urban areas. Such Councils were created to enable the local people to fulfill their aspirations and to promote their interests, a goal that is applicable across the country. Section 4(o) of the Panchayat (Extension to Scheduled Areas) Act 1996, (PESA), applicable in the Fifth Schedule areas, also recommends such provisions at the district level.

11.4.5 It may, therefore, be desirable that the Constitution be amended to create elected District Councils, which will have representation from both the rural and urban areas (excluding metropolitan areas) in proportion to their population.

11.5 Making the Panchayats Accountable to the Gram Sabha

11.5.1 People's participation and accountability of the local public institutions to the people are two critical elements for improved governance. These would evidently be facilitated by strengthening of the Local Bodies as a whole and of the Gram Sabha in particular.

11.5.2 As 50 years of 3-tier Panchayats was commemorated on October 2, 2009, the period October 2, 2009 to October 2, 2010 was observed as 'Year of the Gram Sabha' to highlight the critical importance of the Gram Sabha in self-governance and transparent and accountable functioning of the Gram Panchayat and also to strengthen the Gram Sabha.

11.5.3 Article 243A of the Constitution provides that the "Gram Sabha may exercise such powers and perform such functions as the legislature of a State may, by law, decide". This provision is yet to be implemented in its spirit, which weakens the position of the Panchayats as bodies accountable to the people and functioning in a transparent manner. Further, in may States, Gram Panchayats are so large that people are not able to participate effectively. The creation of "Ward Sabhas" in large Gram Panchayats would enable effective citizen participation.

11.5.4 PESA provides a central role to the Gram Sabha in the Fifth Schedule areas. Under PESA, Gram Sabhas have (a) Mandatory executive functions and responsibilities to approve plans of the village Panchayat, identify beneficiaries for schemes for socio-economic development, and issue certificate of utilisation of funds by the Panchayats; (b) Right of mandatory consultations in the matters of land acquisition, resettlement and rehabilitation, and mining leases for minor minerals; (c) Powers to prevent alienation of land and restore alienated land; (d) Powers to restrict sale/consumption of liquor; (e) Powers to manage village markets; (f) Control money lending; (g) Powers to control institutions and functionaries in all social sectors etc.

11.5.5 It may, accordingly, be desirable that provisions for Ward Sabhas be made in the Constitution and functions of the Gram Sabha be incorporated in the Constitution, along the lines of PESA Act by adding a Thirteenth Schedule.

11.6 Rotation in the Reservation of Seats

11.6.1 While the Constitution does not mandate rotation of seats after just one election cycle, this often is the practice across States. It counters the intent of reservation. Candidates who win elections for the first time from reserved seats do not get adequate opportunity to gain in experience and grow in stature by getting re-elected. Often, proxy candidates are put up, who serve for a term, after which the seat gets de-reserved and becomes available to the existing powerful groups and individuals. Moreover, the rotation after one election cycle often leads to an unhealthy attitude of the elected, having little hope for re-election.

11.6.2 The 2nd ARC has recommended reservation for at least two terms to enable elected representatives to grow as genuine leaders. Such a provision already exists in Tamil Nadu. It is argued that this would lead to a seat becoming available to a particular group (SC, ST, OBC, Women) after four decades and the right-to-recall should address the ills of one election cycle. But the balance of advantage would lie with rotation only after two election cycles.

11.6.3 Further, Article 243D provides that seats and offices of chairpersons reserved for SCs, STs and OBCs shall be allotted by rotation irrespective of their population in a Panchayat/Ward. Since, the proportion of population of these categories varies among Panchayats, this may lead to the situation that proportionate number of seats are not reserved for these categories in Panchayats/Wards, where their proportion is high, while disproportionate number. of seats are reserved for them in Panchayats where their population may be very low or even zero. This vitiates the spirit of reservation, and also increases resentment as the manner of reservation is seen as illogical.

11.6.4 It may, therefore, be desirable that seats and offices of chairpersons be reserved for two continuous terms for a particular category and reservation be only in those territorial areas (Panchayats and District Councils) where the population of a particular category is 5% or more, by amending Article 243D.

11.7 Reconciling the Term of the SFCs with that of the CFC

11.7.1 Article 243I of the Constitution states that the Governor of a State shall constitute a State Finance Commission (SFC) 'at the expiration of every fifth year' to review the financial position of Panchayats and make recommendations regarding the principles governing the distribution and assignment of taxes, duties etc. between the State and Panchayats, and grants-in-aid to Panchayats from the Consolidated Fund of the State. Article 280(3) (bb) requires the Central Finance Commission (CFC) to make recommendations on the measures needed to augment the Consolidated Fund of a State to supplement the resources of Panchayats in the State on the basis of the recommendations made by the SFCs.

11.7.2 The successive Finance Commissions have noted that as the period of the SFCs and the CFC was not synchronised, it was difficult to base the CFC report on the recommendations of the SFCs and State Governments should be empowered to constitute and direct their respective SFCs to give their report well before the CFC finalises its recommendations.

11.7.3 The present wording in the Constitution 'every fifth year' limits the State Governments in constituting their SFCs so that the SFC reports are available to the CFC well in time. It may be desirable to amend Article 243I (1) of the Constitution suitably.

11.8 Restructuring of the Legislative Councils

11.8.1 The Legislative Councils can be critical institutions to enable the Local Bodies to have

a say in the formulation of State laws and protect their institutional interests. Through the Legislative Councils, an organic link between the State Government and the Local Bodies can be established, and the issue of inadequate devolution of powers and functions to the Local Bodies could be resolved through legislative debates.

11.8.2 Clause 3 of Article 171(2) of the Constitution provides for the election of **only one-third** of the members of the Legislative Councils by the electorate of Local Bodies. The remaining two-thirds are to be elected from among university graduates, teachers, persons elected by MLAs, etc. The 'graduates' and 'teachers' constituencies may have originally been conceived as a group of literate persons, when illiteracy was very high. With high literacy now, there is little logic in providing separate representation for graduates and teachers. Instead, the Legislative Councils need to be restructured to give larger representation to the Local Bodies, towards deepening the democratic process.

11.8.3 A law could be framed under Article 171(2)

to provide that two-thirds of the members of the Legislative Councils shall be elected from among the elected members of the Local Bodies.

11.9 Nyaya Panchayat Bill, 2011

11.9.1 It is a Bill to provide for the establishment of Nyaya Panchayats, at the level of every GP as a forum for resolution of disputes with peoples' participation directed to providing a system of fair and speedy justice, both civil and criminal, to the citizens at their doorsteps, and for matters connected therewith or incidental thereto.

11.10 Dispute-free Village Scheme

While passage of the proposed Nyaya Panchayat Bill may take some time, MoPR has advised the State Governments to initiate scheme similar to **"Mahatma Gandhi Dispute Free Villages Campaign"** launched by the Government of Maharashtra. Under the Maharashtra scheme, cash awards are given to GPs which attain pre-determined targets in terms of dispute resolution. (Details available on www.panchayat.gov.in)

11.11 Action Points

- Adopt the Model Panchayati Raj Act or its specific provisions with appropriate modifications. (States)
- Have a National Debate on amendment to Article 243 of the Constitution. (GoI and States)
- Enact the Nyaya Panchayat Bill. In the meantime, launch Dispute-free Village scheme. (GoI and States)
- Harmonise State and Central Acts and Rules with the 73rd Amendment.

Chapter 12
Some Important Issues

12.1 Viable Size of the Gram Panchayats

12.1.1 There is a case for larger and more viable GPs as it is difficult to provide small GPs with requisite buildings and complement of managerial and technical staff to enable them to function efficiently and effectively. Recommendations in the State PR Secretaries meeting held on September 26, 2008 was to have five to ten thousand population in plain areas and two to five thousand in hilly/desert areas, depending on distance travel time from GP headquarters etc.

12.1.2 Simultaneously, it needs be borne in mind that the larger GPs will be less participatory. The dichotomy between participation and representation can be solved by having empowered units such as Ward Sabhas (viz. Palli Sabhas in Orissa and Gram Unnayan Samitis in West Bengal). Delimitation of the GPs could be entrusted to the SECs within the state guidelines.

12.2 Election Process and State Election Commission (SEC)

12.2.1 The Sixth Round Table of Ministers-in-charge of Panchayati Raj held at Guwahati on 27-28 November 2004, recommended that:

- There is a need to work towards commonality, if not uniformity, to election procedures and provisions.
- It would be desirable to vest all responsibility for the election process to the SECs rather than splitting these up, including issues like the preparation of electoral rolls, delimitation of constituencies, reservation and rotation, qualifications of candidates and conduct of elections.

- The Union Government may prepare of a Model Code relating to the supervision, direction and conduct of elections for the PRIs.

12.2.2 The 2nd ARC, in its Sixth Report on Local Governance has made the following recommendations in the regard:

- Delimitation and reservation of constituencies to be entrusted to the SECs.
- State Laws to provide for adoption of Assembly Electoral Rolls for elections to the local bodies and accordingly, the voter registration and preparation of electoral rolls by the Election Commission of India (ECI) to be done on geographic continuity. Similarly, the electoral divisions for elections to local bodies to follow the Building Blocks approach.
- Registration of Electors Rules 1960 to be amended to define a 'part' as a compact geographical unit.
- Boundaries of 'part' and 'enumeration block' to coincide for convergence of census data and electoral rolls.
- Reservation of seats to done on either of the following two principles –
  - Single member constituency: Rotation be after two terms of five years each for longevity of leadership and nurturing of constituencies.
  - Multi-member constituency: Ensuring reservation of seats by the List system.

- Election of members of DPCs and MPCs to be entrusted to SECs.

12.2.3 The above recommendations need to be implemented.

12.3 Direct Election to Chairman of IP/ZP

The Constitution stipulates that while seats in the Panchayats are able to be filled through direct election, offices of chairpersons in Intermediate and District Panchayats are to be filled through indirect election. States may provide for direct or indirect elections for chairpersons of Village Panchayats. Direct elections have the advantage over indirect elections as they lead to the election of meritorious candidates who directly represent the people. The problem with direct elections is that these are expensive and it is difficult for poor candidates to contest. In indirect elections, preferences of the political party become paramount, and moreover, opportunity for use of muscle/money power is easier. However, indirect election ensures that the chairperson is accountable to the Members and therefore, subject to democratic checks and balances. This issue needs to be debated further.

12.4 Merger of DRDA into the Zilla Panchayat (ZP)

On the whole, keeping in view (a) the spirit of democratic decentralisation in accordance with the 73rd Amendment, and (b) no adverse experience having been noticed in States like Kerala, Karnataka and West Bengal, which have merged DRDAs in ZPs, the recommendations of 2nd ARC and the Fourth Round Table of the State Ministers for merger of DRDAs into ZPs could be accepted. Accordingly, DRDA's legal identity could be dissolved. It could instead become Panchayat and Rural Development Cell (PRDC) within the ZP 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 DPC to perform the planning functions. This would ensure convergence of functions of ZP, PRIs and DPC and planning and implementation of CSSs/ACA and also enhance the role of PRDC (erstwhile DRDA) in a changed context. The approved staff structure of DRDA with suitable augmentation, should serve the purpose adequately with good recruitment and continuous training.

12.5 MPLAD/MLALAD Funds

The 2nd ARC has recommended abolition of the MPLADS and the MLALADS scheme on the grounds that these schemes "seriously erode the notion of separation of powers, as the legislator directly becomes the executive". At least planning and implementation of schemes under MPLAD/MLALAD funds could be entrusted to the local bodies and DPCs.

12.6 Corruption in the Panchayats

Corruption in the Panchayats should be seen in the holistic prospective, particularly when transfers/postings of functionaries, who are supposed to ensure compliance of rules and procedures, is outside the purview of the Panchayats. Furthermore, the PR Acts have provisions for action against its elected functionaries, which need to be enforced. However, it may be remembered that Panchayati Raj being a necessity for deepening of democracy, is a very desirable end by itself. Nevertheless, to deal with the complaints of corruption and mal-administration, Ombudsman for oversight from above and effective social audit by the Gram Sabha from below, would be major steps. Computerised accounts and transparent procurement process would also be necessary.

12.7 State-Panchayat and Inter-Panchayat Tensions

A careful Activity Mapping assigning specific roles to the Central/State Government, 3 tiers of the Panchayats, Gram Sabha etc. could remove most of the tensions. The result of good Activity Mapping would be to clearly identify where competence, authority and accountability lie. It would permit higher levels of Government to concentrate more on policy making, legislation, system building, addressing issues of equity and regional imbalances and effectively discharging oversight responsibilities. There is generally a strong case for (a) giving the Gram Panchayats the responsibilities of asset creation, operation, and maintenance, while involving it in the planning process through the Gram Sabha; (b)

giving the middle tiers responsibilities for human capital development; and (c) giving higher levels of Government the responsibility of policy, standards and monitoring of outcomes.

12.8 MoPR Schemes

The BRGF, RGSY and other CB&T need to be restructured into two schemes viz. (a) BRGF: for providing Development Grant to the identified districts/regions to address regional backwardness effectively in a time-bound manner, and (b) RGPSA: for Comprehensive Capacity Building of the PRIs and equivalent bodies in all districts of the country, including manpower, ICT, training and infrastructure.

12.9 Action Points

- Re-organise small GPs for viable size.
- Enable SECs to handle all aspects of Panchayat elections.
- Merge DRDAs into ZPs.
- Entrust planning and implementation of MPLAD/MLALAD funds to the PRIs.
- Put in place appropriate institutions, systems and processes to address malfeasance and mal-administration.
- Do clear Activity Mapping to avoid State-Panchayat and inter-Panchayat tensions.
- Re-organise MoPR schemes for enhanced impact.

Chapter 13
Road Ahead

This chapter lists Action Points for nurturing Panchayats into 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 five years to almost coincide with the 12th Five Year Plan period. Though the States are at differing stages of evolution of Panchayats, all need to achieve at least the targets suggested below, as per a time-bound action plan:

13.1 Vision, Mission and Strategy for the Panchayats

Vision
To attain the Gram Swaraj dream of 'Mahatma Gandhi' through 'Power to the People'.

Mission
To enable Panchayats to function as institutions of Self-Government.

Strategies
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 in PRIs and also their leadership quality.
- Implementing PESA effectively.
- Deepening decentralised governance in the 6th Schedule Areas.

B. Enablement:
- Building the organisational 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 decentralised 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.

13.2 Accountability and Efficiency of the Panchayats

13.2.1 Issues
- Effective functioning of the Gram Sabha.
- Enabled and Accountable Panchayats.

13.2.2 Action Points
- Define powers of the Gram Sabha in the Constitution and State legislation along the lines of PESA. (GoI and States)
- Provide for Ward/Mahila Sabhas with specific functions. (GoI and States)
- Ensure effective functioning of the Gram

Sabhas: Regular and purposeful meetings, participation of the marginalised groups, attendance of official functionaries, preparation of minutes of the meetings and follow-up etc. (States and Panchayats)

- Strengthen social audit and give proactive information to the Gram Sabha. (States)
- Promote democratic functioning of the GPs (not dominated by Sarpanch) and activate Standing Committees.
- Grade performance of the Panchayats and provide incentives/disincentives based on such a gradation. (GoI and States)
- Establish Ombudsman to guard against mal-administration and malfeasance of the Panchayat functionaries. (GoI and States)
- Provide essential office space, manpower and infrastructure to the Panchayats. (States)
- Build robust but simple systems, processes and procedures for accountability and efficiency of the Panchayats. (GoI and States).
- Launch Green Kerala Express type reality show on the Panchayats.

13.3 Functions of the Panchayats

13.3.1 Issues

- Devolution of functions upon the PRIs following the principles of subsidiarity and centrality of the Panchayats.

13.3.2 Action Points

- Emphasise governance, regulatory and convergence function of the Panchayats.
- Devolve functions as per Activity Mapping. To begin with, 3Fs relating to at least Primary Education, Primary Health, Women and Child (including ICDS), Social Justice, Drinking Water and Sanitation, Civic Services, Agri Extenstion, 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. (States)
- 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.

13.4 Functionaries of the Panchayats

13.4.1 Issues

- Requisite manpower.
- Capacity of functionaries.
- Clarity on the role of functionaries.

13.4.2 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.
- Rationalise/Converge various cadres into appropriate Panchayat Cadres and make corresponding changes in the Administrative Orders and rules etc.
- Give job description for each post and identify skill development matrices for each, for training of the personnel.

13.5 Finances of the Panchayats

13.5.1 Issues

- Financial Decentralisation.
- Accounting and Audit.
- Fiscal Responsibility Regime.

13.5.2 Action Points

- Increase share of transfers to the PRIs from the State Governments as untied grants by consolidating the State schemes into untied grants (as Kerala has done), and explicitly define through State legislation a formula to allocate grants to the PRI as a share of the State revenues. (States)
- Give right to the Panchayats to levy and collect taxes, tolls, fees, user charges on their own with minimum and maximum rates and incentivise such collection, in order to reduce their dependence on the Central and State Governments. (States)
- Strengthen composition, function and the Reports of the State Finance Commission. (States)
- Link allocations through CSSs to the States to the Devolution Index and to the Panchayats, based on their performance grading. (GoI)

- Implement Model Accounting System including PRIASoft and strengthen Audit System. (States)
- Fulfil performance grant conditions under the 13th CFC award. (States)
- Prepare Asset Directory for O&M needs and avoiding duplication of works. (States)
- Adopt FRBM for the PRIs circulated by MoPR. (States)

13.6 Capability Building through Training

13.6.1 Issues

- Continuous CBT of elected representatives and officials.
- Specialised CBT for elected women/SC/ST representatives.

13.6.2 Action Points

- Implement National Capability Building Framework (NCBF) in letter and spirit.
- Develop comprehensive CB strategy based on thorough Capacity Assessment to address gaps at the individual, institutional and environment levels.
- Prepare perspective and annual training plans based on TNA etc.
- Set up State level Standing Committees to synergise CB efforts of all Line Departments/ Institutions.
- Make training programmes women-friendly.
- Strengthen SIRDs.
- 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 etc.
- Include transformational leadership and own resource mobilisation in the training programmes.

13.7 Decentralised Planning

13.7.1 Issues

- Quality and participatory nature of integrated decentralised plans.
- Capacity at various levels to plan.

13.7.2 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 and 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. (GoI and States)
- Train relevant PRI representatives and functionaries in integrated planning and PlanPlus. (States)
- Initiate spatial planning and amend relevant legislation for enabling. (GoI and States)
- Expedite use of Plan Plus software and GIS. (States)

13.8 e-Governance

13.8.1 Issue

- Operationalising e-Panchayat in Mission Mode.

13.8.2 Action Points

- Provide ICT infrastructure and manpower to all GPs. (GoI and States)
- Have a clear strategy and action plan for roll-out of e-Panchayat Project for which ISNA, BPR and DPR have been prepared for each State/UT. (States)
- Develop and deploy all 12 Core Common Applications within a year and also the identified State specific Applications. (GoI and States)
- Leverage CSCs as front-ends for citizen services as an option.
- Connect all GPs with broadband. (GoI)

13.9 PESA

13.9.1 Issues

- Effective and urgent implementation of PESA.

13.9.2 Action Points

- Amend PESA Act to remove infirmities. (GoI)
- Adopt Model Rules framed by MoPR with suitable modifications. (States)
- Amend relevant subject laws and rules and issue executive instructions for PESA compliance. (States and GoI Ministries)
- Enable and activate the GSs. (States and Panchayats)
- Build capacity of the functionaries implementing PESA. (GoI and States)

13.10 Decentralised Governance in the North-Eastern States

13.10.1 Issues

- Empowered and democratic village level bodies.
- Effective and cohesive institutional set up.

13.10.2 Action Points

- Inter-Ministerial Team (IMT) to continue to consult with the State Governments, Councils and other stakeholders like women's bodies to finalise the draft amendments in the State laws. (GoI and States)
- IMT to further work on:
  - State and Council Relation issues that remain unresolved.
  - Need for tribe-specific Councils and their role in the context of proposed self-governing village institutions. (GoI and States)

13.11 Constitutional Framework

13.11.1 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.

13.11.2 Action Points

- Adopt the Model Panchayati Raj Act or its specific provisions with appropriate modifications. (States)
- Have a National Debate on amendment to Article 243 of the Constitution. (GoI and States)
- Enact the Nyaya Panchayat Bill. In the meantime, launch Dispute-free Village scheme. (GoI and States)
- Harmonise State and Central Acts and Rules with the 73rd Amendment.

13.12 Miscellaneous Issues

13.12.1 Issues

Small and unviable GPs, role of SECs in Panchayat elections, DRDA vs ZP, MPLAD/MLALAD funds, corruption in Panchayats, inter-Panchayat tensions etc.

13.12.2 Action Points

- Re-organise small GPs for viable size.
- Enable SECs to handle all aspects of Panchayat elections.
- Merge DRDAs into ZPs.
- Entrust planning and implementation of MPLAD/MLALAD funds to the PRIs.
- Put in place appropriate institutions, systems and processes to address malfeasance and mal-administration.
- Do clear Activity Mapping to avoid State-Panchayat and inter-Panchayat tensions.
- Re-organise MoPR schemes for enhanced impact.

Active Gram Sabha

My idea of Village Swaraj is that it is a complete republic.
The government of the village have all the authority and jurisdiction
required. This Panchayat will be the legislature, judiciary and executive
combined. (abridged)

Mahatma Gandhi

"To the people of India, let us ensure maximum democracy and maximum
devolution. Let there be an end to the power-brokers. Let us give power to
the people."

Prime Minister Rajiv Gandhi
Lok Sabha, May 15, 1989