

# **Economic Development and Income Generation through Panchayats in Rural Areas**

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**Submitted to**

**Ministry of Panchayati Raj,  
Government of India**

**July 2019**

## ACKNOWLEDGEMENT

*Ministry of Panchayati Raj had entrusted the responsibility of conducting a study titled as “Economic Development and Income Generation through Panchayats in Rural Areas” with Kerala Development Society (KDS- Delhi). The study would not have been a reality without the support, guidance, encouragement and generous contributions of many individuals and organizations.*

*I express deep gratitude to officials of Ministry of Panchayati Raj for the guidance extended in finalizing the design of the study and sharing valuable comments on the draft report of the study. I am thankful to Shri. Sanjay Singh, Additional Secretary, MoPR, Smt. Sujata Sharma, Economic Adviser, Dr. S. K. Patjoshi, Joint Secretary, Shri. K.S. Sethi, Joint Secretary, Shri. Alok Prem Nagar, Joint Secretary, Shri. S. S. Prasad, Director, Shri Kamlesh Kumar Tripathi, Director for providing suggestions on the draft report . Special thanks to Smt. Malti Rawat, Deputy Secretary, Shri. S. K. Upadhyay, Under Secretary, Shri. Puneet Sharma, Under Secretary and Shri Aditya Vikram Singh, Consultant. Various officials from state departments, officials and elected members of different tiers of Panchayats in various states have shared relevant information. Their cooperation in enriching the study is acknowledged. I wish to acknowledge the cooperation received from various village organizations in different states in providing relevant information for conducting this study.*

*I wish to acknowledge the research support provided by Dr. Seema Chelat and Ms. Megha Jacob, my colleagues at KDS-Delhi. Several research investigators worked relentlessly in the field to collect data. A special thanks to them. Administrative support provided by the members of KDS team that consist of Ms. Vijayasree M.B., Ms. Neema. V and Mr. R. Kumar are gratefully acknowledged.*

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*New Delhi  
22 July 2019*

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## **Economic Development and Income Generation through Panchayats in Rural Areas**

### **List of Abbreviations**

<i>ADS</i>	<i>Area Development Society</i>	<i>MLA</i>	<i>Member of Legislative Assembly</i>
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<i>BDO</i>	<i>Block Development Officer</i>		
<i>BP</i>	<i>Block Panchayat</i>	<i>MoPR</i>	<i>Ministry of Panchayati Raj</i>
<i>BRLS</i>	<i>Bihar Rural Livelihood Promotion Society</i>	<i>MSRLM</i>	<i>Maharashtra State Rural Livelihood Misson</i>
<i>CDS</i>	<i>Community Development Society</i>	<i>MMGRA</i>	<i>Mukhya Mantri Grameen Raste Abhivrudhi Yojana</i>
<i>CEO</i>	<i>Chief Executive Officer</i>		
<i>CFC</i>	<i>Central Finance Commission</i>	<i>NHG</i>	<i>Neighbourhood Groups</i>
<i>CMSA</i>	<i>Community Based Sustainable Agriculture</i>	<i>OBC</i>	<i>Other Backward Class</i>
<i>CSS</i>	<i>Centrally Sponsored Scheme</i>	<i>OSR</i>	<i>Own Sources Revenue</i>
<i>DAY-NRLM</i>	<i>Deendayal Antyodaya Yojana-National Rural Livelihood Mission</i>	<i>PDO</i>	<i>Panchayat Development Officer</i>
<i>DDP</i>	<i>District Development Plan</i>		
<i>DDU-GKY</i>	<i>Deen Dayal Upadhyaya Grameen Kaushalya Yojana</i>	<i>PMAY</i>	<i>Pradhan Mantri Sadak Yojna</i>
<i>DM</i>	<i>District Magistrate</i>	<i>PMGSY</i>	<i>Pradhan Mantri Gram Sadak Yojna</i>
<i>DPC</i>	<i>District Planning Committees</i>	<i>PRIs</i>	<i>Panchayati Raj Institutions</i>
<i>DPO</i>	<i>District Planning Officer</i>	<i>RGSA</i>	<i>Rashtriya Gram Swaraj Abhiyaan</i>
<i>DRDA</i>	<i>District Rural Development Agency</i>	<i>SC</i>	<i>Scheduled Caste</i>
<i>ER</i>	<i>Elected Representative</i>	<i>SDGs</i>	<i>Sustainable Development Goals</i>
<i>FFC</i>	<i>Fourteenth Finance Commission</i>	<i>SFC</i>	<i>State Finance Commission</i>
<i>GP</i>	<i>Gram Panchayat</i>	<i>SHG</i>	<i>Self Help Group</i>
<i>GPDP</i>	<i>Gram Panchayat Development Plan</i>	<i>SIRD</i>	<i>State Institute of Rural Development</i>
<i>GPHDI</i>	<i>Gram Panchyat Human Development Index</i>	<i>SSA</i>	<i>Sarva Shiksha Abhiyan</i>
<i>GSA</i>	<i>Gram Swaraj Abhiyan</i>	<i>ST</i>	<i>Schedules Tribe</i>
<i>MGNREGS</i>	<i>Mahatma Gandhi National Rural Employment Guarantee Scheme</i>	<i>VAGY</i>	<i>Vidhayak Adarsh Gram Yojana</i>
		<i>VDP</i>	<i>Village Development Plan</i>

## **EXECUTIVE SUMMARY**

This is a modest attempt to study the role of Panchayats in economic development and income generating activities. The overall objective of the study is to assess the role of Panchayats in ensuring inclusive economic development and income generation in their respective Panchayat areas by undertaking diverse economic activities and converging different resources at their disposal.

## **A. Methodology of the Study**

### **A.1 Specific Objectives and Major Outputs of the Study**

The study is conducted with the following key objectives:

- Understand the status of involvement of Panchayats in promoting economic development and income generation in their respective areas
- Explore and suggest potential areas of involvement of the Panchayats towards ensuring local economic development and income generation
- Make recommendations for strengthened role of Panchayats in economic development in equitable manner in their areas within existing frameworks and available resources under various funds, different central and state sponsored schemes and its own revenue sources

In order to meet these objectives we have made an assessment of involvement of Panchayats in economic development and income generation in their respective areas. Identification of challenges faced by the Panchayats in performing their role as economic development and income generation is another output of this study. We have attempted to identify potential areas of involvement of the Panchayats for economic development. The study has identified enabling factors and arrangements made by states to facilitate Panchayats in undertaking economic development activities. We have provided a range of policy recommendations for economic development through Panchayats.

### **A.2 Universe of the Study**

This is a pan India study that has covered selected Part IX states with regional representation. Two states each of Northern, Southern, Eastern, Western, Central and North-eastern region were selected for the study. The selection of these states was based on purposive sampling technique.

### **A.3 Sample Size and Data Collection**

The survey method was used for collecting primary data. A sample of 12 states was selected for the survey. These states are Assam, Bihar, Chhattisgarh, Haryana, Kerala, Karnataka, Madhya Pradesh, Maharashtra, Manipur, Rajasthan, Uttar Pradesh, and West Bengal. For the field survey, 24 Intermediate Panchayats, 24 District panchayats and 60 Gram Panchayats were selected through purposive sampling method. An attempt was made to make the sample size as the representative as possible.

### **A.4 Respondents**

The interviewees configure elected representatives and officials of Panchayats apart from state officials and knowledgeable persons. A total of 540 respondents have participated in the sample survey in 12 states. Information was collected from elected head, elected members and Secretary of a Gram Panchayat. Information was sought from elected heads, elected members and official heads of intermediate and district Panchayats. At state level, information was collected from state officials including officials of line departments.

## **B. Results of the Study**

### **B.1 Devolution of Powers and Institutional Framework of Panchayats for Economic Development and Income Generation in Rural Areas**

Panchayati Raj Institution system is highly diversified and its Gram Panchayats have different size and system. There are wide variations in the size of population as well as in the number of elected representatives, reservation to SCs, STs, OBCs and Women. Out of 29 subjects listed in eleventh schedule of the Constitution ten subjects are quite relevant for achieving economic development of a village. The relevant subjects are agriculture, animal husbandry, fisheries, minor forestry, small scale industries, khadi village and cottage industries, poverty alleviation programme, technical training and vocational education, market and fairs, and maintenance of community assets.

A review of studies commissioned by MoPR to assess devolution of powers to Panchayats was carried out in special reference to the role of Panchayats towards economic development. According to these studies components of Devolution Index facilitating Panchayats in economic development activities are recent initiatives to improve revenue of Panchayats, integrated annual plans of the three tiers of Panchayats for local economic development, number of own and transferred functionaries, increase in the income and expenditure, functions transferred and role of Gram Panchayats in the execution of centrally sponsored schemes and state sponsored schemes.

A review of state Panchayati Raj Acts and activity mapping shows that states like Kerala, Karnataka and Maharashtra have devolved many activities under these subjects for economic development to Gram Panchayats. These states have devolved powers to Gram Panchayat to carry out active in the areas of agriculture, animal husbandry, fishing, poverty alleviations, etc. The powers to maintain community assets are devolved to Gram Panchayats in Bihar and Rajasthan. Activities under Khadi, village and cottage industries are executed by Panchayats in states like Kerala, Karnataka,

Maharashtra, Rajasthan and Haryana. Gram Panchayats of a number of states have given powers to carry out poverty alleviation programmes.

In most of the states covered by the survey, Panchayats have been entrusted with the activities of monitoring, supervision of works and projects that are relevant for economic development. In fact, implementation of works and fund- linked activities are carried out in a few Panchayats. By and large, a significant number of Panchayats are in a better position to plan and execute activities towards economic development.

## **B.2 Planning Activities of Panchayats for Economic Development and Income Generation**

The enabling factors made by states in respect of decentralised planning in special reference to planning towards economic development and income generation are functioning of Gram Sabha, composition and functioning of District Planning Committee, planning process, availability resources for planning, consolidation of Panchayat plans at district level and the degree of integration of plan. Clear guidelines for planning, a planning calendar and transfer of funds based purely on formula are available only in few states. The resource envelope of the Gram Panchayats contains seven sources of fund. Fourteenth finance commission award to the state, transfer by State Finance Commission for development purpose, centrally sponsored schemes, sponsored schemes, own sources of revenue, contribution by the communities and local area development fund. A few states have made better arrangements in respect of planning at Panchayat level to support them for undertaking economic development activities. Line departments have prepared plan on their own in a large number of states. Clear guidelines for planning, planning calendar and transfer of funds based purely on formula were available in a few states. Decentralized planning process is not in a systematic manner in about 60 percent of Gram Panchayats covered by the survey. Except Kerala and Karnataka, most of the states covered by the study do not have adequate enabling factors to support Panchayats for undertaking economic development activities. A Gram Panchayat has different plans such as MGNREGS Plan and Gram Panchayat Development Plan. There is no unified plan for a Gram Panchayat. Most of the Gram Panchayats do not have database to make plans. The Gram Panchayat functionaries do not have adequate capacity and institutional mechanism for the preparation of plans for economic development.

## **B.3 Current Activities and Schemes towards Economic Development through Panchayats**

Currently, four major schemes are relevant for Panchayats in achieving economic development of Indian villages. These are centrally sponsored schemes, state sponsored schemes including SFC and CFC grants, own source of revenue linked schemes and local area development funds. Majority of the states have taken up economic development activities in the areas of agriculture, animal husbandry and fisheries. Income generation activities under minor forest produce have been carried out by Gram Panchayats was Maharashtra, Assam and Manipur. States like Kerala, West Bengal, Assam and Maharashtra have initiated activities in the areas of small scale industries, including food processing industries. All Gram Panchayats of states covered by the study have involved in the implementation of MGNREGS and DAY-NRLM. The analysis of the involvement of Panchayat in the scheme and activities related to ten subjects reveals that a large number of Panchayats are yet to start concrete initiatives on economic development and income generation activities.

#### **B.4 Employment Creation through Panchayats : Current Scenario**

Creation of jobs in massive number in rural areas is a herculean task. Rural informal sector has several constraints such as low level of technology and limited access to inputs and credits. Unstable market condition in villages is an area of concern. Despite these challenges, several Panchayats carry out their activities towards employment creation by focusing skill development and productivity improvement. Gram Panchayats identify people in the productive age who are unemployed or underemployed and map their skills. Some Panchayats have explored potential from natural resources for employment creation. There are several potentials of production and diversity from agricultural land, water bodies, forest, animal husbandry. A few of them have attempted to create employment opportunities in the areas of agriculture, animal husbandry and pisciculture.

#### **B.5 Challenges for achieving Economic Development through Panchayats**

Most of the Panchayats covered by the survey face several challenges in performing different tasks towards economic development. Institutional level challenges include inadequate devolution of powers to Panchayats, weak institutional structure for preparation of plans and schemes, poor functioning of DPCs, weak grassroots planning process and absence of linkages between Panchayats and line departments. Constraints in mobilising own sources of revenue and lack of Panchayat window in state budget need special mention. There are several deficiencies in the availability of human and physical infrastructure of Panchayats.

## **B.6 Opportunities for Economic Development through Panchayats**

All the three or two tiers of Panchayats have tremendous opportunities for intervention towards economic development of each and every village. Gram Panchayat being the lowest tier can create a wide range of activities with the support of other tiers. PRIs have a constitutional role in executing programmes and activities for rural inclusive economic development with focus on poverty reduction. Panchayats can mobilize village resources and use public-private and Panchayat partnership model in planning and executing projects. Panchayat with the support of department of Agriculture and Animal Husbandry can initiate dairying as an allied activity to agriculture which will provide a source of sustainable income for rural households. There is a good potential for value added products from agriculture, animal husbandry, pisciculture and non-timber forest produce. Promotion of micro, small and medium enterprises, service sector, social enterprises and incubation centre will create income and economic development. There is a good scope for implementing economic development activities through the convergence of schemes and funds of various departments and institutions.

## **B.7 Economic Development through Panchayats: Policy Recommendations**

The core components of suggested interventions are in the areas of planning, execution, monitoring and evaluation of works and projects, capacity building of staff and elected representatives of Panchayats and proactive role of various stakeholders, especially state governments.

### ***B.7.1 Interventions of Panchayats in Local Planning for Economic Development***

**B.7.1.1:** Gram Panchayat Development Plan and Annual Action Plan may be prepared through an effective decentralised planning exercise. All the states should take steps to ensure one unified Gram Panchayat plan. It is essential to prepare a unified plan for each Gram Panchayat by integration of MGNREGS plan and Gram Panchayat Development plan. In order to achieve the economic development through Panchayats, the level of integration of Panchayat plan with plan of line departments need to be improved.

A large number of livelihood and income generating project ideas may be formulated and developed by organising workshops and meetings at Panchayat level.

**B.7.1.2:** Each state should issue clear guidelines for planning to Panchayats with a special focus on identification and selection of income generating and livelihood projects under different schemes.



Panchayats should know how much money they have under different schemes and how they should plan. Each state government will have to communicate the resource envelope to all Panchayats to enable them to plan projects and works towards economic development.

**B.7.1.3:** In order to support the plan preparation process towards economic development a good database along with a team of professional resource persons is required. The data base should cover detailed information on resources, labour, employment etc. in a village.

### ***B.7.2 Execution of Works and Projects: Interventions of Panchayats towards Economic Development and Income Generation***

**B.7.2.1:** Each Gram Panchayat should take the lead in taking initiatives in coordinating different stakeholders especially Members of Parliament, Members of Legislative Assembly, Members of Legislative Council, line departments and village level organisations for the planning and execution of projects and works for economic development.

**B.7.2.2:** Through convergence of different schemes, Panchayats can formulate livelihood and income generation projects. Through inter-sectoral approach the results of several livelihood schemes of various line departments can be optimised.

**B.7.2.3:** Each Gram Panchayat can set up and promote organizations of small farmers and agricultural labourers in order to facilitate farming operations. Farmer Producer Organizations and Agriculture Labour Banks can be promoted by different tiers of Panchayats.

**B.7.2.4:** There should be a special focus on creation of employment opportunities for all households in the village. Production and employment can be created in the sectors of agriculture, animal husbandry, and pisciculture through sustained efforts and initiatives of Panchayats.

**B.7.2.5:** Gram Panchayat, as an institution, can start the process of inclusive economic development by providing special focus on poor and marginalised section of the society. The poor citizen, especially from marginalized communities and women, should get benefits from specific income generating and livelihood projects.

**B.7.2.6:** Standing committees constituted at Gram Panchayat level in a number of states need to be activated and functional. Its functioning needs to be reoriented towards planning and execution of works and projects related to economic development. In order to achieve faster economic development and employment creation a new standing committee, namely “Standing Committee on Economic Development and Employment Creation” may be created at the level of all the tiers of Panchayats.

**B.7.2.7:** All the two or three tiers need to be involved effectively and there should be a better coordination between different tiers of Panchayats for efficient execution of works and projects towards economic development. Higher tiers have to play specific coordination responsibilities. There will always be works and projects where there are economies of scale or spill over benefits and hence Gram Panchayats should be supported by higher tiers of Panchayats.

**B.7.2.8:** All the states need to take special initiatives to enhance own sources of revenue of Panchayats. Each Panchayat can mobilize donations and contributions from local communities for execution of income generating projects in many villages.

### ***B.7.3 Capacity Building for Planning Execution of Works and Projects for Economic Development and Social Justice***

The capacity of staff and elected representatives of Panchayats as well as select leaders of village organizations is to be built up for the formulation and execution of livelihood and income generation projects through a panel or network of resource persons. In addition to the training of existing human resources at Panchayat it is required to add more skilled persons who have professional skills in formulation, implementation, monitoring and evaluation of livelihood and income generation projects.

### ***B.7.4 Monitoring and Evaluation of Works and Projects: Formation of Resource Groups at State, District and Block levels***

A state level Resource Group may be constituted to suggest measures from time to time for the improvement of activities of Panchayat towards economic development and income generation. The District Level Steering Committee -cum-Resource group may be constituted under the chairmanship of Chairperson, District Panchayat. The Block Level Steering Committee cum

Resource Group may be constituted under the chairmanship of Chairperson, Intermediate Panchayat.

***B.7.5 Intervention of State Government: Devolution of Powers and Resources to Panchayats for Economic Development and Income Generation Activities***

Panchayats should be empowered in carrying out activities related to ten subjects that are relevant for economic development. Panchayats can undertake activities towards economic development in a sustainable manner if there is a regular flow of fund to Panchayats through state budget. There is a need for creating budget windows for PRIs. Fiscal administration at GP level is to be enhanced to promote activities towards economic development.

***B.7.6 Awards and Recognitions***

Awards may be instituted for three tiers of Panchayats for their excellence in promoting works and projects related to economic development and income generation activities. Elected heads and officials of Panchayats can also be awarded.

***B.7.7 Academic Courses in Universities***

Central, State, Deemed-to-be Universities and Private Universities may be encouraged to start courses on planning and execution of economic livelihood and income generation activities through Panchayats.

***B.7.8 Economic Development Activities as criteria for CFC and SFC grants***

Central Finance Commission and State Finance Commissions may consider activities of Panchayat towards economic development as one of various criteria for developing performance-based financing structure for Panchayats. It is necessary to provide incentives to Panchayats for undertaking activities towards economic development, livelihood and income generation.

***B.7.9 Setting up of Help Desk and Grievance redressal cell for Youth Entrepreneurs:*** Rural Entrepreneurs need a hand holding support in exploiting opportunities for rural entrepreneurship. Panchayat may set up a Help Desk to provide various support services to young entrepreneurs. This

Help Desk will function as a redressal cell to handle various problems related to issuing of licenses, Completion Certificate, environmental clearance, etc.

The present study has brought to light the intricacies of the pragmatic aspects of proactive role of Panchayats in achieving economic development of villages.

## **CHAPTER 1**

### **INTRODUCTION**

As per Article 243 (G) of the 73<sup>rd</sup> Constitutional Amendment Act, the states are required to devolve adequate powers and responsibilities on the Panchayati Raj Institutions in order to make them effective institutions of local self-government. The 73<sup>rd</sup> Constitutional Amendment Act left the extent of devolution to the wisdom of the State Legislature. It set in motion the process of institutionalizing PRIs in the Indian governance structure and gave PRIs a mandate in the delivery of key services and the specific role for PRIs in different subjects. The Amendment is complemented by a wide array of legislations that includes State Panchayat Acts, Central and State Sectoral Acts, Government Orders, Guidelines of Centrally Sponsored Schemes, and a large number of rulings of the judicial system up to the Supreme Court.

Effective decentralization provides greater choice to the people to participate in decision -making and this could act as a catalyst in development. Decentralised governance can improve efficiency in service delivery and enhance accountability. The introduction of the Panchayat Raj helped India in achieving many milestones in development. The decentralization of governance in rural area resulted in understanding the fundamentals of democracy by the citizens in rural area. The women empowerment through women reservations is one of the major achievements of the Panchayat Raj System. As local governments, Panchayats have key role to play for local economic development in villages of India. This includes efforts to improve economic well- being and quality of life of people by creating livelihoods opportunities and income generation in an equitable manner. The constitution of India through the 73<sup>rd</sup> Amendment, entrusted the states to devolve powers and responsibilities upon Panchayats with respect to preparation of plans for economic development and social justice and implementation of schemes for economic development and social justice in relation to the 29 subjects listed in the eleventh schedule of the Constitution. In this context, out of 29 subjects, some are important in which Panchayats can play significant role towards undertaking economic development in their respective areas. While all of these subjects directly impact local economic development, actual devolution of these subjects varies across states.

For economic development, skill upgradation and income generation in their respective areas, it is envisaged that Panchayats work towards maximising production and employment opportunities through agriculture, animal husbandry, pisciculture, and by adoption of best technologies and practices. They can facilitate skill upgradation of local labourers and local youth. Panchayats can take initiatives like developing local markets and related infrastructure; facilitate efficient transportation and market linkages for local agriculture produce. Necessary support for formation and promotion of Self-Help Groups, ensuring assured minimum wage employment for poor and the

marginalized in the village through MGNREGS and equitable wages for men and women are some more potential roles of Panchayats towards equitable economic development.

Currently, Panchayats are engaged in some economic activities through formulation of Gram Panchayat Development Plans, utilization of grants of Fourteenth Finance Commission awards for providing basic facilities and MGNREGS for employment and some other Central and State sponsored schemes; implementation of e-Governance in Panchayats through Core Common Software Applications (Panchayat Enterprise Suite), developed to address various aspects of Panchayats' functioning including planning, budgeting, implementation, accounting, monitoring, and delivery of citizen services etc. PRI offers an opportunity to rural masses to participate in decision making and planning processes at the Panchayat level. PRIs function at the village, intermediate and district level. Today, throughout the country there are approximately 237,453 Gram Panchayats at the village level, 6326 Intermediate Panchayats at the block level and 594 District Panchayats and a total of about 30 lakhs elected representatives at all three tiers. It is important that Panchayats are able to optimally utilize their potential and available resources in catering to needs for the economic development in their area. It is in this context, a study on the role of Panchayats in ensuring inclusive economic development and income generation in their respective Panchayat areas through undertaking various economic activities and converging various resources at their disposal assumes significance.

### **Overall Objective of the Study**

The overall objective of the study is to assess the role of Panchayats in ensuring inclusive economic development and income generation in their respective Panchayat areas by undertaking various economic activities and converging various resources at their disposal.

### **Key objectives of the study**

The study is conducted with the following key objectives:

- Understand the status of involvement of Panchayats in promoting economic development and income generation in their respective areas
- Explore and suggest potential areas of involvement of the Panchayats towards ensuring local economic development and income generation
- Make recommendations for strengthened role of Panchayats in economic development in equitable manner in their areas within existing frameworks and available resources under various funds, different central and state sponsored schemes and its own revenue sources

## Methodology

The study is mainly based on primary data. The secondary data is used to supplement and support the primary data.

**Study Design and Sampling:** The sample size consists of 12 states from five regions, namely: North, West, East, South, Central and North-East. The selection of these states is based on purposive sampling technique in Table 1.1.

**Table 1.1**  
**Selection of States: Method and Criteria**

Region	No. of States	Selected States	Method for selection of States	Criteria for selection of States
North	2	Uttar Pradesh and Haryana	Using Purposive sampling method, 12 states are selected	<ul style="list-style-type: none"><li>• Demographic profile and regional dimensions of state</li><li>• Level of economic development of state</li><li>• Size of state</li><li>• Devolution index in the national ranking of state</li><li>• Number of tiers of PRIs in state</li><li>• state with Fifth Schedule Area</li><li>• state with Sixth Schedule Area</li><li>• Reservation in PRI of the state</li><li>• Size of GP in the state</li></ul>
West	2	Rajasthan and Maharashtra		
East	2	West Bengal and Bihar		
South	2	Kerala and Karnataka		
Central	2	Madhya Pradesh and Chhattisgarh		
North East	2	Assam and Manipur		

The selection of states is made in such a way that all categories of PRIs are covered nationally as listed below:

- Two tier and three tier Panchayats
- Different categories of Panchayats in terms of devolution of powers
- Different size of Gram Panchayats
- Panchayats with different level of participation of women and marginalized communities

Criteria for selection of each state are presented in Table 1.2.

**Table 1.2**  
**Selection of States: Narration of Criteria**

Selected States	Criteria for selection of States
Assam	17 <sup>th</sup> position in Devolution index Ranking 2015-16, State with Sixth Schedule Area
Bihar	19 <sup>th</sup> position in Devolution index Ranking 2015-16, Median size of GP
Chhattisgarh	15 <sup>th</sup> position in Devolution index Ranking 2015-16, State with Fifth Schedule Area
Haryana	5 <sup>th</sup> position in Devolution index Ranking 2015-16 Median State
Karnataka	4 <sup>th</sup> position in Devolution Index Ranking 2015-16, Median size of GP
Kerala	1 <sup>st</sup> position in Devolution Index Ranking 2015-16 High level of HDI, Larger size of GP
Madhya Pradesh	13 <sup>th</sup> position in Devolution Index Ranking 2015-16 State with Fifth Schedule Area
Maharashtra	3 <sup>rd</sup> position in Devolution Index Ranking 2015-16 High level of HDI
Manipur	22 <sup>nd</sup> position in Devolution Index Ranking 2015-16, State with Sixth Schedule Area, two tiers of Panchayats
Rajasthan	14 <sup>th</sup> position in Devolution Index Ranking 2015-16 Median State
Uttar Pradesh	2 <sup>nd</sup> last rank in Devolution Index Ranking 2015-16 Larger size of the State/ Most populated
West Bengal	11 <sup>th</sup> position in Devolution Index Ranking 2015-16 Larger size of GP

From each state, five GPs were selected based on purposive sampling technique. The sample was taken in such a fashion that it becomes a representative sample of GP. The criteria for selection of 5 GPs are follows:

- a. One GP – having women Sarpanch/ Pradhan
- b. One GP - having Sarpanch/ Pradhan belonging to SC/ST category
- c. One GP- where the SC/ST population is dominant
- d. One GP can be of where Sarpanch/ Pradhan have been re-elected
- e. Distance from state head quarter and district headquarter.



The list of 60 Gram Panchayats, two intermediate Panchayats and two Districts Panchayats are given in Annexure I. Questionnaire survey was conducted amongst officials and elected representatives of Panchayats.

Information was collected from the respondents in the case of Gram Panchayats are elected head, Secretary of GP, elected members and other knowledgeable persons. Information was collected from respondents belonging to two intermediate Panchayats, two district Panchayats and state officials of all the selected states. These are elected head, BDO/ Official head, elected members and other knowledgeable persons from the Intermediate Panchayats. In the case of district, Panchayats information was collected from the elected head, CEO/ Official head, elected members and other knowledgeable persons. At state level, officials of line departments, state departments and state institutions were covered (Table 1.3).

**Table 1.3**  
**Selection of Gram Panchayats for Field Survey**

Gram Panchayats per State	Total Gram Panchayats from 12 States	Method for selection of Gram Panchayats	Criteria for selection of Gram Panchayats
5	60	Using purposive sampling method GPs are selected	<ul style="list-style-type: none"> <li>• Demographic profile</li> <li>• Level of economic development</li> <li>• Size of Gram Panchayat</li> <li>• Logistic Convenience</li> <li>• Proportion of Scheduled Castes and Scheduled Tribes population</li> <li>• Share of agricultural workers in the total rural work force.</li> </ul>

**Primary Data:** Primary data was collected through a field study by using various techniques comprise of personal interviews or personal meetings with key officials of state elected representatives and officials of different tiers of Panchayats. The field survey was carried out on a sample basis across all the 12 Indian states listed in Table 1.2. The primary data was collected from different sources to understand the status of involvement of Panchayats in promoting economic development and income generation in their respective areas. We have mapped various central and state schemes, resources and functionaries within devolved functions that can be linked to economic development, livelihoods and income generation.

It was required to assess the perceptions of state governments and officials with regard to role of Panchayats in local economic development and income generation. This study had assessed the understanding of Panchayats with regard to their own roles and responsibilities towards local economic development. The field survey had attempted to map the areas and status of devolution to Panchayats, in practice, that are relevant for involvement of Panchayats in activities related to local economic development. This was a modest attempt to identify various enabling factors and arrangements made by states for Panchayats to support them for undertaking economic development activities. It is significant to map the kind and extent of interventions being made by Panchayats to meet the mandate of economic development in their areas. Attempt was made to identify the challenges being faced by Panchayats in performing their official roles towards economic development and income generation. The survey sought to explore the activities and interventions Panchayats can do towards local planning economic development and ensuring income generation. Moreover, the survey enabled us to identify capacity building requirements for execution of activities for economic development and social justice by PRIs. Primary data was collected through well-structured questionnaires.

As is shown in Table 1.4 interviews/ meetings were held with different categories of respondents as part of data collection in each state.

**Table 1.4**  
**Categories of Respondents for Interviews/ Meetings**

<b>Categories</b>	<b>No of Respondents per State</b>	<b>Total for 12 States</b>
Elected Representatives and officials of District Panchayats	<b>10</b>	<b>120</b>
Elected Representatives and officials of Intermediate Panchayats	<b>10</b>	<b>120</b>
Elected Representatives and officials of Gram Panchayats	<b>10</b>	<b>120</b>
Key officials of States	<b>5</b>	<b>60</b>
Experts, knowledgeable persons, prominent members of the GP, NGO representatives	<b>10</b>	<b>120</b>
<b>Total</b>	<b>45</b>	<b>540</b>

**Tools for Primary Data Collection:** Three sets of questionnaire were prepared (1) for seeking information from officials and elected representative of Gram Panchayats (2) for seeking

information from key officials and elected representatives of two Intermediate Panchayats and two Zilla Panchayats and state level officials in each state and (3) for seeking information from knowledgeable persons, experts, prominent citizens, NGO representatives, representatives of village organizations focusing on a Gram Panchayat. The Questionnaires were designed for collection of primary data covered under various heads: general information, decentralized planning, schemes being implemented, training of elected representatives, role of Panchayats in implementation of schemes, etc. The copies of questionnaires are given in Annexure II, Annexure III and Annexure IV.

**Secondary Data:** Various types of secondary data including studies, reports and data collected by government and non-government organizations were used for the study. These documents include State Acts, Devolution studies commissioned by Ministry, Government Orders and circulars, and any other documents relevant to the study. As a part of secondary data, we have carried out desk review of State Panchayati Raj Acts and devolution studies commissioned by MoPR to identify areas and services devolved to Panchayats.

**Major variables for data collection are the following:**

- State Rules And Acts
- Activities and Interventions by Panchayats
- Projects and Works of Panchayats for Economic Development and Income Generation
- Schemes implemented by Panchayats
- Income / livelihood activities
- Employment creation through Panchayats
- Poverty reduction through Schemes, Works and Activities
- Enabling factors made by states
- Resources of Panchayats
- Own Sources of Revenue
- Fund collection of Panchayats
- Devolution of fund and functionaries
- Planning and preparation of projects and schemes
- Functioning, performance and effectiveness of Gram Sabha
- Functioning, performance and effectiveness of Standing Committee

**Data Processing:** Both qualitative and quantitative data collected through different methods were processed for presenting the results of the study.

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## **CHAPTER 2**

### **DEVOLUTION OF POWERS AND INSTITUTIONAL FRAMEWORK OF PANCHAYATS FOR ECONOMIC DEVELOPMENT AND INCOME GENERATION IN RURAL AREAS**

This chapter covers various features of different tiers of Panchayats in Indian states and the extent of powers devolved to them. The institutional framework of Panchayats in states covered by the survey is analysed in the first section of this chapter. In the next section, we discuss areas and services devolved to Gram Panchayats by state Panchayati Raj Acts and activity mapping carried

out by the respective state. A review of studies on devolution of powers to Panchayats commissioned by MoPR is presented in the third section while the widening state level variations in respect of devolution of powers to Panchayats are covered in the fourth section. An assessment of powers devolved to Panchayats in the context of its role in economic development is given in the last section.

### 2.1 Institutional Framework of Panchayats: State level Analysis

The Constitutionally mandated Panchayati Raj system is in place across the country. There are nearly 2.55 lakh elected Panchayats in the country. There exist around 253299 Gram Panchayats, 7074 Intermediate Panchayats and 630 District Panchayats in India. The total number of elected representatives is more than 3.1 million in which around 46 percent are women. The state wise number of GPs and its population is presented in Table 2.1. The state of Madhya Pradesh has the largest number of GPs followed by Uttar Pradesh Bihar and Maharashtra. However, in Madhya Pradesh and Uttar Pradesh the average population size of GP is quite small. Kerala has the smallest number of GPs with the largest population size.

**Table 2.1  
Size and Number of Gram Panchayats covered by the Survey**

<b>State/UT</b>	<b>Total Number of Gram Panchayats</b>	<b>Average Population Size of a Gram Panchayat</b>
Assam	2201	13254
Bihar	8386	12683
Chhattisgarh	10978	2630
Haryana	6197	11230
Karnataka	6021	28997
Kerala	941	32024
Madhya Pradesh	22816	3059
Maharashtra	27870	2200
Manipur	161	12637
Rajasthan	9892	4156
Uttar Pradesh	58805	3892
West Bengal	3340	22023
<b>All India Total</b>	<b>253299</b>	

Source: *Field Survey and Local Government Directory, Government of India at <http://lgdirectory.gov.in/demo/welcome.do>*

All the states have provided reservation of seats for women, while seven of them have given 50 percent and the remaining 33.33 percent reservation. Nine out of 12 covered by the study have reserved seat for SCs while eight states have provided reservation for STs and nine made reservation for OBCs (Annexure V).

The nomenclature of different tiers of Panchayats and elected heads are presented in Table 2.2. There is no uniformity in respect of names of Panchayats and elected heads.

**Table 2.2**  
**Nomenclature of different Tiers and Elected heads of Panchayats**

No.	States	Nomenclature of different tiers of Panchayat	Nomenclature of Elected Heads of Panchayat		
			District Panchayat	Intermediate Panchayat	Village Panchayat
1	Assam	DP=Zilla Parishad IP=Anchalik Panchayat VP= Gaon Panchayat	President	President	President
2	Bihar	DP=Zilla Panchayat IP= Panchayat Samiti VP= Gram Panchayat	Adhyaksha	Pramukh	Mukhiya
3	Chhattisgarh	DP=Zilla Panchayat IP= Janpad Panchayat VP= Gram Panchayat	President	President	Sarpanch
4	Haryana	DP=Zilla Parishad IP= Panchayat Samiti VP= Gram Panchayat	President	Chairman	Sarpanch
5	Karnataka	DP=Zilla Panchayat IP= Taluk Panchayat VP= Gram Panchayat	Adhyaksha	Adhyaksha	Adhyaksha
6	Kerala	DP=Zilla Panchayat IP= Block Panchayat VP= Grama Panchayat	President	President	President
7	Madhya Pradesh	DP=Zilla Panchayat IP= Janpad Panchayat VP= Gram Panchayat	Chairperson	President	Sarpanch
8	Maharashtra	DP=Zilla Parishad IP= Panchayat Samiti VP= Gram Panchayat	President	Sabhatipati	Sarpanch

9	Manipur	DP=District Panchayat VP= Gram Panchayat	Adhyaksha	NA	Pradhan
10	Rajasthan	DP=Zila Parishad IP= Panchayat Samiti VP= Gram Panchayat	Zila Pramukh	Pradhan	Sarpanch
11	Uttar Pradesh	DP=Zilla Panchayat IP= Kshetra Panchayat VP= Gram Panchayat	Adhyaksha	Pramukh	Pradhan
12	West Bengal	DP=Zilla Panchayat IP= Panchayat Samiti VP= Gram Panchayat	Sabadhipati	Sabhapati	Pradhan

Source: Field Survey

In India, PRI system is diversified and its Gram Panchayats have different size and system. There are wide variations in the size of population and in the number of elected representative's reservation to SCs, STs, OBCs and Women. Moreover, there are sharp differences in regard to nomenclature of institution and designation of head of the institutions.

## 2.2 Areas and Services devolved to Gram Panchayats: A Review of State Panchayati Raj Acts and Activity Mapping

Out of 29 subjects enlisted in eleventh schedule, around 10 subjects are quite relevant for planning and executing activities towards of economic development in a Panchayat. A total of 25 activities can be implemented with funding support; a prominent role can be played by Panchayat in economic development. A review of state Acts and activity mapping shows that states like Kerala, Karnataka and Maharashtra have devolved many activities under these subjects for economic development to Gram Panchayats (Table 2.3 and Table 2.4). These states have devolved powers to Gram Panchayat to carry out active in the areas of agriculture, animal husbandry, fishing, poverty alleviations, etc. The powers to maintain community assets are devolved to Gram Panchayats in Bihar and Rajasthan. Activities under Khadi, village and cottage industries are executed by Panchayats in states like Kerala, Karnataka, Maharashtra, Rajasthan and Haryana. GPs of a number of states have been given powers to carry out poverty alleviation programmes.

**Table 2.3**  
**Economic Development: Areas and Services Devolved to Gram Panchayats as per State Panchayati Raj Acts**

Subjects	Activities at GP level	Number of Activities	States as per State PR Acts	Number of States
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<b>Agriculture, including Agricultural Extension</b>	Assist in advising farmers about remunerative crop activities, crop diversification, loan facilities, timely distribution of inputs, Fertilizer	5	WB	1
	Promotion and Development of agriculture and horticulture		BH, HR, KA, MA, RA, WB	6
	Crop Insurance		KE	1
	Assist in increasing awareness about better storage facilities for seeds and food grains.		WB	1
	Development of waste lands and grazing land		AS, BH, HR, KA, KE, MA, RA	7
<b>Animal husbandry, Dairying and Poultry</b>	Assist in organizing milk producers cooperative societies	5	KE	1
	Maintain quality breeds and adopt modern methods of maintaining livestock		BH, HR, RA	3
	Development programmes of poultry, piggery and livestock		AS, BH, HR, KE, KA, MH, MA, RA	7
	Sale of fish, meat and other animal products		KE	1
	Grass land development		AS, BH, HR, MA, RA,	4
<b>Fisheries</b>	Identify beneficiaries for assistance under various programmes and assist them in organizing fishermen's cooperatives	5	KE, UP, WB	3
	Encourage fishermen to take up insurance schemes		KE	1
	Develop village pond and tanks		KE, WB	2
	Assistance for seed rearing units, Seed distribution, feed production		KE	1
	Marketing, Retail market, fish booth, Fish vending, storage facilities etc		KE	1
<b>Minor Forest Produce</b>	Promote collection, processing and value	2	MA	1



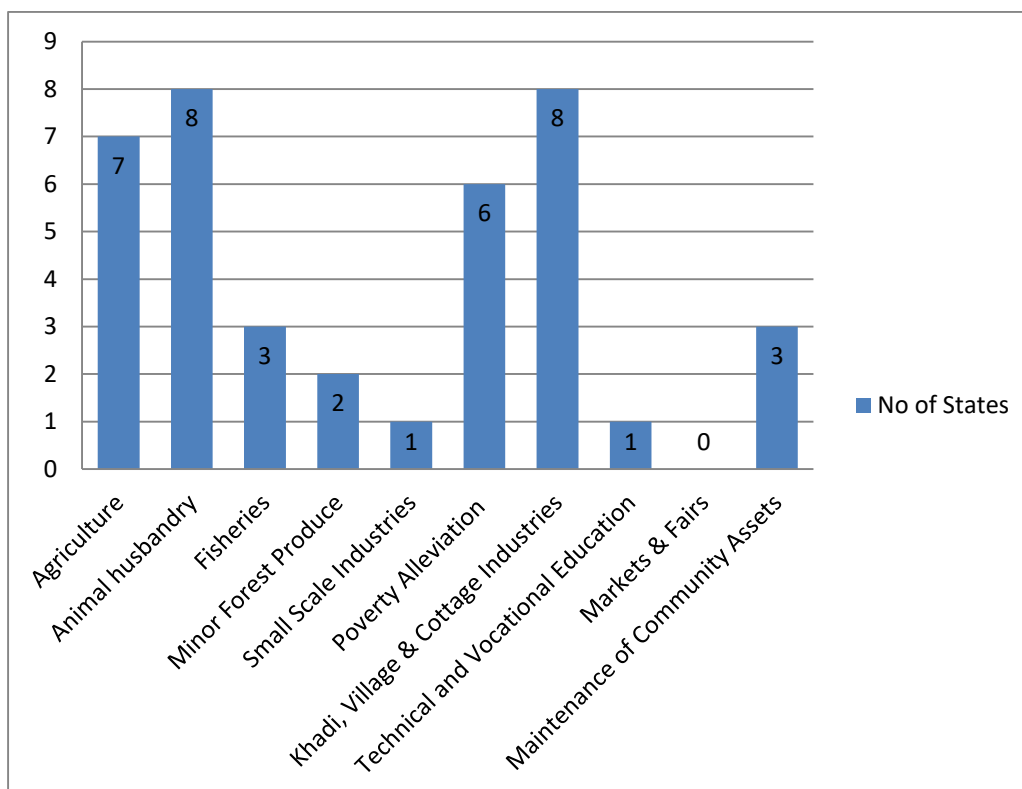
	addition of minor forest produce.			
	Planting and preservation of trees on the sides of roads and other public land		AS, MA	2
<b>Small Scale Industries, including Food Processing Industries</b>	Promotion of traditional industries	1	KE	1
<b>Khadi, Village &amp; Cottage Industries</b>	Identify beneficiaries for training through Gram Sabha	3	AS, BH, HR, KA, MA, RA	6
	Planning and development of village industries.		AS, BH, HR, KA, MA, RA, WB	7
	Promotion of traditional industries (khadi, coir, handloom, handicrafts)		MA	1
<b>Poverty Alleviation Programmes</b>	Identify beneficiaries for various schemes and employment generation programmes entrusted to GPs after approval of Gram Sabha	1	AS, BH, HR, KE, RA	5
<b>Technical Training and Vocational Education</b>	Provide avenues and incentives for post literacy higher education programmes through distance education mode	1	KE	1
<b>Markets &amp; Fairs</b>	Maintain village fairs and weekly markets	1	AS, BH, CH, KA, MP, MH, MA, RA, UP, WB	10
<b>Maintenance of Community Assets</b>	Preservation and maintenance of community assets.	1	BH, RA	3

Source: Panchayati Raj Act

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

It is pertinent to understand that a large number of activities are devolved to GPs in a few subjects that are relevant for economic development through activity mapping.

**Fig: 2.1**  
**Subjects related to Economic Development Devolved to GP through State PR Acts in Sample States**



The Table 2.3 and Fig 2.1 show that some states have devolved several areas and services to Gram Panchayats through state PR Acts.

**Table 2.4**  
**Economic Development: Areas and Services Devolved to Gram Panchayats**  
**as per Activity Mapping**

Subjects	Activities at GP level	Number of Activities	States as per State Activity Mapping	Number of States
<b>Agriculture, including Agricultural Extension</b>	Assist in advising farmers about remunerative crop activities, crop diversification, loan facilities, timely distribution of inputs, Fertilizer	10	AS , CH, KA, KE, MA , MH, RA	7
	Promotion and Development of agriculture and horticulture		BH , CH, HR, WB	4
	Assist in identifying farmers for adoption and diffusion of new technologies		KA, KE, MH	3
	Self Help Groups		AS,KA, KE, RA	4

	Crop Insurance		KA, KE, MP	3
	Assist in increasing awareness about better storage facilities for seeds and food grains.		KA, KE	2
	Promotion of seed production, cooperatives, group farming,		KE, MH	2
	Identification of beneficiaries		BH, MA , UP	3
	Marketing and post-harvest handling, Risk management		KE	1
	Monitor the Schemes implemented by DP		BH, UP	2
<b>Animal husbandry, Dairying and Poultry</b>	Assist in organizing milk producers cooperative societies	11	CH, KA, KE	3
	Select beneficiaries under various programmes		AS, BH, KA,KE, MA, WB	6
	Maintain quality breeds and adopt modern methods of maintaining livestock		AS, KA, KE	3
	Entrepreneur support activities		KE	1
	Development programmes of poultry , piggery and livestock		CH,KE, MH, MP	4
	Sale of fish, meat and other animal products		KE	1
	Resource mobilization		KE	1
	Distribution of fodder. Collection of products for large markets.		HR, RA	2
	Development of grazing grounds, control of epidemic and contagious diseases, disposal of dead animals		BH	1
	Self help groups and training needs		WB	1
Grass land development		HR , RA, UP,	3	
<b>Fisheries</b>	Identify beneficiaries for assistance under various programmes and assist them in organizing fishermen's cooperatives	14	AS, CH, KA, MA, MH,MP, WB	7

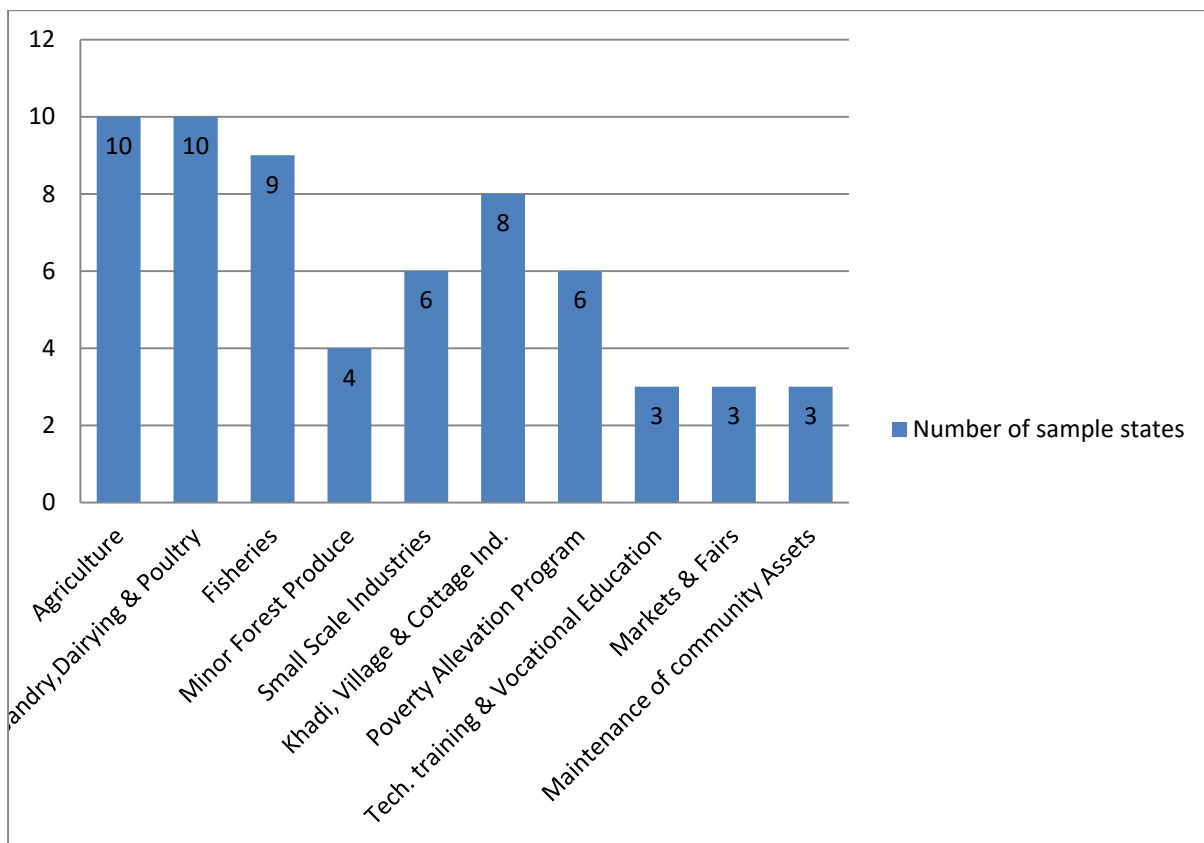
	Encourage fishermen to take up insurance schemes		KA, KE	2
	Promotion of Fresh water, Brackish water, Marine, Riverine fisheries		KE	1
	Development of Pisciculture : Pond culture, lake culture, ornamental fish culture, Scampi culture etc		KE	1
	Integrated aqua-agi animal husbandry projects		KE	1
	Develop village pond and tanks		AS, CH, HR, MH, UP	5
	Implement fisherman's welfare programmes/ house repair		KE, MH	2
	Integrated fisheries paddy/fish/scampi/ duck/fish/cattle/pig/fish etc		KE	1
	Assistance for seed rearing units, Seed distribution, feed production		KE	1
	Processing Assistance : Assisting drying/curing smoking/pickling and other units for value added products		KE	1
	Renovation/ up gradation of peeling, shucking and icing and units		KE	1
	Set up value added production units of international quality standard		KE	1
	Diversification of fish products for export domestic market Support facilities for local level processing and marketing units.		KE	1
	Marketing, Retail market, fish booth, Fish vending , storage facilities etc		AS, KE	2
<b>Minor Forest Produce</b>	Promote collection primary processing and value addition to MFP before selling	4	AS, CH,KA, MA	4

	Entrepreneur development programme : Skill development training, Sericulture development, Credit and financial assistance and Marketing support		KE	1
	Promotion of traditional industries (khadi, coir, handloom, handicrafts)		KE	1
	Promote collection, processing and value addition of minor forest produce.		AS, UP	2
<b>Small Scale Industries, including Food Processing Industries</b>	Assist in survey and project formulation	5	AS, KA, WB	3
	Identify suitable locations for rural industries		AS, KA, MH	3
	Organization of self-help groups		WB	1
	Promotion of traditional industries		KE	1
	Identification of beneficiaries		UP, WB	2
<b>Khadi, Village &amp; Cottage Industries</b>	Identify beneficiaries for training through Gram Sabha	4	AS, KA, MA, UP	4
	Assist loan recovery		KA	1
	Planning and development of village industries.		MH, MP	2
	Promotion of traditional industries (khadi, coir, handloom, handicrafts)		AS, HR, KE, WB,	4
<b>Poverty Alleviation Programmes</b>	Identify beneficiaries for various schemes and employment generation programmes entrusted to GPs after approval of Gram Sabha	6	KA, MH, HR, UP	4
	Assist in Identification of labourers in the village requiring wage employment through Gram Sabha, list them and provide employment cards to beneficiaries		KA	1
	Distribute projects and works as per norms		KA	1

	Self-employment programme (identification of cluster groups, prospective entrepreneurs, Launching of micro enterprises, Escort services)		KE	1
	Wage employment Programme		KE	1
	Monitor the schemes implemented by DP		AS, MH, MP, UP	4
<b>Technical Training and Vocational Education</b>	Assist in identification and recommended eligible candidates for vocational education and training	3	KA	1
	Provide avenues and incentives for post literacy higher education programmes through distance education mode		KE	1
	Promotion and identification of suitable vocational courses		MH, KE	2
<b>Markets &amp; Fairs</b>	Maintain village fairs and weekly markets	5	KA, MH	2
	Construct market complex		KA	1
	Organizing Rural Hubs		MP, UP	2
	Encouraging production and marketing of local products and crafts		MA, UP	2
	Opening of fair price shops		MH	1
<b>Maintenance of Community Assets</b>	Preservation and maintenance of community assets.	1	KA, HR UP	3

Source: Field Survey

**Fig: 2.2**  
**Subjects related to Economic Development Devolved to GP through Activity Mapping in Sample States**



The Table 2.4 and Fig 2.2 reveal that some states have devolved several areas and services to Gram Panchayats through state PR activity mapping.

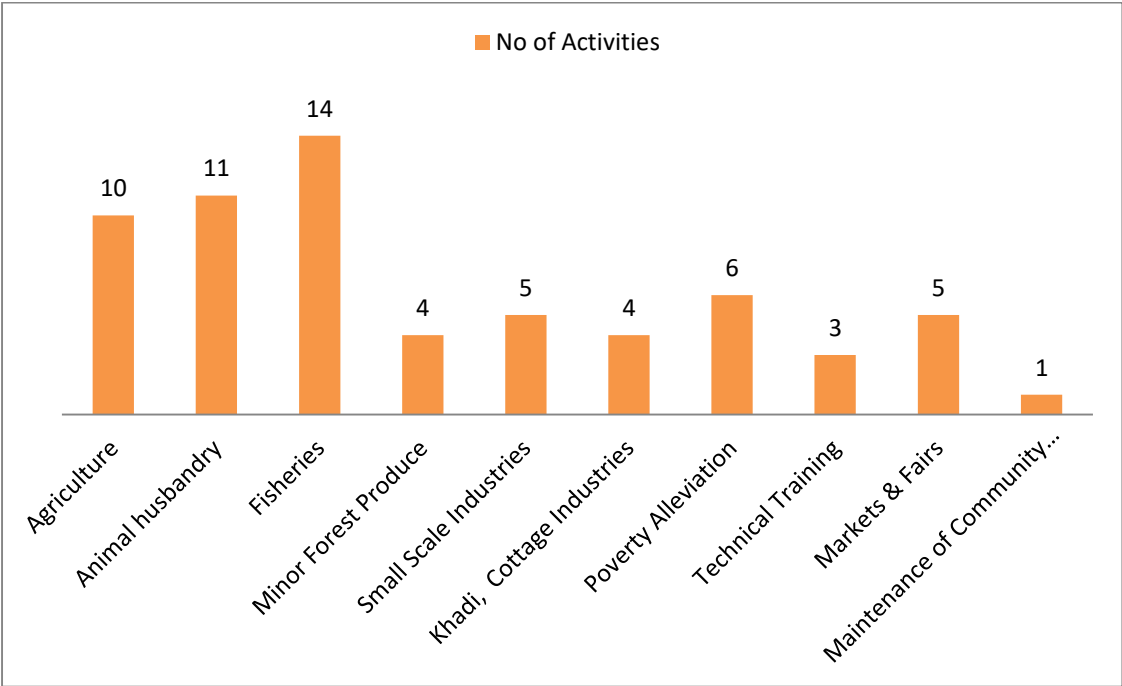
**Table 2.5**  
**Activities Mapped under Subjects related to Economic Development Devolved to GP in Sample States**

Subjects	Number of Activities Devolved in Sample States
Agriculture	10
Animal husbandry	11
Fisheries	14
Minor Forest Produce	4
Small Scale Industries	5
Khadi, Village & Cottage Industries	4
Poverty Alleviation	6
Technical Training	3
Markets & Fairs	5

Maintenance of Community Assets	1
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Source: Field Survey

**Fig: 2.3**  
**Activities Mapped under Subjects related to Economic Development Devolved to GP in Sample States.**



Activities mapped under subjects related to economic development devolved to GP in select states covered by the study are reported in Table 2.5 and Fig. 2.3. It is significant to understand that 14 activities under Fisheries, 11 activities under animal husbandry and 10 activities under agriculture are devolved to GPs. Subject wise activity mapping in details is given in Annexure VI.

**Table 2.6**  
**Economic Development: Areas and Services Devolved to Intermediate Panchayats as per Activity Mapping**



<b>Subjects</b>	<b>Activities at IP level</b>	<b>Number of Activities</b>	<b>States as per State Activity Mapping</b>	<b>Number of States</b>
<b>Agriculture, including Agricultural Extension</b>	Monitor soil testing work	15	KA, KE, MH, RA	4
	Construction/ Maintain godowns		KA,KE, CH	3
	Assist ZP in organizing famers fairs, Kissan melas etc		KA, KE, AS	3
	Ensure timely availability of required inputs to GPs		KA, RA, CH	3
	Arrange storage and transport facilities for inputs close monitoring of inputs delivery system		KA, KE, MH	3
	Assist in preparing credit plan		KA, MH	2
	Monitor proper and timely distribution of Agricultural equipments on the basis of technical possibilities and field situation		WB, AS	2
	Promotion of seed production		KE, MH, HR, RA	4
	Organise training		KE, MH, RA	3
	Help farmers for improvement of soil fertility in consonance with soil testing results		KA, MH, HR, RA	4
	Organize marketing committee and maintain market yards		KA, HR	2
	Monitor relief operations		KA	1
	Preparation of marketing plan		KE, MH	2
	Arrange crop insurance schemes and coordinate among insurance agencies		KA	1
	Estimate crop losses and report action taken		KA	1
<b>Animal husbandry, Dairying and Poultry</b>	Distribute quality breeds to beneficiaries under various programmes	13	KA,KE, MP, MH, AS, HR	6
	Propagate improved breed of livestock among farmers		KA, KE, MP, WB	4
	Supervise the functioning of veterinary services		KA, KE, MP, MH, CH	5
	Conduct seminars/ workshops		KE, WB	2

	Maintain mobile veterinary unit to provide veterinary care and control diseases and epidemics		KA, KE, MP, MH, HR, CH	6
	Organise cooperatives for fodder production and provide financial assistance		KA, MP	2
	Propagate modern methods of feeding to improve livestock productivity		KA, MP, WB, CH	4
	Ensure timely payment of milk producers		KA	1
	Arrange for the supply of feed		KA, KE, MP, MH	4
	Integrated Cattle Development Programme		MH	1
	Ensure protection of stray animals		KE, MH	2
	Laboratory for veterinary poly Clinics		MH	1
	Promote milk producers cooperative societies		KA, KE	2
<b>Fisheries</b>	Select beneficiaries for fisheries training	12	KA, KE, MH, WB	4
	Organise fishermen's cooperatives		KA, AS, UP	3
	Distribute boats, nets and other equipment and give assistance to cooperatives and beneficiaries		KA, AS	2
	Lease village ponds to fishermen's Cooperatives and groups		KA, KE, MP, MH, WB, CH	6
	Promotion of fisheries development		HR	1
	Select sites for marine aquaculture and brackish water fishing		KA, KE, MH	3
	Organise and train fishermen in processing, packaging and preservation of fish and fish products		KA, MH	2
	Marine ornamental fish culture, Fish storage facilities		MH	1
	Implement family and group insurance schemes for fishermen		KA, KE, MH	3
	Cold water fisheries		MH	1

	Seed distribution		KE, MH, AS	3
	Distribute relief to families affected by calamities		KA	1
<b>Minor Forest Produce</b>	Organise training at the TP level	5	KA, AS	2
	Establish MFP nurseries for propagation of MFP species		KA, AS	2
	Organize item wise minor forest product cooperative or federation		KA, AS	2
	Liase with forest department for processing and marketing of minor forest products		AS	1
	Ensure value addition to MFP before it leaves the forest area		KA	1
<b>Small Scale Industries, including Food Processing Industries</b>	Assist industrial resource potential survey	9	KA, KE, MH, AS	4
	Establish small rural industrial estates and complexes		KA, MH, AS	3
	Organise entrepreneurial Development Programme		KA, KE, MH, WB, AS	5
	Select entrepreneurs and encourage private investments		KA, MH, AS	3
	Market demand analysis		KE, KE, MH	3
	Providing technical assistance and coordination of survey of Gram Panchayat		KE, MH	2
	Establish industrial counselling information and guiding centres		KA, MH	2
	Promotion of farm forestry and social forestry		CH	1
	Assist in providing financial and other help to small industries		KA, KE, MH, WB	4
<b>Khadi, Village &amp; Cottage Industries</b>	Select beneficiaries for training and skill development and nominate them to training institutes	7	KA, WB, AS	3
	Prepare plan for khadi village and cottage industries and other artisan activities integrating schemes of other agencies such as KVIC/KVIB/ Handloom / Handicraft development		KA, KE, AS, HR	4

	Pay stipend to beneficiaries and honorarium/ training cost to the trainers		KA	1
	Transfer and upgradation of technology in different areas of productions		KA, KE	2
	Responsibility for effective planning and development of block wise and micro-water shed-wise village industries		MP	1
	Supply of raw material equipment and other inputs to beneficiary workers		KA	1
	Organise cooperatives for production and marketing of products		KA	1
<b>Poverty Alleviation Programmes</b>	Collect and distribute data regarding development and management at the district level	11	KA, MP	2
	Skill development for construction workers		KE	1
	Assist in the evaluation of schemes		KA, KE	2
	Release of funds to banks for subsidy adjustment, formulation of credit plans through banks		KA, KE	2
	Prepare plans at the block level under SGSY for filling up gaps in technology, marketing tie-ups, training, strengthening infrastructure and market facilities		KA, KE, MH, AS	4
	Assist GPs in organizing self-help groups and implement cluster strategies		KA	1
	Review plans prepared by the GPs and accord technical approval and assistance		KA, KE, MH	3
	Draw action plans, get technical approvals and funds allocated under land development scheme		KA	1
	Plan and implement infrastructure development by rural local bodies		KA	1
	Implementation of poverty alleviation programme		HR	1

	Formulate projects with TP funds		KA, KE, MP	3
<b>Technical Training and Vocational Education</b>	Conduct aptitude tests for selection of students under various trades	5	KA	1
	Recommended for admission and placement in it is		KA	1
	Assist in the promotion of vocational education in schools and centres		KA	1
	Establishment and maintenance of libraries		KA,KE,MH	3
	Select candidates and students for vocational courses		KA, KE, HR	3
<b>Markets &amp; Fairs</b>	Develop and maintain agriculture market yards	5	KA, UP	2
	Develop and maintain places for fairs and weekly markets		KA, HR	2
	Enforce fair trade practices and maintain quality of commodities		KA	1
	Assist in the maintenance of statistics on prices and commodity traded		KA	1
	Maintain statistics on prices and commodities transacted within the district		KA	1
<b>Maintenance of Community Assets</b>	Maintaining all Community assets vested in it or transferred by the Government or any Local Authority or Organisation	2	HR	1
	Preservation and maintenance of other community assets.		HR	1

Source: Field Survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

**Table 2.7**

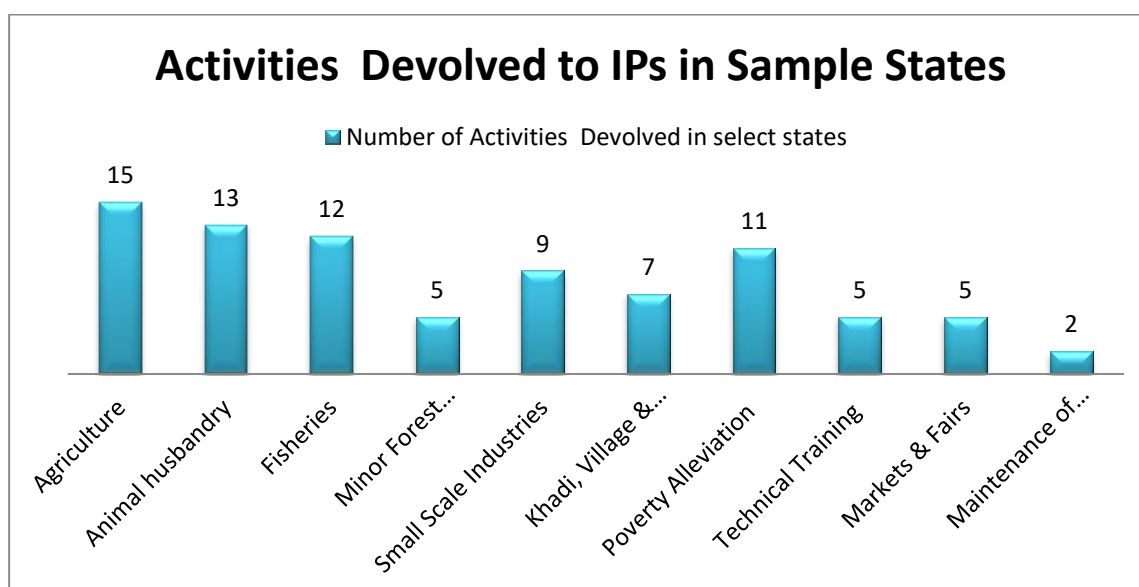
## Activities Mapped under Subjects related to Economic Development Devolved to IP in Sample States

Subjects	Number of Activities Devolved in select states
Agriculture	15
Animal husbandry	13
Fisheries	12
Minor Forest Produce	5
Small Scale Industries	9
Khadi, Village & Cottage Industries	7
Poverty Alleviation	11
Technical Training	5
Markets & Fairs	5
Maintenance of Community Assets	2

Source: Field Survey

Activities devolved to IPs under Subjects related to Economic Development in Sample States covered by the study are reported in Table 2.7 and Fig. 2.4. It is pertinent to understand that 15 activities under Agriculture, 13 activities under animal husbandry and 12 activities under fisheries are devolved to IPs.

**Fig 2.4**  
**Activities Devolved to IPs in Sample States**



**Table 2.8**  
**Economic Development: Areas and Services Devolved to District Panchayats**  
**as per Activity Mapping**

<b>Subjects</b>	<b>Activities at DP level</b>	<b>Number of Activities</b>	<b>States as per State Activity Mapping</b>	<b>Number of States</b>
<b>Agriculture, including Agricultural Extension</b>	Prepare comprehensive crop plan	21	KA, KE, MH, AS, CH	5
	Develop and maintain data base for cropping pattern, land use and inputs used for planning		KA, KE, AS, CH	4
	Organize Kisan melas, fairs and exhibitions		KA, KE, MH, CH	4
	Protect bio diversity		KA, MH, HR, CH,	4
	Prepare consolidated plan for input requirement		KA,CH,	2
	Monitor distribution of quality inputs		KA, KE, MH, HR, RA	5
	Mobilisation of credit Soil testing		MH	1
	Ensure timely credit availability between agriculture development and credit institutions and monitor credit mobilization		KA	1
	Maintain linkage with research and training organizations		KA, AS, CH,	3
	Establish soil testing laboratories. Monitor soil testing work		KA, KE, MH	3
	Establish and improve storage facilities		KA, CH	2
	Develop marketing infrastructure at suitable locations		KA	1
	Monitor regulated marketing		KA	1
	Ensure correct weights and measures		KA	1
	Assess losses due to natural calamities and formulate relief plan		KA	1
	Monitor and supervise relief operations		KA, HR	2
Guide and coordinate the work of GPs& TPs		KA	1	

	Provide legal administrative and financial assistance to GPs & TPs as far as practicable in the conduct of legal proceedings		KA	1
	Decide on disposal of village common property or their conversion to other uses with the concurrence of the GP concerned		KA	1
	Prepare district plan for soil and water conservation projects		KA, AS	2
	Coordination with various agencies of the ZP as well as the district administration who will either participate in or whose work will impinge upon the implementation of the plan		KA	1
<b>Animal husbandry, Dairying and Poultry</b>	Assess the need and formulate projects for the establishment, improvement and maintenance of breeding farms for cattle, sheep, goats and hatcheries	9	KA, KE, MP, MH,	4
	Establish, improve and maintain veterinary hospitals, Dispensaries Rural Livestock Units (RLUs) and AI centres Procure and supply medicines equipment and other materials to hospitals dispensaries, RLUs and AI centres		KA, KE, MP, MH, AS, HR, CH, MA	8
	Monitor the functions of veterinary services		KA, KE, MP, MH, WB, AS	6
	Propagate production of nutritive fodder and promote proper feeding of animals		KA, MP, AS, CH	4
	Procure and establish fodder banks in drought areas		KA	1
	Assist Diary Development Boards or Cooperatives in the development of		KA, KE	2



	infrastructure for milk collection, collection centres, transportation and processing Develop			
	infrastructure for poultry farming		KA, AS, CH	3
	Production and supply of quality chicks to poultry farmers		KA, KE	1
	Allot or lease community land for establishing poultry complex		KA, MP	2
<b>Fisheries</b>	Formulate Projects for fisheries development	14	KA, KE, MP, AS	4
	Technically appraise and approve projects for development of inland water bodies for fisheries		KA, MP, AS	3
	Establish fish seed production farms		KA, KE, MP, AS	4
	Arrange training of fishermen in modern management techniques for fish production		KA, MP, WB, AS	4
	Procure and supply fishing equipment for distribution among selected fishermen's cooperatives and beneficiaries		KA, MP, WB, AS	4
	Procure and supply motorized and modern boats and equipment to selected groups of beneficiaries and cooperatives		KA, MP	2
	Development brackish water fisheries		KA, MP	2
	Enforce environmental restrictions on marine aquaculture and brackish fish production activities		KA, KE	2
	Install weather forecasting and early warning system for marine fishermen		KA	1
	Encourage private entrepreneurs to establish processing and storage facilities		KA	1
	Assist in establishing other marketing infrastructure		KA	1

	Promote group insurance schemes for fishermen		KA, KE	2
	Fish storage facilities		MP, KE	2
	Sanction relief to affected families during natural calamities		KA	1
<b>Minor Forest Produce</b>	Plan raising MFP plantation in concentrated blocks to facilitate collection and marketing	11	KA	1
	Encourage cultivation of MFP in existing forest, degraded forest lands, barren and uncultivable area, and community wastelands		KA, AS	2
	Encourage plantation of MFP such as gum, resin, medicinal plants, aromatic plants, leaves, oil seeds, tans and dyes, grasses, seeds, canes, bamboo, etc. particularly in tribal areas		KA	1
	Promoting plantation of MFP species in drought prone, desert areas and under social forestry activity under JGSY, particularly in tribal areas		KA	1
	Organise training for scientific tapping of gums, resins, and grading of MFPs		KA, AS	2
	Monitor MFP collection activities in forest ranges		KA	1
	Timely payment of collection		KA	1
	Set up small scale industrial units for value addition to MFPs		KA	1
	Fix support prices for MFP procurement		KA	1
	Establish godowns for storage of MFPs		KA, AS	2
	Strengthen market intelligence and market extension		KA	1
<b>Small Scale Industries,</b>	Formulate Projects by the DIC in coordination	8	KA, MH, AS, KE	4

<b>including Food Processing Industries</b>	with KVIC/KVIB and other agencies based on industrial Resource Potential survey			
	Develop inter- linkages in institutions and organizations		KA	1
	Establishment of marketing centres		MH	1
	Establish small industrial estates at suitable locations and develop other related infrastructure activities		KA, MH, AS	3
	Assessment of training need Organization of Entrepreneur dev. program and skill dev. training		WB, AS, KE	3
	Identify location and develop food processing complexes		KA, AS	2
	Establishment of marketing centres, exhibition and trade fairs, incentives for marketing products from small scale and cottage industries		KE	1
	Provide information and guidance about credit facilities and other financial incentives		KA	1
<b>Khadi, Village &amp; Cottage Industries</b>	Consolidate plans prepared by TPs for Khadi, Village and Cottage industries including artisan activities	14	KA, MH, AS, KE	4
	Establishment of marketing		MA	1
	Monitor and supervise the overall progress in this sector, and ISB sector of SGS		KA	1
	Establish and identity training centres for skill development		KA, MH, KE	3
	Allocate and sanction funds for training and stipend to the trainees		KA	1
	Identify appropriate technologies and arrange for their transfer to workers		KA	1

	Arrange supply of raw material, equipment, and other inputs to workers		KA, AS	2
	Tie up arrangements for marketing of products through Government and nongovernment marketing agencies		KA	1
	Encourage cooperative for production and marketing of products		KA	1
	Ensure credit support the through credit plan		KA	1
	Monitor and supervise credit flow and financial assistance from other agencies to cooperative and individual units		KA, MP	2
	Establish linkages for support services, transfer of handloom technology and training of weavers.		AS	1
	Coordinate credit support activities with financial institutions		KA	1
<b>Poverty Alleviation Programmes</b>	Coordinate with other departments and agencies	24	KA, MH, KE	3
	Develop training infrastructure		KA, MH	2
	Allocate funds for training and stipend for trainees		KA	1
	Release of funds to banks		KE	1
	Procure and supply quality assets, machinery and equipment for beneficiary schemes		KA	1
	Develop marketing network for SGSY self help group products		KA	1
	Prepare plan for poverty alleviation programmes at district level		KA, MH, AS	3
	Assist in extending technical assistance for planning at GP and DP level		KA	1
	Supervise and review implementation of different poverty alleviation programmes		KA, AS	2

Review schemes implemented in Drought Prone Areas		KA	1
The ZP in active cooperation with the TP and District Planning Committee may arrange decentralized Planning		KA	1
Review and supervise schemes implemented under the grants recommended by the Central Finance Commission for local bodies		KA	1
Review implementation of Rural sanitation and Water Supply scheme		KA	1
Implement and supervise Employment		KA	1
Review Central Rural Sanitation Programme		KA	1
Plan and review Biogas plants schemes for individuals and community		KA	1
Undertake Planning and review of smokeless chulhas scheme and National Project on Improved Chulhas		KA	1
Prepare ZP level shelf of projects and desegregate it into plans that can be implemented by TP and GP plans		KA	1
Approve, sanction and release funds to TPs, GPs and other organizations for the execution of ZP projects		KA	1
Release funds to TPs as per prescribed norms		KA	1
Provide funds for maintenance of assets created under JGSY / EAS etc.		KA	1
Inspect muster rolls and check quality of works and wage material ratio as per guidelines		KA	1

	Monitor and supervise progress of programmes		KA	1
	Submit quarterly returns and utilization certificates to GOI and State Government for release of next instalments		KA, MH	2
<b>Technical Training and Vocational Education</b>	Establish and maintain ITIs	7	KA	1
	Assess band plan for technical training		KA	1
	Assess vocational education needs		KA	1
	Control and management of literacy centres		MH	1
	Supervise and monitor functioning of ITIs		KA	1
	Select courses for vocational education and identify education schools and centres for important courses		KA	1
	Motivate students for vocational training		KA, MH	2
<b>Markets &amp; Fairs</b>	Identify locations and develop marketing yards and infrastructure for marketing rural products and formulating projects	4	KA	1
	Assist in Regulating wholesale and retail Markets		KA	1
	Supervise and monitor marketing activities		KA	1
	Supervise District service and marketing societies		KA	1
<b>Maintenance of Community Assets</b>				

Source: Field Survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

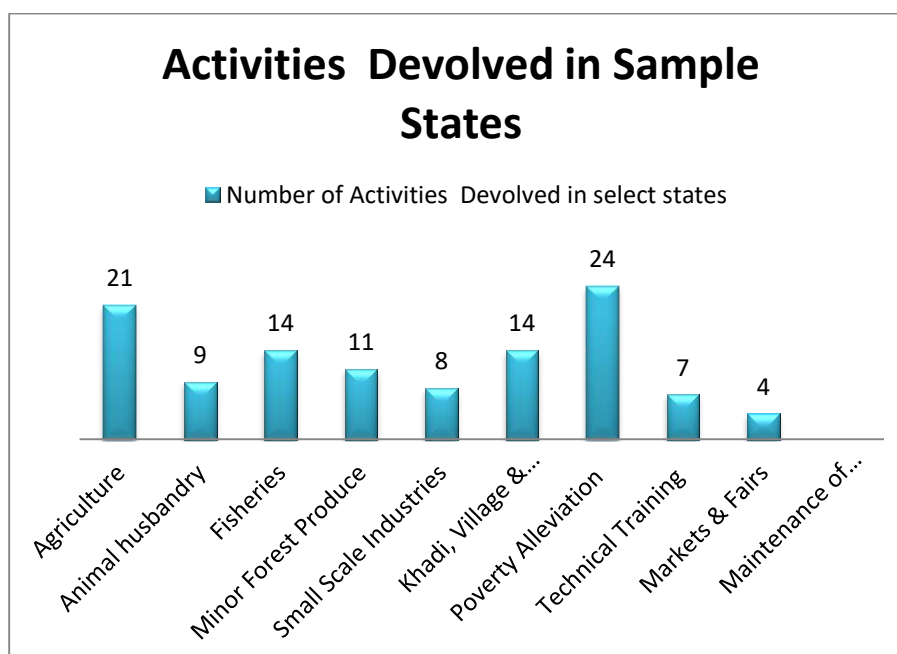
**Table 2.9**  
**Activities Mapped under Subjects related to Economic Development Devolved to DP in Sample States**

Subjects	Number of Activities Devolved in select states
Agriculture	21
Animal husbandry	9
Fisheries	14
Minor Forest Produce	11
Small Scale Industries	8
Khadi, Village & Cottage Industries	14
Poverty Alleviation	24
Technical Training	7
Markets & Fairs	4
Maintenance of Community Assets	

Source: Field Survey

Activities devolved to DPs under Subjects related to Economic Development in Sample States covered by the study are reported in Table 2.9 and Fig. 2.5. It is significant to understand that 24 activities under poverty alleviation, 21 activities under agriculture and 14 activities under fisheries are devolved to DPs.

**Fig 2.5**  
**Activities Devolved to DPs in Sample States**



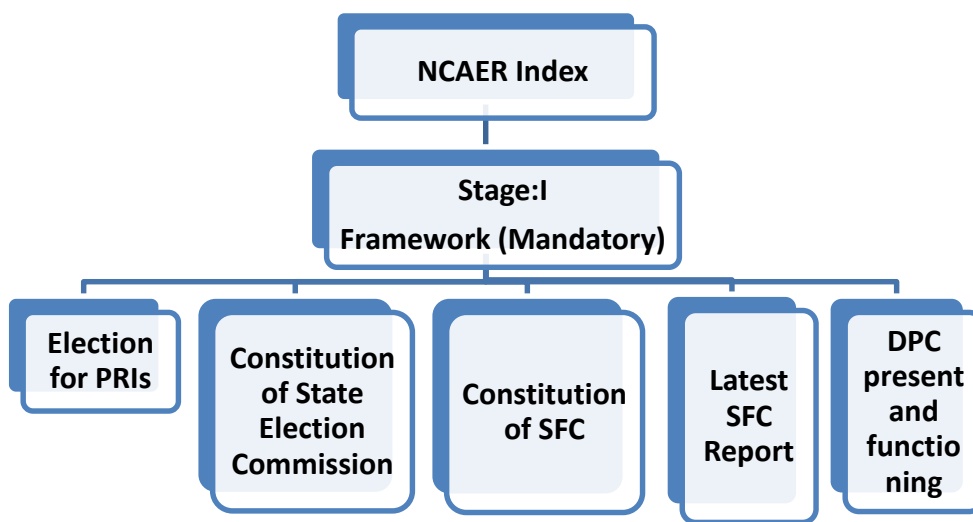
### 2.3 Devolution of Powers to Panchayats: A Review of Studies Commissioned by MoPR

From 2006 onwards, Ministry of Panchayati Raj has been preparing devolution index. The Devolution Index (DI) is a quantifiable measurement of devolution to Panchayats and it is the total sub-indices of devolution of funds, functions and functionaries. Let us discuss these dimensions and sub-dimensions.

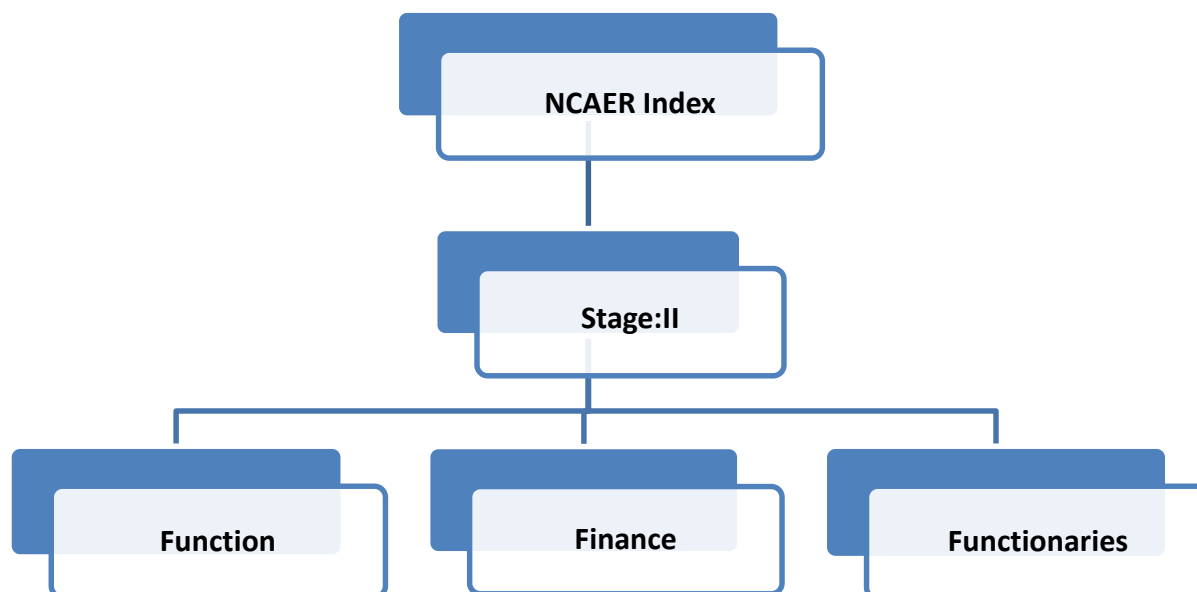
**2.3.1. NCAER 2006-2009:** During the period 2006 to 2009, the task was carried out by the National Council for Applied Economic Research. The National Council of Applied Economic Research (NCAER) developed a Devolution Index was based on the empirical estimation of the data for three years, ie., 2006-07, 2007-08 and 2008-09. The 3Fs Framework was applied to measure the extent to which states had transferred finance, functions, and functionaries to the Panchayats for the construction of the Devolution Index. This index was calculated based on “simple average of three sub indices corresponding to the funds, functions and functionaries.

For the year 2007-2008, the index was redefined to include 4<sup>th</sup> dimension of framework to the existing 3F structure. The basic framework or environment for devolution includes establishing the State Election Commission, holding PRI elections every five years, establishing state Finance Commission and setting up District Planning Committees. The states must fulfil these requirements before they can be included in the estimation of the 2007-2008 Devolution Index. Accordingly, NCAER has used a two stage approach for the calculations.

**Fig: 2.6**  
**Dimensions and Sub-dimensions for the Preparation of Devolution Index:**  
**NCAER study**







**Table 2.10**  
**Ranking of States covered by Field Survey based on NCAER Study**

State	Devolution Functions	Devolution of Functionaries	Devolution of Funds	Overall Ranking
<b>Assam</b>	Not qualified	Not qualified	Not qualified	-
<b>Bihar</b>	12	15	14	14
<b>Chhattisgarh</b>	NA	NA	NA	NA
<b>Haryana</b>	11	13	11	13
<b>Karnataka</b>	1	6	6	4
<b>Kerala</b>	2	5	1	2
<b>Madhya Pradesh</b>	7	7	3	6
<b>Maharashtra</b>	Not qualified	Not qualified	Not qualified	-
<b>Manipur</b>	14	3	12	11
<b>Rajasthan</b>	3	4	9	5
<b>Uttar Pradesh</b>	Not qualified	Not qualified	Not qualified	-
<b>West Bengal</b>	4	1	10	3

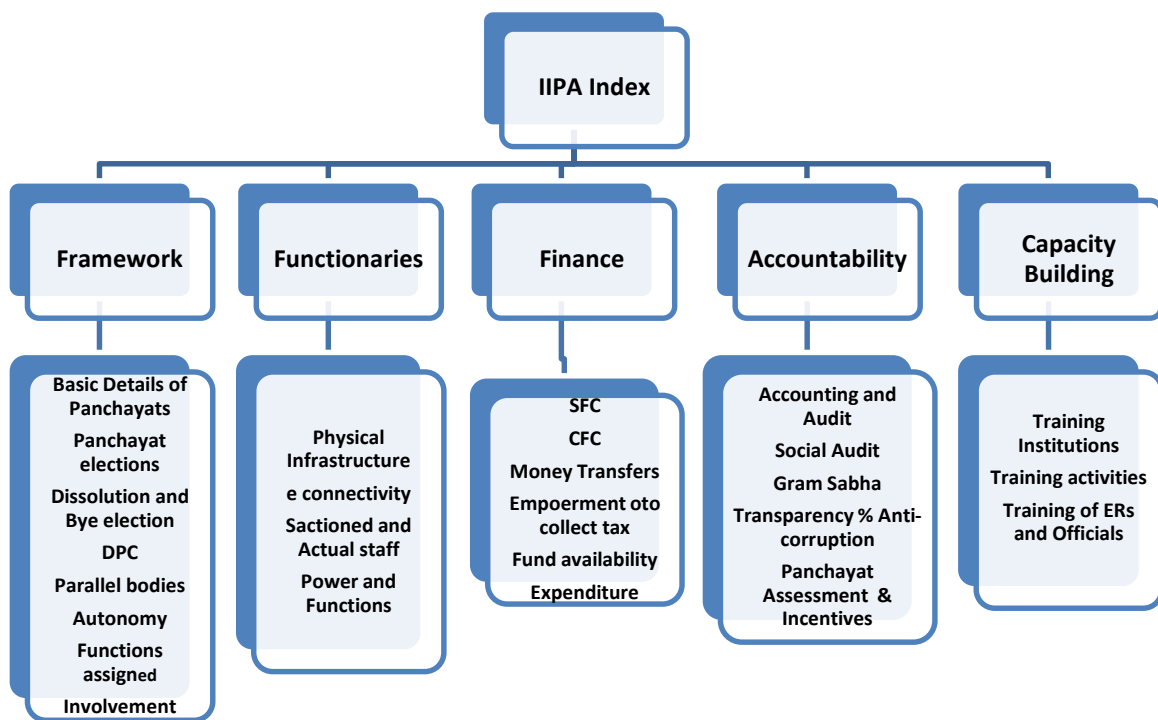
Source: NCAER Devolution Study 2007 -2008

**2.3.2 IRMA 2007-2008:** In 2007-2008, Institute of Rural Management was entrusted with task of conducting a study titled “The State of Panchayats: 2007-08”. It was an assessment of the achievements of Panchayats and finding ways for their strengthening in future. According to the study, Panchayats were mainly performing the agency role under rural development programmes and had failed to emerge as institutions capable of performing a developmental role. Panchayats were unable to ensure the wider participation of people and grassroots planning was missing in several states. The Gram Sabhas had failed to become vigilant over the functioning of the panchayats. The study had recommended several direct and indirect measures for activating and strengthening Gram Sabhas. The study had endorsed the working Devolution Index prepared by NCAER and recommended its adoption in assessing and comparing the progress across states/UTs. This report had emphasised the need for complete devolution of Funds, Functions and Functionaries to Panchayats.

**2.3.3 IIPA 2009-10, 2010-11, 2011-12, 2012-13 and 2013-14:** The Indian Institute of Public Administration (IIPA) had prepared the Devolution Index for a period of five consecutive years from 2009-10 to 2013-14. For the first three years the Devolution Index was prepared based on ‘4 Fs Framework’, Fund, Functions, Functionaries and Framework with variations in weightage. In 2012-13, two more additional dimensions ie, accountability and capacity building were added. The Devolution Index of 2012-13, comprises of six dimensions with 23 indicators. Along with this, two more dimensions of ‘capacity building’ and ‘accountability’ were added to capture Panchayat strengthening measures. The ‘framework’ dimension of the index tried to capture whether the basic provisions mentioned in the constitution are adhered to by the states. Framework was considered a qualifying criterion and was related to institution building as mandated in the Constitution. The dimension of ‘functions’, was given lesser weightage as compared to the dimension of ‘finances’. The primary functions were given more weights than the secondary functions. ‘Finances’ was the most important dimension in IIPA assessment and was given the maximum weightage in comparison to the other dimensions. In this regard, IIPA had made a score sheet, using the principle of descending importance to empowerment, enablement and facilitation and preference for legislative action over executive action, for various possible taxes and non-taxes. Other parameters such as fiscal transfers to Panchayats in the form of shared taxes and grants, and the availability of funds with Panchayats and the expenditures incurred by them were considered a good substitute for empowerment. Grants under the Thirteenth Finance Commission, the recommendations of State Finance Commissions were given due place as the provisions for them had contributed in removing the encumbrances imposed by states.

‘Functionaries’ forms the main component in strengthening Panchayats, equipping them with capable manpower. The infrastructure and e-connectivity are also considered in capturing the extent of devolution. Capacity building of officials and elected representatives of Panchayats was considered an important component in strengthening Panchayats. A new dimension of ‘capacity building’ was incorporated in the exercise. Dimensions of ‘functionaries’ and ‘accountability’ were considered. Components of accounting and audit, Panchayat assessment and incentives were used as tools to capture accountability of functionaries to Panchayats. Indicators such as functioning of Gram Sabha, social audit, transparency and anti-corruption covering Right to Information and Citizens’ Charter were used to endorse the accountability of Panchayats to the people.

**Fig: 2.7**  
**Dimensions and Sub-dimensions for the Preparation of Devolution Index:**  
**IIPA Study**

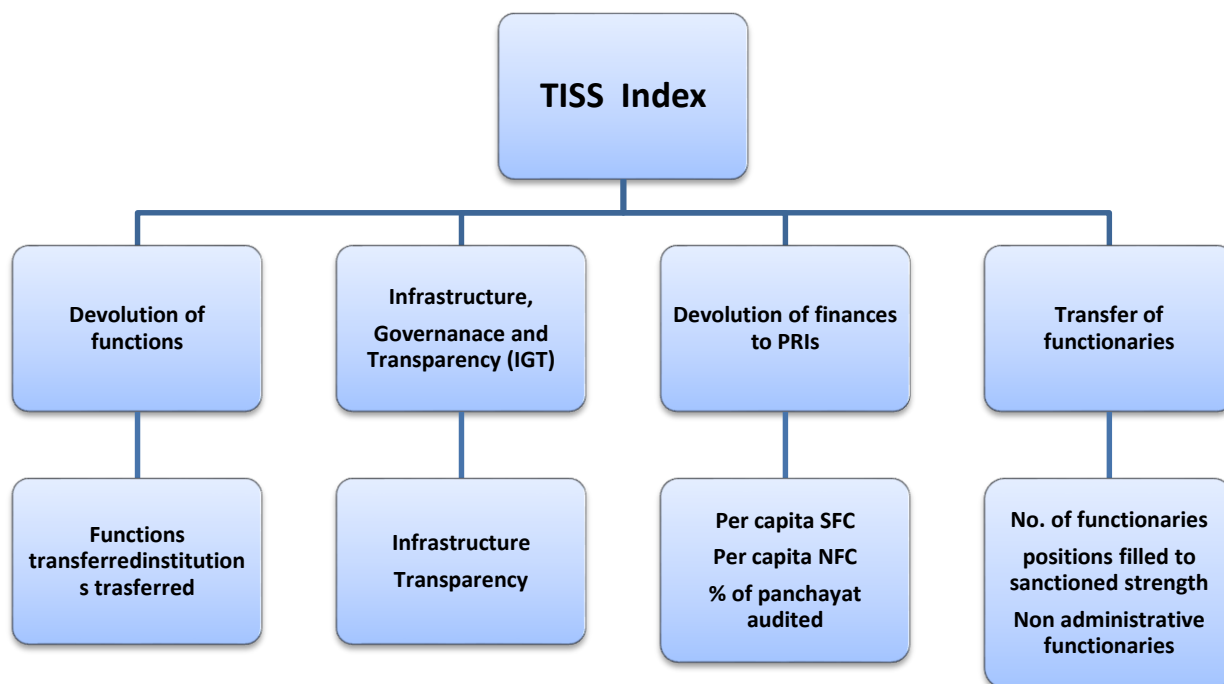


The cumulative index using the improved method, measured devolution based on two different aspects of functioning of PRIs. These aspects are (i) the progress made on aspects relating to transfer of functions, functionaries, finances and the extent of autonomy enjoyed by PRIs and (ii) the achievements in developing support systems for devolution covering capacity building,

operationalising constitutional mechanisms and nurturing systems for accountability and transparency. Four different aspects of functioning of PRIs were used for ranking the states based on the cumulative index using the normal method. These aspects are devolution of functions, functionaries and finances to PRIs, the comparative achievement of states in establishing systems of infrastructure and governance and transparency

**2.3.4 TISS 2014-15 and 2015-16:** In 2014-15 Ministry of Panchayati Raj entrusted the preparation of Devolution Index to Tata Institute of Social Sciences (TISS). It had developed a composite index on four components (i) devolution of functions (ii) transfer of functionaries (iii) devolution of finance (iv) frame work and (v) infrastructure governance and transparency. It had developed composite indicative ranking of the states on devolution of powers and resources to Panchayats in various states and Union Territories.

**Fig: 2.8**  
**Dimensions and Sub-dimensions for the Preparation of Devolution Index:**  
**TISS Study**

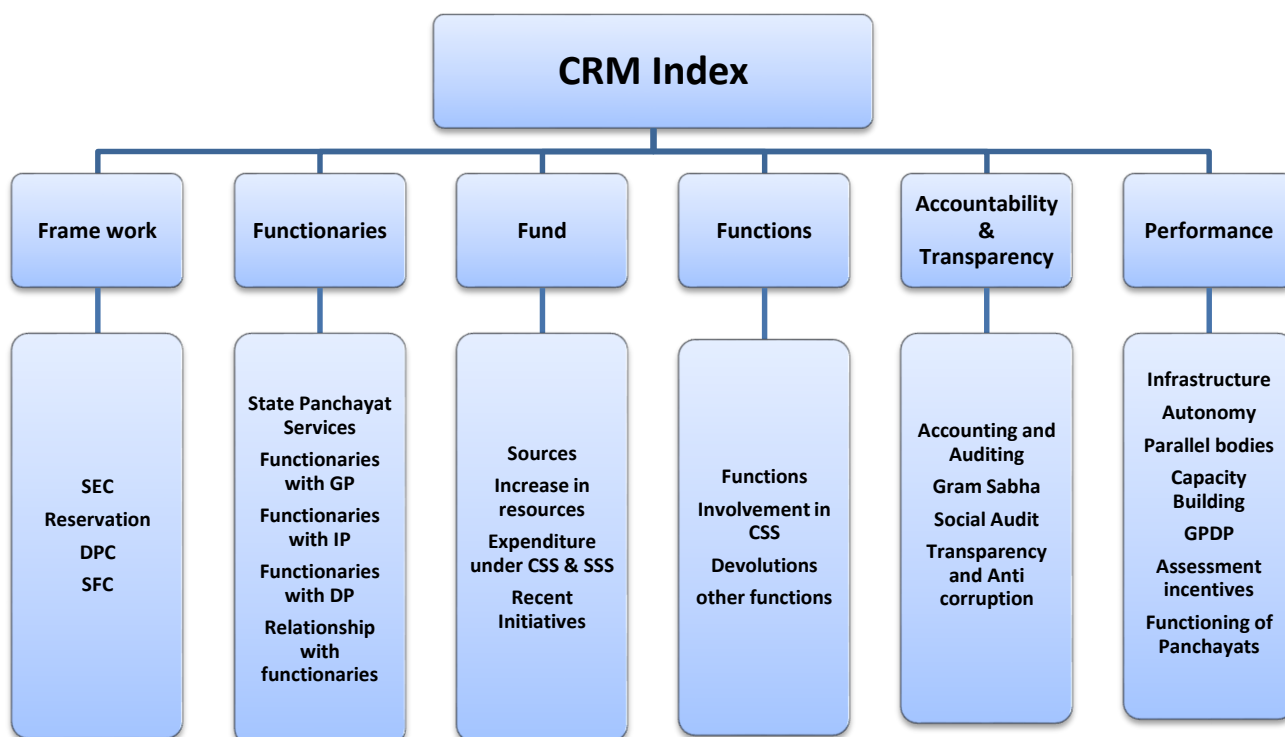


The cumulative index was constructed using two methods: (i) the improved method based on a conceptual model developed using the Delphi technique (ii) the normal method based on

constructing a Devolution Index of Policy, a Devolution Index of Practice and arriving at an index of Devolution of Policy adjusted against Practice.

**2.3.5 CRM 2016-17:** Centre for Rural Management (CRM) was assigned the task of constructing Devolution Index for the year 2016-17. This study is in draft form as the report is submitted to the Ministry of Panchayati Raj for its approval. In the Devolution Index, CRM had adopted and modified the model developed by IIPA for the earlier devolution index reports. Dimensions and sub dimensions for the preparation of devolution index prepared by CRM is presented in Fig. 2.9.

**Fig: 2.9  
Dimensions and Sub-dimensions for the Preparation of Devolution Index:  
CRM Study**



Among the four sub indicators in ‘Framework dimension, high potential for further devolution was seen with the District Planning Committee and State Finance Commissions. During the first two years of the construction of devolution index only three dimensions of the functioning of Panchayats were assessed. They are (i) funds (ii) functions and (iii) functionaries. From 2008-2009 onwards, a fourth dimension, ‘framework’ was included and the devolution index was prepared as

the aggregate of these four indices. Again in 2014-2015 another dimension, infrastructure, governance and transparency was incorporated for assessing the level of devolution. The construction of devolution index for the year 2016-2017 was to improve and refine the dimensions and methodology of earlier Devolution Index. It was based on six dimensions such as (i) framework, (ii) funds, (iii) functions, (iv) functionaries,(v) accountability and transparency and performance and (vi) the relative weightage for each dimension index.

**2.3.6 Ranking of states made by MoPR Studies:** It is pertinent to note the ranking of state was made with respect to devolution fund, functions and functionaries apart from improving accountability, governance, transparency, and infrastructure. As is reported in Table 2.11, 12 states surveyed during the study are in different range of rankings.

**Table 2.11**  
**Ranking of States covered by Field survey based on TISS, IIPA and CRM Studies**

State	Category of Studies	Devolution on Functions	Devolution of Functionaries	Devolution of Funds	Improving Accountability, Governance Transparency, Infrastructure	Overall Ranking	Range of overall Ranking
Assam	TISS	10	3	10	13	13	13-23
	IIPA	14	20	18	15	14	
	CRM	22	19	20	28	23	
Bihar	TISS	22	24	19	21	23	18-23
	IIPA	16	22	24	28	22	
	CRM	8	29	18	16	18	
Chhattisgarh	TISS	7	21	18	10	11	5-15
	IIPA	5	7	5	4	5	
	CRM	9	12	27	10	15	
Haryana	TISS	18	25	9	5	17	9-17
	IIPA	9	6	9	10	9	
	CRM	15	9	13	17	11	

Karnataka	TISS	2	6	11	6	3	1-3
	IIPA	3	3	2	3	3	
	CRM	1	1	1	1	1	
Kerala	TISS	1	1	1	1	1	1-2
	IIPA	2	2	1	2	2	
	CRM	2	4	2	8	2	
Madhya Pradesh	TISS	6	18	6	7	9	4-9
	IIPA	8	10	10	7	8	
	CRM	3	2	9	2	4	
Maharashtra	TISS	11	4	2	8	4	1-7
	IIPA	1	1	3	1	1	
	CRM	6	5	8	3	7	
Manipur	TISS	15	11	25	23	20	20-25
	IIPA	25	23	23	19	23	
	CRM	31	22	26	11	25	
Rajasthan	TISS	21	7	23	11	7	6-9
	IIPA	6	13	6	6	6	
	CRM	10	11	15	9	9	
Uttar Pradesh	TISS	17	23	8	17	21	16-21
	IIPA	19	29	12	23	19	
	CRM	16	28	6	24	16	
West Bengal	TISS	5	22	21	2	5	5-7
	IIPA	7	15	11	9	7	
	CRM	4	17	3	12	5	

Source : TISS, IIPA and CRM Devolution Studies

Note: Studies of IIPA and TISS are approved by MoPR while CRM study is a draft awaiting the approval of MoPR

**Table 2.12**

### States covered by Field Survey: Ranking based on MoPR Devolution Studies

State	Range	States Name	Number of States
Devolution of powers to Panchayats- Best Performer states: Leaders	1-10	KA, KE, MP, RA, MH, WB	6
Devolution of powers to Panchayats- Average Performer states: Emerging states	11-20	CH, HR	2
Devolution of powers to Panchayats- Poor Performer states: Beginners	21-29	AS, BH, MA,UP	4

Source : TISS, IIPA and CRM Devolution Studies

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

As is evident from the Table 2.12 there are three categories of states in terms of devolution of powers to Panchayats-best performers, average performers and poor performers. Among the 12 states covered by the survey Karnataka, Kerala, Madhya Pradesh, Rajasthan, Maharashtra and West Bengal are best performers who can be considered as Leader, Chhattisgarh and Haryana are average performer who can be considered as emerging states, and Assam, Bihar, Manipur and Uttar Pradesh are poor performer who can be considered as beginners.

**2.3.7 Components of Devolution Index relevant for Economic Activities:** Components of Devolution Index facilitating Panchayats in economic development activities are reported in Table 2.13

**Table 2.13**  
**Components of Devolution Index Facilitating Panchayats in Economic Development Activities**

Sl. No	Components
1	Recent Initiatives to improve revenue of Panchayats
2	Integrated Annual plans of the three tiers of Panchayats for local economic development
3	Number of functionaries, both own and transferred



4	Increase in the income and expenditure over the last two years
5	Functions Transferred
6	Role of GPs in the implementation of Centrally Sponsored Schemes and State Sponsored Schemes

*Source: Field Survey and MoPR sponsored studies on Devolution of Powers to Panchayats*

The review of the studies on Devolution of Powers to Panchayats shows that Karnataka maintains a comprehensive database on local finance and provides information on functions, schemes and programmes. Panchayats have certain amount of financial autonomy. They are equipped with a team of staff starting from the Chief Executive Officer of Zilla Panchayats to the Panchayat Development Officer of the Gram Panchayats gives directions to prepare action plan for the Panchayats. The ‘link document’ is a budget window for the Panchayats. Here, Panchayats are more accountable and transparent with a traditional system of social audit. The state has e-application tools for accessing services from the Panchayats. The state of Karnataka has introduced a system of preparing Gram Panchayat Human Development Index. The state of Karnataka has set of strong institution to provide training to functionaries of Panchayats.

Kerala has devolved a large number of functions to Panchayat. It has good number of ‘transferred institutions’ which are transferred to Panchayats. The functionaries of the transferred institutions are under the ‘dual control mechanism’ which means dual control of Panchayat and state department. A large number of functions, schemes and programmes vested with Panchayats. Many of them are with the Gram Panchayats. State has a good system of transferring funds to the Panchayats by a special document attached to the state budget known as Appendix IV. This is a ‘budget window’ for the Panchayats which provides advance information about the share of the Panchayats in the state fund. This has enhanced the transparency in the functioning of Panchayats. Kerala has a reasonable good staff pattern at all the three levels of Panchayat. Apart from funds and functions, Panchayats of Kerala have a strong social audit system. Both elected representatives and officials of Panchayats are being trained by Kerala Institute of Local Administration, an internationally reputed training institution.

In Madhya Pradesh most of the civic functions are given to Gram Panchayats and a few core developmental functions are transferred to intermediate Panchayats. It has a good number of functionaries in the Panchayats. Madhya Pradesh has a better system of accounting, audit and

budget. An interesting dimension of Gram Panchayat is the powers given to its Gram Sabha. It is mandatory to accept the Gram Sabha resolutions by the Gram Panchayats. Both District and Gram Panchayats have strong taxation powers in Maharashtra. These Panchayats have strong base of own revenue sources. The district sector outlay in the state budget document, known as 'White Book' provides advance information on district wise fund allocation. The White Book can be considered as a budget window for district outlay. Apart from computerisation of Panchayats, sound accounting and audit practices of Panchayats are the positive aspects of PRI system in Maharashtra.

In state of West Bengal, Panchayat Samiti plays a significant role both in terms of powers and activities and it involves in wide range of activities with strong linkages with various line departments. The functioning of the Gram Sabha is affected by the lack of participation of the people and most of the Gram Sabha meetings struggle to achieve quorum. Zilla Panchayats of West Bengal has a strong engineering wing and it helps several line departments in the implementation of schemes. Those line departments which do not have technical personnel get Detailed Project Reports (DPRs) prepared from Zilla Parishads. In some cases, DPRs prepared by the line departments get vetted by the technical team of Zilla Parishad. Line departments are not transferred to Gram Panchayats in Madhya Pradesh and Karnataka.

## **2.4 Widening State level variations in Devolution of Function: Field Experiences**

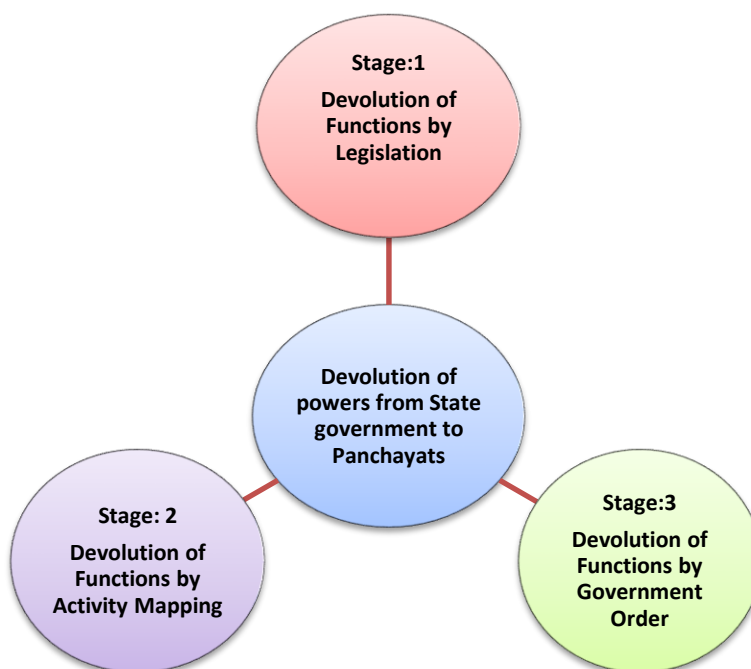
**2.4.1 Devolution of Function in Indian Context: Conceptual Framework:** There are theoretical and practical problems of conceptualising and assessing devolution of powers in India. Devolution of power from central government to local government is defined by various discerning scholars in global context. By theoretical definition, devolution of function is devolution of administrative power to perform a particular function. Devolution refers to "the transfer of governance responsibility for specified functions to sub-national levels, either publicly or privately owned, that is largely outside the direct control of the central government" (Ferguson and Chandrasekharan, 2011). Devolution of function is "the transfer of rights and assets from the centre to local governments or communities. All of these processes occur within the context of national laws that set the limits within which any decentralized or devolved forest management occurs" (Sayer et al. 2004). It is significant to discuss the concept of devolution of powers from state government to Panchayats in Indian context.

The 73rd Amendment Act provides for a three-tier Panchayati Raj system at the village, intermediate and district levels. It also contained provisions for the devolution of powers and

responsibilities to Panchayati Raj Institutions. This amendment provided that the Panchayats at village, block and district levels would have 29 subjects of rural importance as listed in the eleventh schedule. With the help of these powers PRIs are supposed to promote agricultural, industrial, infrastructural and ecological development, poverty alleviation and development of women, children, scheduled and backward castes. These development functions are in addition to the obligatory functions such as ensuring the supply of drinking water, street lighting and maintenance of schools and hospitals.

As is evident from the Fig 2.10 powers are being devolved from state government to Panchayats in India in three stages. The first stage is devolution of functions by legislation which is completed. Devolution of functions by activity mapping being the second stage is completed in the case of a large number of states. Devolution of functions by government order is the third stage. A few Indian states have devolved functions by government order in a limited way. A large number of Indian states remain non-starter in respect of third and the vital stage of devolution.

**Fig: 2.10**  
**Devolution of Powers from State Government to Panchayats in India: Three Stages**



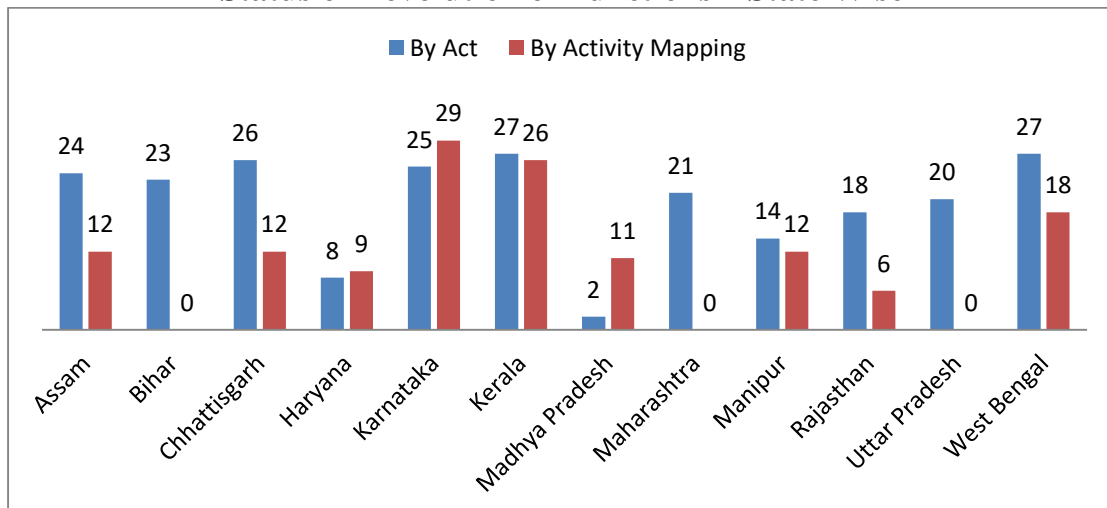
**2.4.2 Devolution of Functions by Legislation and Activity Mapping:** All the states covered by our field survey have devolved several functions by legislation. As is reported in Table 2.14, nine out of 12 states have carried out activity mapping.

**Table 2.14**  
**Status of Devolution of Functions-State Wise**

State	By legislation (By State PR Act)			By Activity Mapping		
	ZP	IP	GP	ZP	IP	GP
Assam	17	27	24	18	15	12
Bihar	15	25	23	Nil	Nil	Nil
Chhattisgarh	22	22	26	11	11	12
Haryana	8	8	8	9	9	9
Karnataka	26	27	25	29	29	29
Kerala	16	14	27	26	26	26
Madhya Pradesh	5	13	2	11	10	11
Maharashtra	22	19	21	Nil	Nil	Nil
Manipur	15	NA	14	12	NA	12
Rajasthan	18	18	18	5	6	6
Uttar Pradesh	26	25	20	Nil	Nil	Nil
West Bengal	18	17	27	18	18	18

Source: Field Survey

**Fig: 2.11**  
**Status of Devolution of Functions – State Wise**



## 2.5 Devolution of Functions for Economic Development: An Assessment

During our field survey we have examined the current status of devolution of functions including the devolution by Government Order with special reference to functions relevant for economic

development. Activity mapping was carried out for 12 subjects in Assam. This was followed by another exercise of issuing a consolidated executive order. Individual departments have not operationalized this order fully through executive orders transferring funds and functionaries. However, eight departments have passed partial orders. In Chhattisgarh, though activity mapping was prepared for 12 subjects necessary executive orders are not yet issued. Karnataka had carried out activity mapping in respect of all 29 subjects, followed by devolution of funds through the state budget. Activity mapping is given full effect through fiscal devolution in the budget pertaining to 26 subjects. In Haryana, activity mapping in respect of 9 subjects was carried out. In Madhya Pradesh, activity mapping was prepared for eleven activities. The activity mapping exercise was completed for 6 departments in Rajasthan. Presently, out of 29 subjects, only 9 subjects are devolved. In Kerala, mapping of 26 activities was carried out. Currently, Functions under 16 subjects are vested with the Gram Panchayats whereas it is 14 and 19 in the cases of Block Panchayats and District Panchayats respectively. Gram Panchayat have covered functions under 20 subjects in Kerala. In Maharashtra, 22 functions have been transferred to Zilla Parishads, 19 to the Panchayat Samitis and 21 to the Gram Panchayats. Manipur has devolved some powers and functions of 12 departments. Out of these only 5 departments are reported to have devolved powers and functions to the Panchayats. Among them, only Rural Development and Panchayati Raj department have transferred the responsibility of executing some rural development schemes to the Panchayats. Other departments have transferred practically nothing worthwhile. In Bihar, the functions have been devolved on paper and not practically on ground while the transfer of functionaries to PRIs is not carried out.

In most of the states covered by the survey, Panchayats have been entrusted with the activities of monitoring, supervision of works and projects that are relevant for economic development. In fact, implementation of works and fund- linked activities are carried out in a few Panchayats. By and large, a significant number of Panchayats have powers to plan and execute activities towards economic development.

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### **CHAPTER 3**

## **PLANNING ACTIVITIES OF PANCHAYATS FOR ECONOMIC DEVELOPMENT AND INCOME GENERATION**

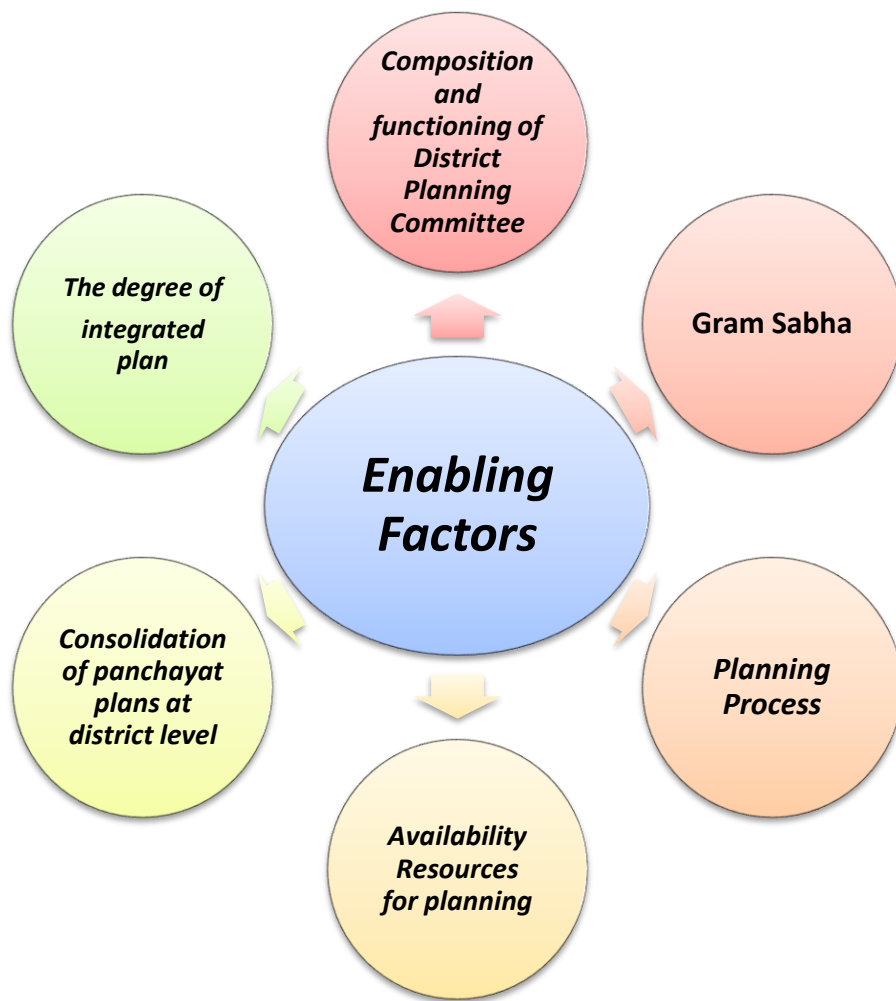
In this chapter, we deliberate the current status of involvement of Panchayat in the planning of programmes and activities related to the economic development and income generation. In the first section, we have attempted to list out enabling factors made by states in reference to planning towards economic development and income generation. It is our endeavour to identify states having proper planning exercise in general, planning components focussing on project formulation towards income generation activities and economic development in particular. The legal frame work of decentralised planning for preparing works and projects is provided in the next section. In the third part, the role of village organizations in planning of projects towards economic development is given. We discuss the present picture of planning of projects towards economic development by Panchayats in the fourth section. An assessment of planning of works and projects by Panchayats towards economic development is given in the last section.

### **3.1 Planning at Panchayat for Achieving Economic Development: Enabling Factors**

Panchayats as a part of the machinery of the state are the major institution of planning and development which directly affect the lives of the people. Through devolution of decision making powers and funds decentralized planning has become the harbinger of new economic order in a few states. The 73<sup>rd</sup> Constitution Amendment Act had envisaged certain enabling factors to be created by each state through state Panchayati Raj Act for facilitating effective decentralised planning. Article 243 ZD of the Indian Constitution provides that “there shall be constituted in every state at the district level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole”. The Article 243ZD insists that every DPC should prepare the draft district development plan while constitution of DPC is a mandatory requirement under the Constitution of India. The critical issue is how plans are to be prepared by the Panchayats. It is significant to understand that operational matters related to planning are guided by executive orders and various enabling measures taken by states. Planning by the Panchayats is dependent on legal framework, functional devolution and various enabling measures.

#### **Fig: 3.1**

#### **Enabling factors: Planning towards Economic Development and Income Generation**



As is presented in Fig.3.1, enabling factors made by states in respect of decentralised planning in special reference to planning towards economic development and income generation are functioning of Gram Sabha, composition and functioning of District Planning Committee, planning process, availability resources for planning, consolidation of Panchayat plans at district level and the degree of integrated plan.

### **3.2 Decentralized Planning Legal Framework for Preparation of Projects towards Economic Development**

A strong and favourable legal framework for decentralized planning is essential for identification, formulation and preparation of income generation schemes and projects. A strong and favourable legal framework comprises of components such as composition and functioning of District Planning Committee, planning process, availability of resources for planning, consolidation of Panchayat plans at district level and the degree of integration of plan.

### 3.2.1 Gram Sabha

The process of identification, formulation and preparation of livelihood and income generating projects/ works needs to start from Gram Sabha level. The powers and responsibilities of Gram Sabha are varied between states covered by the survey.

**Table 3.1  
Powers and Responsibilities of the Gram Sabha**

Plan Preparation		Beneficiary Selection		Passing Accounts		Social Audit		Budget Preparation	
Provision in State Act	Current Practice	Provision in State Act	Current Practice	Provision in State Act	Current Practice	Provision in State Act	Current Practice	Provision in State Act	Current Practice
AS, BH, CH, HR, MP	CH, HR, KA, KE, MA, MH, MP, WB	AS, BH, CH, MP, WB	AS, BH, CH, HR, KA, KE, MA, MP, MH, RA, UP, WB	BH, CH, HR, KA, KE, MP, MH, RA, UP, WB	AS, CH, MP, MA	BH, CH, HR, KA, KE, MP, MH, MA, RA, UP, WB	AS, BH, CH, HR, KA, KE, MP, MH, MA, RA, UP, WB	BH, CH, HR, KA, KE, MP, MH, MA, UP, WB	MA

Source: Field Survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

As is reported in Table 3.1 the provision for plan preparation is provided in state Panchayati Raj Act by six states only. As per the field observations the Gram Sabha plays an active role in 8 states. In beneficiary selection, the Gram Sabha is having a role in all 12 states while 5 states have mandatory provision to play the role. The role of Gram Sabha in passing the account is mandatory in 10 states. But according to the field observation, Gram Sabhas of 4 states have a role in passing the accounts. In majority of the states Gram Sabha plays an active role in social audit.

Gram Sabha does not have any role in budget preparation of Panchayats in states except Maharashtra. Participation in Gram Sabha is poor in five states. Two states have average



participation and another two have moderate turnout. Another three states have good turnout. Women participation is poor except states of Maharashtra and Kerala where participation is above average. Gram Sabha is chaired by the chairperson of Gram Panchayat while Secretary of GP and one or two officials from line department attend the meeting of Gram Sabha, nominated officer from Intermediate Panchayat attend in some states.

### 3.2.2 Composition and Functioning of District Planning Committee

Among the states under study separate DPC Act is available in just three states namely, Maharashtra, Uttar Pradesh and West Bengal. In the remaining states the provisions for constitution of DPC are in the State Panchayati Raj Act or the Municipal Act.

*Composition of DPC-Different Patterns:* The variation in composition across states is mostly on account of the other members. The MLAs and MPs are members of the DPC in most of the states. Kerala do not have representation of the MLAs and MPs in the DPC. However, Kerala state along with many other states has provision for ex-officio members.

*Chairpersons of the DPC:* In 7 states DPC is chaired by the elected representatives of the District Panchayat or the Municipalities of the district. These are Assam, Bihar, Karnataka, Kerala, Manipur, Rajasthan and West Bengal. In the states of Chhattisgarh, Haryana, Madhya Pradesh, Maharashtra and Uttar Pradesh it is one of the members of the Legislative Assembly who functions as the Chairperson of the DPC. A synopsis of the situation is shown in the Table 3.2

**Table 3.2  
Chairperson of DPC: Different Pattern in States**

Elected representative of Local government Institution	Number of States	From State legislative Assembly	Number of States
AS, BH, KA, KE, MA, RA, WB	<b>7</b>	CH, HR, MP, MH, UP	<b>5</b>

Source: Field Survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

*Secretary of the DPC:* There are two categories of states as far as Secretary of the DPC is concerned. In six states namely, Assam, Bihar, Karnataka, Manipur, Rajasthan and Uttar Pradesh, the CEO of

District Panchayat/ Zilla Parishad functions as the Secretary of the DPC. In other six states namely, Chhattisgarh, Haryana, Kerala, Madhya Pradesh, Maharashtra and West Bengal it is the District Magistrate/ Deputy Commissioner of the district who functions as the secretary of the DPC (Table 3.3).

**Table 3.3**  
**Secretary of DPC: Different Pattern in States**

<b>CEO of DP: Number of States</b>	<b>CEO of DP: Name of States</b>	<b>DM/ Deputy Commissioner: Number of States</b>	<b>DM/ Deputy Commissioner: Name of States</b>
<b>6</b>	AS, BH, KA, MA, RA, UP	<b>6</b>	CH, HR, KE, MP, MH, WB

*Source: Field Survey*

*State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB*

*Infrastructure and Financial Support to DPC:* There is no separate building or staff for DPC in most of the states. In Assam, DPC is functioning in ZP office. DPC meetings are held at the hall of Deputy Commissioner in Bihar. In Burdwan district of West Bengal there is an exclusive building for planning namely Unnyan Bhavan, where the office of District Planning Officer is located. In Jalpaiguri of West Bengal the District Planning Officer carries out the secretariat activities of the DPC from the office of the DM. In Goa, there is neither any financial support to the DPC nor any infrastructural support from the state government. There is hardly any training of the members of the DPC on decentralized planning.

### **3.2.3 Planning Process**

In 2015-16 a new concept of Gram Panchayat Development Plan was introduced by the National government for preparing holistic Plan for pooling resources. It may be noted that the GP level planning was already existed with process of annual district plan formulation carried out by DPC. However, GPDP emphasises on GP planning without having much connection with block and district level planning processes. The 14th Central Finance Commission in its recommendations provided more financial devolution to State governments as well as to the local governments. The preparation of GPDP is necessary for availing the grants of 14th FC.

For the preparation of GPDP, a massive training was undertaken by states. Presently most of the states are following GPDP guidelines for the preparation of annual plans. State like Assam, Madhya

Pradesh, Maharashtra have shown good progress in terms of undertaking meticulous exercises for capacity building and generating momentum on the ground. GPDP is a comprehensive plan for complete development of a gram panchayat. Currently this plan is working as a ready reference material for all the functionaries of the Panchayat Raj Institutions in the state. Through the preparation of GPDP in gram panchayat is emerging as a platform to integrate and converge all the activities to effectively address developmental issues.

It is significant to note that gram panchayat development plans are prepared using the campaign mode. The official People's Plan Campaign was held from 2nd October to 31st December, 2018 for preparing GPDP for 2019-20. The campaign initiated under "Sabki Yojana Sabka Vikas" was an intensive and structured exercise for planning at Gram Sabha through convergence between Panchayati Raj Institution and concerned line departments of the State. Many states under study held People's Plan Campaign and prepared Plans. The campaign mode was a successful exercise to select Plans which reflected the local needs. Through Planplus the selected plans are uploaded by the GPs. This software converges the flow of funds from different sources. It also converges the rural and urban plans to generate an integrated district plan. It brings about total transparency in the plan approval process and provides role based authentication and authorization.

Another noticeable change in the Panchayat domain is the introduction of Mission Antyodaya. It is an accountability and convergence framework for transforming lives and livelihoods on measurable outcomes. It is a framework within which the Panchayats can function and perform and is not a separate scheme. Convergence of schemes along with human resource support at GP/Cluster level, is the core of this framework. Resources at GP level are aggregated. Unspent administration fund can also be utilised. Human resources of SHG network, Village Organisations (VO) and trained Community Resource Persons (CRPs) can be utilised by GPs for carrying out specific functions. Situation analysis and need assessment are carried out ascertain the action to be taken. Mission Antyodaya is working as an enabling framework to achieve livelihood development and diversification.

The restructured Rashtriya Gram Swaraj Abhiyaan (RGSA) scheme was formulated for developing governance capabilities of Panchayati Raj Institutions to deliver on the Sustainable Development Goals (SDGs). It is meant for developing and strengthening the capacities of panchayats for rural local governance and to make them more responsive towards local development needs by preparing the Gram Panchayat development plans. The scheme is being implemented from 2018- 19 to 2021- 22 and is very effective in respect of overall capacity building and training initiatives undertaken

by the Panchayats. Under the scheme, support for economic development and income enhancement is given importance and such plans are forwarded by the State Governments after due approvals. There were many initiatives by the state government to suggest projects under RGSA. Few examples of potential areas to support for economic development and income enhancement given by the panchayats under study are medicinal plant processing and production units, Animal Hostels, Production and marketing support to handlooms.

*Guidelines:* Village level planning involves various processes and steps for optimum utilization of available resources to meet the needs of people within the overall priority of the district and the state. That requires development of vision, an assessment of the current status of infrastructures and services, compilation of relevant data for objective decision-making, priority to be assigned for different needs and available resources. All these require proper guidance for planning at the Panchayat level. However, clear guidelines were available in only 7 states namely, Assam, Chhattisgarh, Haryana, Karnataka, Kerala, Madhya Pradesh and West Bengal. The State Planning Commission of Madhya Pradesh has provided guidelines for the preparation of decentralised plans covering all critical processes and activities of self-governance for village and urban ward level.

*Data base and Calendar for Planning:* The process of planning requires taking up several actions in a time bound manner and the same should be so organized that all the processes are completed before the start of the financial year. This is best done by having a calendar of events to guide what activities are to be completed and when. However, planning calendar was available in 8 states namely, Chhattisgarh, Haryana, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Uttar Pradesh and West Bengal. The planning process followed from GP upwards varies widely across the states. Generally, the plan formulated in each GP is passed to the Intermediate Panchayat, which after incorporating GP plans along with its own plan sends that to District Panchayat. The plan of the District Panchayat is integrated with the plans of the lower tiers as the plan of the Panchayats of the district. This is integrated with the Municipal plans by the DPC to have the draft district plan for the district. In general, the plans of the GPs are to be placed in the Gram Sabha for approval but the effectiveness of people's participation depends on the functioning of the Gram Sabha, which has been discussed in a subsequent chapter. There are states where there is more scope to discuss such plans of the GP. In Kerala, Planning Forum and Working Groups exist at the GP level for wider deliberations. In West Bengal, plans are to be prepared from discussions at Ward Level from which the GP plans are prepared. The plans are generally for the untied funds available with the GPs and schematic plans like that for MGNREGS are prepared separately. In some states like Bihar and

Chattisgarh the Mukhiya/ Sarpanch takes suggestions from influential Panches and asks the Gram Panchayat sachiv to work out the plan.

In states like Haryana, the GP plan is prepared without any knowledge of the available resources. Gram Panchayats receive information regarding the preparation of the plan for the forthcoming year. However, no regular support is extended to them while preparing the plan. The Gram Sabha prioritizes and list out a number of developmental works to be taken up. However, the officers of Intermediate Panchayats decides as to what works are to be taken up first since they only know the amount of funds available for such works.

In respect of plans of higher levels of Panchayats the process is non-inclusive of elected representatives. In most states it is the government officials who prepare the plan. In most states the line departments prepared plans without the involvement of Panchayats despite devolution of powers to the Panchayats.

In Bihar and Chattisgarh a top down process is followed and the district plan is prepared by the DC. PRIs of these states are not involved. In Chhattisgarh, the District plan is prepared by District Planning Officer and collector as per the direction of State Planning Commission and committee of Principal Secretaries and other State Secretaries. District Magistrate and State Planning Officer get the files signed by the chairman of DPC after discussion. DPC is a formality. Plans prepared by line departments are sent to DPO/ Dy. ESA and from there to State Planning Department or State Planning Commission in states such as Bihar and Chattisgarh. In Manipur, though PRIs submitted plans, DPC is non-functional due to non-engagement of technical expert and secretarial support staff for monitoring and implementation of plans. In West Bengal, the level of integration of Panchayat Plan with the plan of various line departments is quite low.

Generally construction works, upgradation, maintenance of roads and buildings are included in the district plans. Plans prepared by the Panchayats include only a few activities i.e. construction of roads and culverts, drains, repairs of school or Panchayat building, construction of toilets, installation of hand pump for drinking water. Plans of line departments are not included in draft development plans of many states including Assam and Bihar.

In Karnataka, almost every district in the state has a fairly reliable database and has prepared district perspective plans. It has issued a guideline, and planning calendar for decentralized planning. There

is a well-designed step for decentralized planning starting from the Gram Sabha meeting to the integration of the district plan to the state plan.

### 3.2.4 Resources for Planning

Central schemes and state schemes were the main sources of fund used for the planning in different states. In addition, grants from Central Finance Commission and State Finance Commission were also used by the Panchayats in the planning of development schemes. In the case of Bihar and Chhattisgarh, MGNREGS, SFC and CFC are the main resources available for decentralized planning. Own sources of revenue is generally meagre and also not always used for bridging the critical gaps in planning. The Table 3.3 gives a broad indication of the different programme funds which are being used in the planning by the Panchayats towards economic development and income generation activities. In this context, some prominent schemes under CSS which are relevant to Panchayats are Mahatma Gandhi National Rural Employment Guarantee Programme, Pradhan Mantri Gram Sadak Yojna, Green Revolution of Department of Agriculture, Cooperation and Farmers' Welfare, White Revolution of Department of Animal Husbandry, Diaring and Fisheries, Blue Revolution of Department of Animal Husbandry, Pradhan Mantri Krishi Sanchai Yojana, National Rural Drinking Water Mission, Mission for Empowerment and Protection for Women, National Livelihood Mission – Ajeevika, Pradhan Mantri Kaushal Vikas Yojana, Pradhan Manthri Credit scheme for power-loomers and Pradhan Mantri Sansad Adarsh Gram Yojana.

**Table 3.4**  
**Potential Resources: Planning for Economic Development**

<b>State</b>	<b>Resources being used Currently for Planning</b>	<b>Potential Resources that can be used for Economic Development and Income Generation</b>
Assam	MGNREGS, State Schemes under SFCs and CFCs, PMAY, DAY-NRLM, DDP, DDU-GKY, Pradhan Mantri Adarsh Gram Yojana	Schemes under Agriculture and Animal Husbandry department, Youth Welfare Schemes, MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh Gram
Bihar	MGNRGEES, DAY-NRLM, Pradhan Mantri Adarsh Gram Yojana, State Schemes under SFCs and CFCs	PMAY, DDU-GKY, Schemes under Agriculture and Animal Husbandry department, Youth Welfare Schemes,

		MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh Gram Yojana
Chhattisgarh	MGNRGEES, Sansad Aadarsh, State Schemes under SFCs and CFCs	PMAY, DAY-NRLM, DDU-GKY, Schemes under Agriculture and Animal Husbandry department, youth welfare schemes, Pradhan Mantri Adarsh Gram Yojana, MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh Gram Yojana
Haryana	MGNREGS, DAY-NRLM, State Schemes under SFCs and CFCs	PMAY, DDU-GKY, Schemes under Agriculture and Animal Husbandry department, youth welfare schemes, Pradhan Mantri Adarsh Gram Yojana, MP LAD, MLALAD, Pradhan Mantri Sansad Adarsh Gram Yojana
Karnataka	PMGSY, MGNREGS, PMAY, DAY-NRLM, Donation, Beneficiary Contribution, State Schemes under SFCs and CFCs DDU-GKY	Youth welfare schemes, Pradhan Mantri Adarsh Gram Yojana, MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh Gram Yojana
Kerala	NRHM, MGNREGS, DAY-NRLM, PMGSY, DDU-GKY, Donation, Beneficiary Contribution, State Schemes under SFCs and CFCs, SRLM	Pradhan Mantri Adarsh Gram Yojana, Pradhan Mantri Sansad Adarsh Gram Yojana
Manipur	Schemes under SFCs and CFCs, MGNREGS	PMAY, PMSY, DDU-GKY, Schemes under Agriculture and Animal Husbandry department, youth welfare schemes, Pradhan Mantri Adarsh Gram Yojana, MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh Gram Yojana
Madhya Pradesh	CFC, SFC,	DAY-NRLM, DDU-GKY, Schemes under Agriculture and Animal Husbandry department, youth welfare schemes, Pradhan Mantri Adarsh Gram Yojana, Pradhan Mantri Sansad Adarsh Gram Yojana
Maharashtra	PMAY, DAY-NRLM, MGNREGS, CFC, SFC schemes, PMSY, DDU-GKY, SRLM	Pradhan Mantri Adarsh Gram Yojana, MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh Gram Yojana
Rajasthan	Rajeevika, State Schemes under CFCs and SFCs, MGNREGS, PMAY, PMGSY, Pradhan Mantri Adarsh Gram Yojana, Schemes under agriculture and Animal Husbandry	DDU-GKY, youth welfare schemes, MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh Gram Yojana
Uttar Pradesh	MGNREGS, State Schemes, PMAY, PMGSY,	State Rural Livelihoods Mission, DAY-NRLM, DDU-GKY, Schemes under Agriculture and Animal Husbandry department, youth welfare

		schemes, Pradhan Mantri Adarsh Gram Yojana, MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh Gram Yojana
West Bengal	MGNREGS, State schemes under SFCs, CFCs, PMAY, PMGSY, State Rural Livelihoods Mission	DDU-GKY, Schemes under Agriculture and Animal Husbandry department, youth welfare schemes, Pradhan Mantri Adarsh Gram Yojana, MP LAD, MLA LAD, Pradhan Mantri Sansad Adarsh gram Yojana

Source: Field Survey

*Budget Window and Planning:* The flow of funding to Panchayats through state budget can ensure a regular and timely flow of resources for planning of economic development activities at Panchayat level. In India a few states have a separate budget window for Panchayats. In Karnataka, the ‘Link Document’ provides a clear picture on what is to receive for different schemes under each district once the state budget is passed. It has a strong link with the state budget. The link document is the budget allotment of the state to Zilla Panchayat under plan and non-plan schemes for a particular year and it is presented in the Assembly by the Finance Minister. It gives a clear picture on resource envelop and on which the Zilla Panchayat can prepare the plan document. Moreover, it provides a bridge between District Planning and State Planning and leads to the integration of the budget of the state Government and decentralized planning. Maharashtra has a separate volume for Panchayats annexed in the budget document known as the White Book. It is the District Sector outlay of the state budget. The White Book and the appendix give a clear picture on the district plan.

The results of field survey reveal that, by and large, the resource envelope of a Gram Panchayat contains seven sources of fund: (i) Fourteenth Finance Commission Award to the state, (ii) Transfer by State Finance Commission for development purpose (iii) Centrally Sponsored Schemes, (iv) State Plan Scheme (v) Own Sources of Revenue (vi) Contribution by the local communities (vii) MP Local Area Development Fund and MLA Local Area Development Fund. Total available and potential resources of a Gram Panchayat have to be estimated in a systematic manner. The financial and human resources either under the possession or those that can be potentially generated within the GP needs to be assessed. The resources so mapped should be utilized in a convergent and integrated manner to generate maximum synergy.

### ***3.2.5 Mandatory Allocations for Economic Development by Panchayats : Kerala Experiences***

It is desirable to make mandatory allocation of funds for economic development by panchayat. In this context, let us discuss the experiences of Kerala.



Window for Panchayats is given in the state Budget of Kerala as Appendix IV. This document shows the allocation under Special Component Plan and Tribal Sub Plan of each Panchayat. It was made mandatory by the provisions of the guidelines that ten per cent of the plan fund should go for Women Component Plan. In addition, certain broad guidelines about sectoral distribution of the devolved funds were laid down. The Panchayats are also provided planning calendar and value addition had been added to the guidelines in every year. As a result, the decentralized planning is recognized as the major functional domains of the Panchayats.

All local governments in Kerala are bound to prepare an anti-poverty sub-plan as an independent document. They have the freedom to plan and prepare the projects according to the local priorities for which untied grant-in-aid are devolved. They have to spend at least 40 percent on the productive sector like agriculture and allied activities, industries, self-employment etc and not more than 30 percent on infrastructure. In case of infrastructure sector, the mandatory ceiling was fixed at 45 per cent in Gram Panchayats and Block Panchayats, 55 percent in Municipalities and Corporations and 50 per cent in District Panchayats under general sector outlay. In addition, 10 per cent of the development fund was mandatorily earmarked for Women Component Plan and 5 per cent to children, old age, differently abled, palliative care and other vulnerable groups. Assistance to Kudumbashree programmes can be taken up under this plan. The Women Component Plan should focus on the gender needs of women especially those below poverty line. The various sources of funds available to local government institutions include Plan allocation (Development Fund), own fund, State sponsored schemes, centrally sponsored schemes, beneficiary contribution. The panchayats allocate their development funds broadly under three sections viz; productive, service and infrastructure sectors according to local government priorities and Plan guidelines. The productive sector mainly includes agriculture and allied sectors, soil and water conservation, irrigation and industries. The service sector consists of education and allied sectors, health and allied services, development of women and children and labour welfare. The infrastructure sector includes energy, transportation and buildings.

### ***3.2.6 Consolidation of Panchayat Plans and the Degree of Integration of Plan***

The mandatory role of DPC is to consolidate the plans of Panchayats and the Municipalities at district level. Panchayats plans are consolidated at district level without any linkage with the plans of various line departments in many states. In states of Kerala and Maharashtra the Panchayat plans

are consolidated and integrated with plan of line departments in a limited sense. The degree of the integration of plans with the plan of line department varies between states.

### **3.3 Role of Village Organization in Planning of Projects towards Economic Development**

A number of village organizations are functional in several Gram Panchayats. As is reported in Table 3.5, Self Help Groups were found in 58 Gram Panchayat covered by the survey. Other village organizations identified in Gram Panchayat are women organizations other than SHGs, farmers associations, youth clubs, merchant associations, resident welfare associations and other charitable organizations. It is pertinent to understand that village organizations especially Self Help Groups have played a significant role in the identifications of livelihood projects by participating in Gram Sabha meetings in a few Gram Panchayats.

**Table 3.5  
Village Organizations for Economic Development Activities**

<b>Village organizations</b>	<b>Gram Panchayats (Number)</b>
SHGs	58
Women Organizations other than SHGs	20
Farmers Associations	15
Youth Clubs	14
Merchant Associations/ Enterprises Forums	8
NGOs/Trusts/Not for Profit Organizations	15
Resident Welfare Associations	12

*Source: Field Survey*

#### **3.3.1. Involvement of youth in income generation activities through Panchayats**

There have been several initiatives in different states to promote the participation of youth in rural development. Various government programmes promoted youth centric village organizations such as Youth Clubs and Mahila Mandals to promote the participation of young generation in overall development of villages. As is evident from Table 3.5, Youth Clubs are functional and active in a significant number of villages. In addition to Youth Clubs, a significant number of SHG members are youth. It is important to promote a synergy between the voluntary action of the Youth Clubs and SHG and the institutional mechanism of the Gram Panchayats. Thus, youths will mutually

reinforce each other to foster a higher pace of economic development in the villages. Gram Panchayats can encourage youth participation in economic development and income generation activities. It is possible for many Gram Panchayats to bring Youth Clubs as a partner in the planning and execution of various economic development and income generation activities. The partnership will also help in addressing the emerging needs of youth. Youth should be encouraged to attend Gram Sabha meetings. This would ensure that ideas of the youths are articulated and heard while planning of economic development and income generation activities of Gram Panchayats and selecting beneficiaries of various programmes. An active and organised Youth Club in partnership with Gram Panchayats would promote a more effective relationship with the Panchayats. The village youth organizations can play vital role in the mobilization of the community for the planning and effective implementation of the above programmes.

### **3.4 Planning of Activities by Panchayats towards Economic Development**

As we discussed in the previous section, most of the states do not have a favourable and strong legal framework for the preparation of plans towards economic development. However, states such as Kerala and Karnataka are in a strong position to plan and implement various activities towards economic development. Several Panchayats have prepared plans against central and state funding schemes. As is shown in Table 3.6 a large number of GPs have prepared plans in the areas of agriculture, animal husbandry, poverty alleviation programme, markets and fairs. A few GPs have prepared plans in the field of small scale industries, khadi, village and cottage industries, technical training and vocational education.

**Table 3.6  
Preparation of Plans towards Economic Development**

<b>Subject/ Areas of Plan</b>	<b>Sub themes of work/ projects</b>	<b>Gram Panchayats (Number)</b>
Agriculture, including Agricultural Extension	Farming, Group farming, sale of agricultural produce, construction activities, land leveling	30
Animal husbandry, Dairying and Poultry	Goat rearing, pig farming, cattle farming, cooperative milk production and distribution, vermi composting	30

Fisheries	Fish farming, sale of seedlings, sale of ornamental fish	22
Minor Forest Produce	sale of forest produce like lac, timber, berries, and Honey	16
Small Scale Industries, including Food Processing Industries	Pickle units, Flour Mills, Papad making and snack making	13
Khadi, Village & Cottage Industries	Sale of handicrafts, sale of Hand woven materials	8
Poverty Alleviation Programmes	Kudumbasree Programme, setting up of micro units	32
Technical Training and Vocational Education	Training given to farmers, fish farming, goat rearing, cattle rearing and Pickle making	12
Markets & Fairs	setting up of daily and weekly markets	42
Maintenance of Community Assets	leasing out of Panchayat assets for various activities	18

Source: Field Survey

### **3.4.1 Preparation of Plans under funding of Central and State Governments towards Economic Development**

Various developments scheme were being formulated through preparation of Gram Panchayat Development Plan, MGNREGS plan and various departmental plans. GPDP formulation process was initiated by the Gram Sabhas in all the states in 2018 as the part of “Gram Swaraj Abhiyan” of Government of India. There were significant improvements in the role of Gram Sabhas in the preparation of Village Development Plan in several states. However, most of the schemes included in the plan were in the category of construction related activities, water supply and drainage. Unfortunately, the schemes related to economic development and livelihood activities were not included in the village development plans in most of the states.

Under the Saansad Adarsh Gram Yojana of Ministry of Rural Development, Adarsh Grams were developed in some states. The Scheme envisages integrated development of the selected village across multiple areas such as agriculture, health, education, sanitation, environment, livelihoods, etc. Members of Parliament are the pivots of this scheme while Gram Panchayat is the basic unit for development. They identify Gram Panchayat, engage with the community, facilitate the Village Development Plan and mobilise the necessary resources. The Village Development Plan places a special emphasis on enabling every poor household to come out of poverty. It is found that the planning process under Adarsh Grams was a participatory exercise coordinated by the District

Collector. Under this scheme a Village Development Plan was prepared for Gram Panchayat with special focus on poverty alleviation through livelihood projects.

Pradhan Mantri Adarsh Gram Yojana is centrally sponsored scheme that was implemented for integrated development of Scheduled Castes. It is found that under the scheme, plan was prepared in a few states for integrated development of SC majority villages, primarily through convergent implementation of the relevant central and state schemes.

### 3.4.2 Preparation of Plans under OSR towards Economic Development

In a few states such as Kerala, Karnataka and West Bengal, GPs have prepared plans towards economic development and income generation activities against own sources of revenue. Out of 60 Gram Panchayats covered by the survey, 18 GPs have formulated works and projects against own sources of revenue.

### 3.4.3 Funds and People Participation in Plan Preparation of GPs

Some GPs have prepared plans against allocated fund while others against anticipated fund allocation (Table 3.7). A total of 32 GPs have prepared plan with the direct involvement of elected council of the Gram Panchayats. Gram Sabhas have involved in the plan preparation in the case of 48 GPs.

**Table 3.7**  
**Preparation of Plans for Economic Development by Gram Panchayats**

Particulars	Gram Panchayats (Number)	Remarks
Preparation of Plans against expected fund allocation	29	A portion of projects/ works included in these plans are related to economic development, livelihood and income generation
Preparation of Plans against allocated fund	31	
Direct Involvement of GP in Planning Process	32	
Preparation of Plans with Gram Sabha involvement	48	

*Source: Field Survey*

Gram panchayats (GPs) across the country have begun preparing Gram Panchayat Development Plans (GPDP), presenting an opportunity for the GPs to synchronize their plans with SDGs. Resources from various centrally and state sponsored schemes can be leveraged and converged at

the GP level. It is important to set GP-level targets with measurable indicators that will have vertical and horizontal linkages, convergence possibilities, resource mobilization potential and feasible action by the GPs to make the GP achieve food security and end poverty.

#### ***3.4.4.: Planning for achieving SDGs in rural areas***

The Sustainable Development Goal (SDG) agenda is a plan which seeks action by people. There are 17 such Goals to be achieved for sustainable development. The most relevant goals in Panchayat contest are eradication of poverty, ending hunger and decent work and economic growth. In India's context, to attain SDGs, strengthening the Panchayat is a pre-requisite. The national ministry has introduced RGSA scheme for developing governance capabilities of Panchayati Raj Institutions to deliver on the Sustainable Development Goals. Gram Panchayats across the country can prepare Gram Panchayat development plans in tandem with SDGs. Resources from various centrally and state sponsored schemes can be leveraged and converged at the GP level. It is important to set GP-level targets with measurable indicators. These Plans should have linkages both vertical and horizontal, convergence possibilities, resource mobilization potential and actions to make the GP achieve food security and end poverty. For economic growth, GPs can identify potential enterprises within the Panchayat area and can map employment opportunities. They can facilitate entrepreneurial development training and provide handholding support for new enterprises. Creation of Help Desk and redressal mechanism and job creation through convergence of ongoing schemes and sponsorships are to be taken up by GPs. They can maintain database on labour and employment. They can also utilize schemes like DAY-NRLM, MGNREGS, DDU-GKY and other government schemes for enterprise development for sustainable livelihood.

### **3.5 An Assessment of Planning of Works and Projects by Panchayats towards Economic Development**

A few states have made better arrangements in respect of planning at Panchayat level to support them for undertaking economic development activities. States of Karnataka and Kerala have performed relatively well by identifying projects and works for income generation and economic development. However, line departments have prepared plan on their own in a large number of states. Of late, a few more states have taken some initiatives for the preparation of plans related to livelihood and income generation. Clear guidelines for planning were available in a few states. Similarly, a planning calendar was available only in some states. A few states have been found to transfer funds based purely on formula. Decentralized planning process is not in a systematic

manner in about 60 percent of GPs covered by the survey. Except Kerala and Karnataka most of the states covered by the study do not have adequate enabling factors to support Panchayats for undertaking economic development activities. All the states, however, need more focus on project formulation and preparation towards income generation activities.

There are different plans such as MGNREGS Plan and Gram Panchayat Development Plan. One unified plan is not being prepared in a few Gram Panchayats. Most of the GPs do not have database to make plans. Though a few GPs have data it does not have any link with the plans formulated. The GP functionaries do not have adequate capacity in the preparation of plans for economic development. A list of possible sector wise activities are not available with the GPs. There is no institutional mechanism either at the district Panchayat or intermediate Panchayat level to check whether the plan prepared for economic development and income generation is viable or not. It is also important to note that some central and state schemes provide scope for convergence framework for the planning and execution of income generation projects at Gram Panchayat level. However, most of the states are non-starter though some states are in the process of starting at least some initiatives.

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## **CHAPTER 4**

### **CURRENT ACTIVITIES AND SCHEMES TOWARDS ECONOMIC DEVELOPMENT AND INCOME GENERATION THROUGH PANCHAYATS**

In this Chapter, we discuss the present status of activities of Panchayats pertaining to 10 relevant subjects listed in the eleventh schedule of the Constitution for achieving economic development. In addition, activities for implementing centrally sponsored and state sponsored schemes are covered. We also try to capture the activities of Panchayats utilising own source of revenue apart from their innovative initiatives towards economic development and income generation.

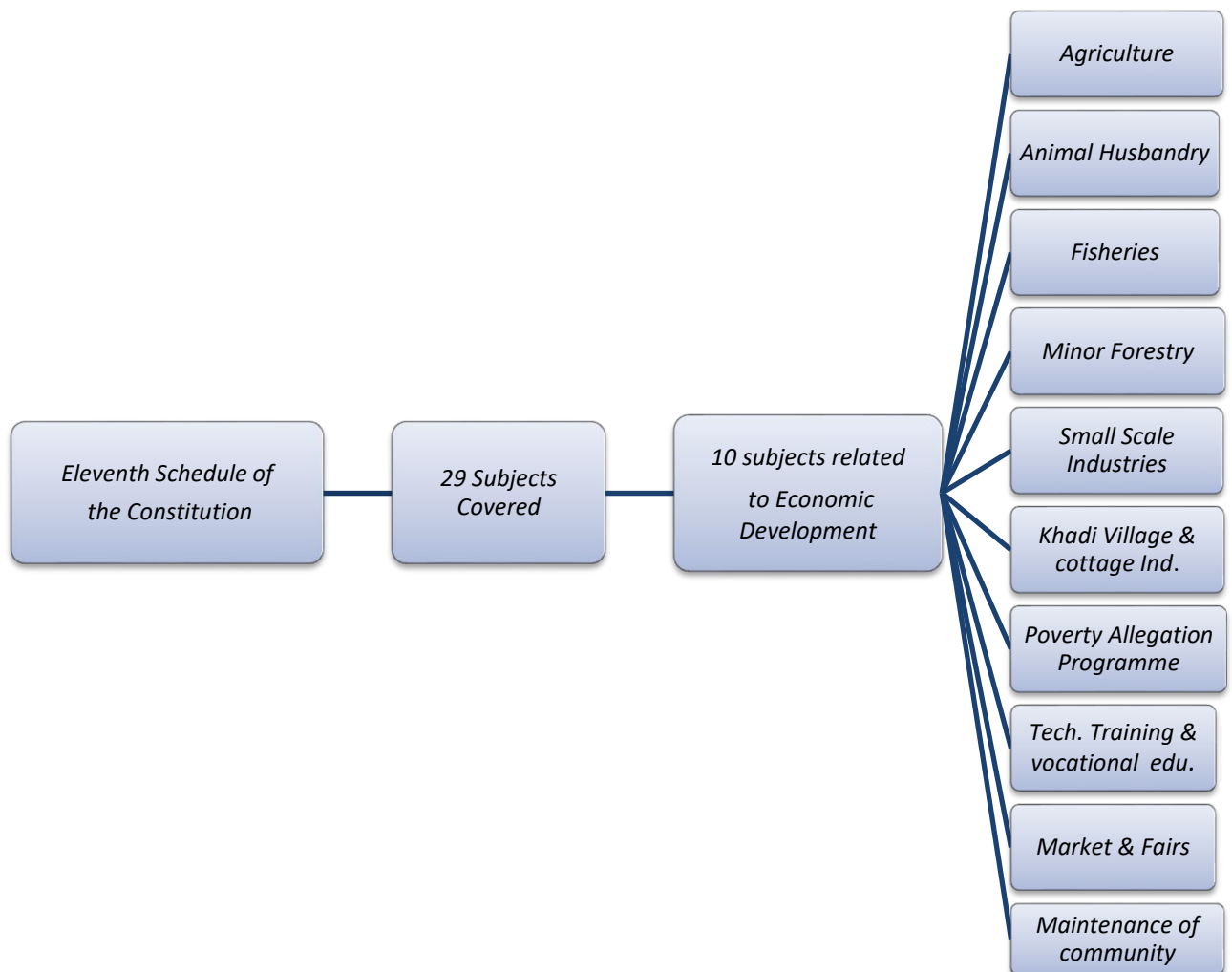
#### **4.1 Relevant Subjects and Activities of Panchayats towards Economic Development**

Status of involvement of Panchayats in promoting economic development and income generation was examined through the field survey. Analysis of the information provided by Panchayats revealed that several of them have undertaken activities related to poverty alleviations programmes and the maintenance of assets created in Panchayat. However, activities related to ten subjects are quite relevant.

Out of 29 subjects listed in eleventh schedule of the Constitution 10 subjects are quite relevant for achieving economic development of a village. These are agriculture, animal husbandry, fisheries, minor forestry, small scale industries, khadi village and cottage industries, poverty alleviation programme, technical training and vocational education, market and fairs, maintenance of community assets (Fig 4.1).

**Fig: 4.1**  
**Ten Subjects in the Eleventh Schedule of the Constitution relevant for**  
**Economic Development**



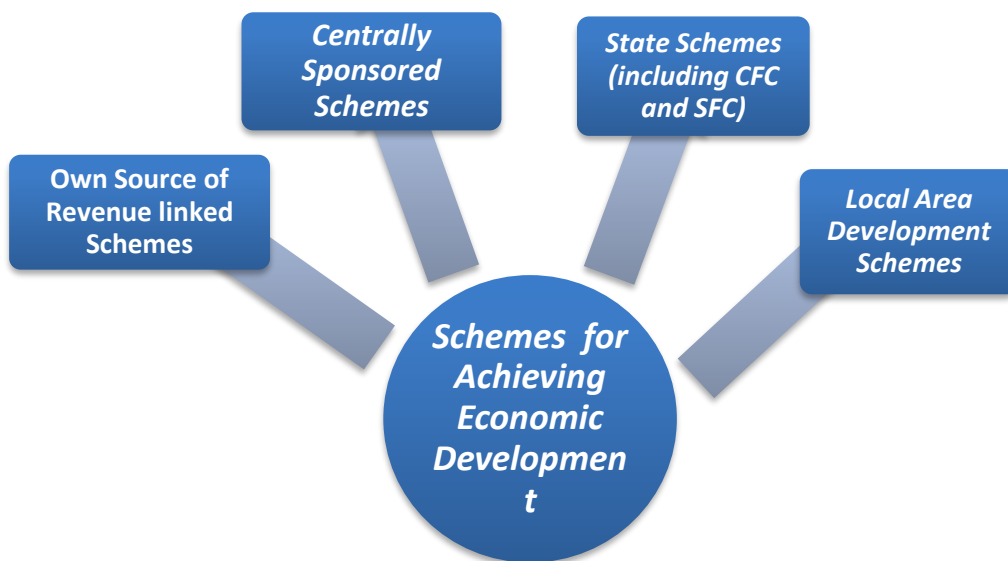


#### **4.2 Sources of Funds and Activities of Panchayats towards Economic Development: Current Situation**

In India, currently four major schemes are relevant for Panchayats in achieving economic development of villages. These are centrally sponsored schemes, state sponsored schemes, own sources of revenue linked schemes and local area development programmes (Fig.4.2). State

sponsored schemes include CFC and SFC grants in a few states. It may be noted that both State Finance Commission grants and Central Finance Commission grants can be utilised effectively for activities towards economic development and income generation.

**Fig: 4.2**  
**Schemes of Panchayats for Achieving Economic Development**



Subject wise activities related to economic development and income generation are reported in Table 4.1. Majority of the states have taken up activities under agriculture, animal husbandry and fisheries. Activities under minor forest produce have been carried out by Gram Panchayats of Maharashtra, Assam and Manipur. States like Kerala, West Bengal, Assam and Maharashtra have initiated activities under small scale industries, including food processing industries. However, Gram Panchayats of Maharashtra is the only state where activities are carried out under technical training and vocational education.

**Table 4.1**  
**Subject wise Activities related to Economic Development and Income Generation**

Subjects	Sub themes of works/ projects	Name of States	Number of States	Number of Gram Panchayats

Agriculture, Agricultural Extension	Farming, Group farming, sale of agricultural produce, construction activities, land levelling	AS, BH, CH, HR, KA, KE, MP, MH, MA, RA, UP, WB	12	56
Animal Husbandry, Dairying and Poultry	Goat rearing, pig farming, cattle farming, cooperative milk production and distribution, vermi composting	AS, BH, CH, HR, KE, MP, MH, MA, KA, RA, UP, WB	12	53
Fisheries	Fish farming, sale of seedlings, sale of ornamental fish	AS, CH, KE, MH, MA, WB	9	41
Minor Forest Produce	sale of forest produce like lac, timber, berries, Honey etc	AS, CH, MH, MA	4	16
Small Scale Industries, including Food Processing Industries	Pickle units, Flour Mills, Papad making, snack making etc	AS, KE, MH, WB	4	12
Khadi, Village & Cottage Industries	Sale of handicrafts, sale of Hand woven materials	AS, MH, WB, MA	4	14
Poverty Alleviation Programmes	Kudumbasree Programme, setting up of micro units	AS, BH, CH, HR, KE, MP, MH, MA, KA, MA, RA, WB	12	51
Technical Training and Vocational Education	Training given to farmers, fish farming, goat rearing, cattle rearing, Pickle making etc	MH	1	3
Markets & Fairs	setting up of daily and weekly markets	MP, MH, MA, UP, WB	5	19
Maintenance of Community Assets	leasing out of Panchayat assets for various activities	KA, KE, MH, UP, WB	5	16

Source: Field survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

#### 4.2.1 Role of Gram Panchayats in implementing activities under Agriculture, Animal Husbandry, Minor Forest Produce and Fisheries

**Assam:** GPs identify the beneficiaries for agricultural programmes, carry out distribution of inputs like seeds and fertilizer, organise awareness camps on various agricultural related programmes and training on organic farming. GPs select beneficiaries under various programmes of

Departments of Animal husbandry Dairying and Poultry. In respect of Fisheries, Gram Panchayat identify beneficiaries for assistance under various programmes and assist them in organizing fishermen's cooperatives.

**Bihar:** In the state of Bihar GPs identify the beneficiaries and distribute inputs like seeds and Fertilizer. GPs select beneficiaries for various programmes related to Animal husbandry, Dairying and Poultry.

**Chhattisgarh:** GPs select beneficiaries of various government schemes in the field of agriculture. GPs promote collection, processing and value addition of minor forest produce.

**Haryana:** GPs play an active role in agriculture sector. They identify beneficiaries, supply of food grains and assist the farmers in crop diversification. The major activities of GPs in respect of Animal husbandry are selection of beneficiaries under various programmes.

**Karnataka:** GPs identify the beneficiaries and monitor various agricultural activities. GPs work closely with various line departments especially Department of Agriculture. They also distribute inputs like seeds and Fertilizer and handle marketing and post-harvest. In Animal husbandry, the role include vaccination, development of programmes for the promotion of livestock, development of grazing grounds, control of epidemic and contagious diseases, disposal of dead animals and grass land development.

**Kerala:** GPs identify the beneficiaries of various agricultural schemes. By closely working with the Department of Agriculture GPs assist the farmers in crop diversification, facilitating loan facilities, crop insurance, setting up of cooperatives and marketing and post-harvest handling. Another major activity is the distribution of inputs like seeds and Fertilizer. In Animal husbandry, Dairying and Poultry the role include setting up of cooperative societies, select beneficiaries under various programmes, vaccination, development programmes of poultry, piggery and livestock. In Fisheries, activities include identification of beneficiaries under various programmes. GPs assist line department in organizing fishermen's cooperatives, development of Pisciculture, Pond culture, lake culture, ornamental fish culture, development of village pond and tanks, implement fisherman's welfare programmes. GPs in cooperation Block Panchayats, District Panchayats and Department of Agriculture have set up Farmer Producer Organisation and Agriculture Labour Banks.

**Manipur:** The GPs distribute inputs like seeds and Fertilizer. They do land filling and land development under Agriculture and Agricultural Extension. They organise awareness camps on various agricultural related programmes and training on organic farming. In Animal husbandry, they select beneficiaries under various programmes.

**Madhya Pradesh:** In respect of agriculture sector the activities of GP include identification of beneficiaries, supplying of food grains, dissemination of information. They also undertake distribution of seeds and Fertilizer. The activities related to Animal husbandry sector are selection of beneficiaries under various programmes, development of grazing grounds, control of epidemic and contagious diseases, disposal of dead animals.

**Maharashtra:** GPs carry out various activities related to agriculture. These include distribution of agricultural inputs like seeds and fertilizer, facilitating crop insurance, setting up of cooperatives, beneficiary selection and land development. GPs select beneficiaries under various programmes of Department of Animal husbandry.

**Rajasthan:** GPs select the beneficiaries of various government programmes in the field of agriculture. They organise awareness programme related to government programmes in the field of agriculture. GPs select beneficiaries for various programmes in the field of animal husbandry.

**Uttar Pradesh:** In the state of Uttar Pradesh, GPs select the beneficiaries and distribute inputs like seeds and Fertilizer. GPs help line departments in selecting beneficiaries for various programmes related to Animal husbandry, Dairying and Poultry.

**West Bengal:** GPs have close working relations with various line departments. In close cooperation with department of agriculture GPs assist the farmers in crop diversification, facilitating loan facilities and crop insurance. GPs involve in the selection of beneficiaries and distribution of inputs like seeds and Fertilizer. In Animal husbandry, Dairying and Poultry the role include the selection of beneficiaries under various programmes.

#### ***4.2.2 Centrally Sponsored Scheme based Activities towards Economic Development***

Centrally Sponsored Schemes implemented by Gram Panchayats towards economic development and income generation are mainly Deen Dayal Antyodaya Yojana- National Rural Livelihood

Mission, Sansad Aadarsh Gram Yojana, Deen Dayal Upadhyaya Grameen Koushalya Yojana, Mahila Kisan Sashaktikaran Pariyojana, Pradhan Mantri Adarsh Gram Yojana, and Mahatma Gandhi National Rural Employment Guarantee Scheme. Analysis of the information provided by Panchayats revealed that several of them have undertaken a few activities, though in a limited sense, towards economic development and income generation. As is presented in Table 4.2, Gram Panchayats of ten states which have implemented DAY-NRLM are Karnataka, Bihar, Kerala, Manipur, Madhya Pradesh, Maharashtra, Assam, Uttar Pradesh, Haryana, and Rajasthan. Gram Panchayats of a total of five states-Karnataka, Maharashtra, Madhya Pradesh, Chhattisgarh- have carried activities under SAGY. In GPs of four states-Assam, Kerala, West Bengal, Bihar- MKSP are operational. Under Pradhan Mantri Adarsh Gram Yojana activities are carried out by GPs of Assam, Bihar and Rajasthan. It is significant to understand all the GPs of 12 states covered by the study have implemented MGNREGS.

There is a growing demand for skilled manpower in the job market. Skill development training will enhance the employability of the Youth and will in turn bridge the gap existing demand - supply. Many panchayats have supported activities to deliver quality skill training and professional knowledge to the youth. A few panchayats have initiated activities create awareness on job opportunities in select rural sectors. Under DDU-GKY, most of the states are imparting training to develop skills. Gram Panchayats of six states-Karnataka, Kerala, Maharashtra, Rajasthan, Chhattisgarh- have executed DDU-GKY.

Now let us discuss some of state specific activities. Under CSS, Gram Panchayats of West Bengal have carried out activities such as agri extension work, construction of boundary wall, distribution of seed, crop storage, awareness camp, vermi culture, cereal development programme, plant protection and organic farming. Under land development programme Gram Panchayats have collected soil samples and conservation of soil in drought prone area. It is significant to note that most of these activities are not based on utilization of fund. Fund is utilized by the line department and the GP is mainly responsible for beneficiary selection and supervision. For small scale industries GPs have organized awareness programmes and SHG training programmes. Training, awareness creation, hatching, vaccination, infrastructure development of sub centres and identification of beneficiaries is some of the activities performed under animal husbandry programme by Gram Panchayat in West Bengal.

In Madhya Pradesh, Gram Panchayats are entrusted with the functions which are of local importance like water, local streets, public health, sanitation and maintenance of community assets. In state of Karnataka, the Gram Panchayats are found handling multiple functions which were earlier handled by the traditional line departments. In Karnataka, Gram Panchayats have been entrusted with the activities of monitoring, execution and supervision. In most of the villages, Gram Panchayats are assigned with maintenance and management of markets.

In Uttar Pradesh, Gram Panchayats have carried out beneficiary selection under DAY-NRLM, MGNREGS and PMAY. However, fund linked activities of Panchayats are carried out in all Panchayats in Kerala. In Karnataka, various CSS programmes are implemented with the involvement of Panchayats. Some of these programmes have focussed on economic development and livelihood activities

Poultry activities are encouraged through MGNREGS by Gram Panchayat, livelihood CRPs are trained in all blocks of the state of Karnataka, Sanjeevini Kaushal Kendras are established to encourage Non-Farm Livelihood initiatives. These are community-run livelihood centers. Under DDU-GKY, a large number of youths are trained. Karnataka has initiated a labor market survey through the Karnataka Evaluation Authority. It has developed a 'Kaushalkar' database that provides details of 1.5 lakh youth who have expressed their desire to be skilled and placed. Under Rurban Clusters skill development training are being linked to agro-based activities, food processing and major industry in the vicinity of that cluster. Sanjeevini Kaushal Kendra is being developed in Rurban Clusters to promote Self Employment activities.

In Assam, Member of Parliament Local Area Development Scheme of Ministry of Statistics and Programme Implementation was implemented without any involvement of Panchayats. Rashtriya Krishi Vikas Yojana, National Horticulture Mission, National Mission for Sustainable Agriculture are the schemes of Ministry of Agriculture that aim at agricultural development. These schemes were executed by the Department of Agriculture of Government of Assam. Dairy and Animal Husbandry Schemes was implemented by the Department of Animal Husbandry, Dairy and Fisheries. Under this scheme both subsidy and grant were provided for animal husbandry, dairy and fisheries. Scheme for assistance to training institutions, fund for regeneration of traditional industries namely SFURTI and Rajiv Gandhi Udyami Mitra Yojana were also functional without the involvement of Panchayat. These are schemes of Ministry of Small and Medium Enterprises and Ministry of Textiles. Aajeevika-National Rural Livelihood Mission was also implemented by

Panchayat. Under this scheme GPs have executed a few activities for rural poor enabling them to increase household income through sustainable livelihood enhancements and improved access to financial services. Pradhan Mantri Gram Sadak Yojana is implemented by Department with the involvement of Panchayats.

In Haryana, Panchayats have organized various skill development and employment generation programmes under DDU-GKY. For skills development, State has taken a dominant role in terms of investment and being a facilitator. Skill development centres at village and block level promoted to provide skill development opportunity as well as to act as one-stop kiosks with information on the local labour market/employment, vocational learning opportunities and support schemes. Panchayats, municipalities and other local bodies are involved in skill development and employment generation at the local level. Haryana has focussed on the sectors which drive employment generation in the state like health, hospitality, automotive, and logistics. A few GPs have been adopted under SAGY in the state. GPs have carried out economic development activities such as subsidies on various seeds, drip irrigation, livestock insurance, agriculture awareness camp and Kisan Credit Card. Under convergence framework of Mission Antyodaya GP level convergence is being facilitated by strengthening ‘Development Committee’. Gram Sabhas are also being empowered to ensure convergence. Haryana has started Swa-preerit Adarsh Gram Yojana to facilitate interested persons, industrialists, NGOs, Universities, PSUs, Boards, Corporations and NRIs to adopt any village as Adarsh Gram or make any contribution to the development of villages in a phased manner. Under SAGY it is attempted to enhance in productivity and diversification of agriculture. Under this programme there is a focus on livelihood opportunities.

**Table 4.2**  
**Centrally Sponsored Schemes Implemented by Panchayats towards Economic Development and Income Generation**

Schemes	Name of States	Number of States	Number of Gram Panchayats



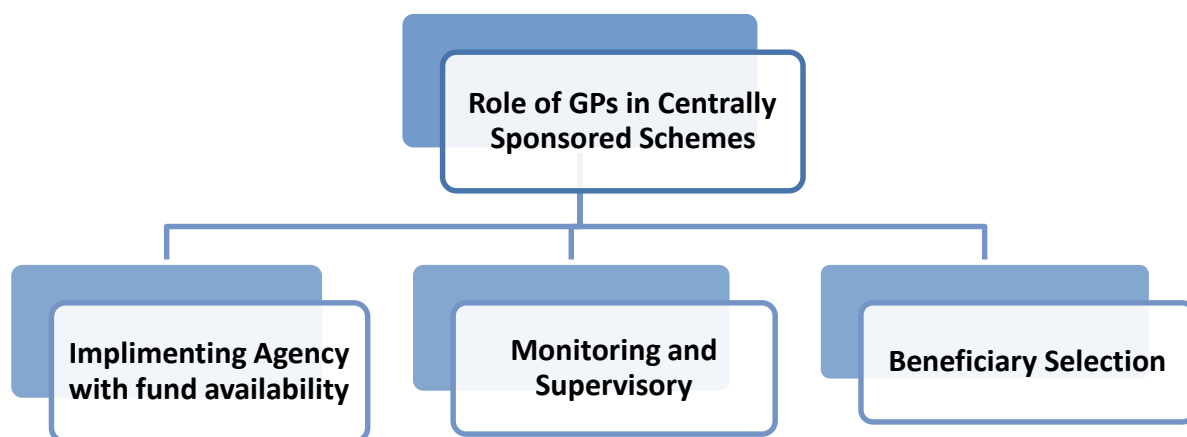
Deen Dayal Antyodaya Yojana- National Rural Livelihood Mission( DAY-NRLM)	AS, BH, HR, KA, KE, RA, MH, MP, MA, UP	10	12
Sansad Aadarsh Gram Yojana (SAGY)	CH, HR, KA, MH, MP,	5	7
Deen Dayal Upadhyaya Grameen KoushalyaYojana (DDU-GKY)	CH, RA, KA, KE, MH	5	8
Mahila Kisan Sashaktikaran Pariyojana (MKSP)	AS, BH, KE, WB	4	5
Pradhan Mantri Adarsh Gram Yojana	AS, BH, RA	3	4
MGNREGS	AS, BH, CH, HR, RA, MP, KA, KE, MH, MA, UP, WB	12	16

Source: Field Survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

As is shown in Table 4.3 and Figure 4.3, the nature of involvement of Panchayats in the implementation of Centrally Sponsored Schemes is different between states. A total of 10 Gram Panchayats in 9 states had received funds for the implementation of these schemes. GPs of four states were not given funds as their involvement was limited to beneficiary selection and monitoring. A total of 16 Gram Panchayats in 10 states was involved in the selection of beneficiaries only.

**Fig: 4.3**  
**Nature of involvement of Panchayats in Centrally Sponsored Schemes Activities related to Economic Development**



**Table 4.3**  
**Involvement of Gram Panchayats in the Implementation of CSS based Activities**  
**towards Economic Development: State Scenario**

Nature of involvement of GP	Name of States	Number of States	Number of Gram Panchayats
Implementing Agency with fund availability	AS, CH, KA, KE, MH, MA, RA, UP, WB	9	10
Monitoring & Supervisory role only	BH, CH, MP, RA	4	5
Beneficiary Selection only	AS,BH,CH, HR, KA, MP, MH, MA, RA, UP	10	16

Source: Field Survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

In a few states like Kerala, Karnataka and Maharashtra, GPs have implemented a few livelihood projects under MGNREGS. Funds are transferred for this purpose and the Gram Panchayats were given the freedom to select plans under these schemes. But in states like Manipur and UP Gram Panchayats had no freedom to select schemes under various CSS as fund transfer was not taken place. They were given the role of selecting beneficiaries for some schemes.

**4.2.3 State Sponsored Scheme based Activities towards Economic Development, Livelihood and Income Generation**

It is significant to examine the state sponsored scheme based activities towards economic development, livelihood and income generation. As is evident from Table 4.4, there are clear state level variations in respect of state sponsored schemes based activities of Gram Panchayats. In some cases state sponsored schemes have some components of funds from centrally sponsored schemes. For instance, source of fund of District Development Plan in Assam is combination SFC and CFC funds. District Development Plan covers schemes for social upliftment, road connectivity, infrastructure, etc. Projects and works under this schemes is implemented by Panchayats.

The Government of Rajasthan had launched a programme called SHREE Yojana, covering five important public services such as rural connectivity, sanitation, health, education and power supply. GPs covered by our study had involved in the preparation of a master plan comprising various activities costing from Rs. 1 lakh to Rs. 44 lakhs for the execution in the next three years. In Chhattisgarh, Vidhayak Adarsh Gram Yojana had been running with the involvement of GP. The MLA model village scheme has focussed on integrated development of selected villages through convergent implementation of all relevant central and state schemes.

**Table 4.4**  
**State Sponsored Schemes based Activities towards Economic Development, Livelihood and Income Generation with Involvement of Gram Panchayats**

States	State Sponsored Schemes based Activities of Gram Panchayats
Assam	District Development Plan with SFC and CFC funding Janani Suraksha Yojana, Majuli Development Plan, Sasmira Scheme for Agro Development
Bihar	Plans under seven missions (Seven Nischay Scheme), Mukhya Mantri Path Nirman Yojana, Samanya Ghatak , Visheshghatak
Chhattisgarh	Vidhayak Adarsh Gram Yojana, Gram Utkarsh Yojana, Chhattisgarh Gaurav and Gram Vikas Yojna, Gram Panchayat on Ko Moolbhoot Karyon Hetu Anudan, Mukhya Mantri Panchayat Sashaktikaran Yojana, Mukhya Mantri Samgra Grameen Vikas Yojana
Haryana	Vidhayak Adarsh Gram Yojana, Haryana State Rural Livelihoods Mission, Swa-Prerit Adarsh Gram Yojana, Schemes under SFCs and CFCs
Karnataka	Chief Minister Grama Vikasam, Suvarna Gramodhaya, CMGSY, SFCs and CFCs Schemes, Sanjeevini Kaushal Kendra, Mukhya Mantri Grameen Raste Abhivrudhi Yojana
Kerala	Kudumbashree Mission, Haritha Keralam Mission, Ardran Life Mission, Schemes with SFC and CFC grants
Madhya Pradesh	Mukhya Manthri Anapoorna Yojana, Schemes with SFC and CFC grants
Maharashtra	MSRLM, Swayam Projects, Schemes with SFC and CFC grants
Manipur	Schemes with SFC and CFC grants

Rajasthan	SHREE Yojana, RAJEEVIKA, Mukhya Mantri Gram Swatch Yojana, MLALAD, Swajaldhara Scheme
Uttar Pradesh	Antyeshti Sthalon Ka Vikas, Schemes under Vidhayak Nidhi, schemes with SFC and CFC grants.
West Bengal	Kanyashree, Utkarsh Bangla Scheme, Bangla Swanirbhar Karma sansthan Prakalpa, Muktidhara Scheme, Schemes with SFC and CFC grants.

Source: Field Survey

*Note: Several state schemes have funding components from centrally sponsored scheme. Role of Panchayats in the execution of these schemes is marginal in several states*

Under Seven Nischay scheme, Gram Panchayats had organized basic computer education, language training and skill development programme in Bihar. In states of Assam, Bihar, Chhattisgarh, Haryana, Madhya Pradesh and West Bengal Panchayats were involved in the ground level implementation of a few state sponsored schemes. States of Kerala, Karnataka, Maharashtra, and Madhya Pradesh had implemented 4 to 5 state schemes through Panchayats.

#### **4.2.4 OSR linked Activities towards Economic Development, Livelihood and Income Generation**

In states of Kerala, Karnataka, Maharashtra and West Bengal own revenue sources was utilised for livelihood and income generation activities. A share of own sources of revenue generated by Gram Panchayats were used to maintain the Panchayat assets like community hall and drinking water system. Some Gram Panchayats have paid the electricity bills and remuneration of contract staff from their own sources of revenue which were generated from house tax, drinking water tax and professional tax and market fees.

**Table 4.5  
Own Sources of Revenue linked Activities of Gram Panchayats towards Economic Development, Livelihood and Income Generation**

States	Number of Gram Panchayats	Remarks
Assam	0	Generally, own sources of revenue (OSR) is used for maintenance of street lights, ghats/markets and salary payment. Barring 3 GPs- one in Karnataka and 2 in Kerala-none of the Panchayats have utilised OSR fund for economic development activities, income generating projects and livelihood projects
Bihar	0	
Chhattisgarh	0	
Haryana	0	
Karnataka	2	

Kerala	3	
Madhya Pradesh	0	
Maharashtra	2	
Manipur	0	
Rajasthan	0	
Uttar Pradesh	0	
West Bengal	1	
<b>Total</b>	<b>8</b>	

*Source: Field Survey*

As is evident from Table 4.5 out of 60 GPs eight have spent share of their own revenue sources for activities towards economic development.

#### **4.2.5 Categories of Own Source of Revenue of Gram Panchayats**

By and large, the tax base of Gram Panchayat covers property, persons and business. The Gram Panchayats are also entitled to raise revenue from a large number of fees, charges and other non-taxing items. Major taxes assigned to different tiers of Panchayats through State Panchayati Raj Acts are presented in Table.4.6. It is important to understand that a total of 11 out of 12 states have assigned House Tax/Property Tax/Surcharges on house or property to Panchayats. Out of 11, eight states have assigned these taxes to Gram Panchayats.

**Table.4.6  
Major Taxes Assigned through State PR Acts**

Type of Tax	Name and Number of States		
	District Panchayat	Intermediate Panchayat	Gram Panchayat
House Tax/Property Tax/Building Tax /Surcharges on house or property	HR, UP	MP	AS,BH, CH, HR, KA, KE, MP, MH, RA
Professional Tax	KE	AS	CH, KE, MP
Animal Tax	AS, HR, MH, UP	CH	CH, MP
Entertainment tax		CH, MP	CH, KE
Tax on Street Lighting			BH, CH, MH, MP
Tax on trades and calling	UP	AS	AS
Advertisement tax		CH	CH, KE

Conservancy tax		MP	
Vehicle tax	MH		MP
Pilgrim Tax	MH		MP
Tax on sale of firewood and slaughter houses	MH		

Source: Various States Panchayati Raj Acts

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

Major non- taxes assigned to different tiers of Panchayats through State Panchayati Raj Acts are presented in Table.4.7. The major items of non- taxes assigned include income from rent and auctions, licensing fee/fee for plan approval, fees and user charges, water charges and land revenue/cess.

**Table 4.7**  
**Non Taxes Assigned through State PR Acts**

Name of Non Tax	District Panchayat	Intermediate Panchayat	Gram Panchayat
Income from Rent and Auctions	AS, KE, WB	MP, WB	CH, KE,MP
Licensing fee/Fee for plan approval	AS, HR, KE, WB		KE
Fees and User charges	AS, HR, KE, MH, UP	MP	KE, UP
Water Charges	AS, HR, MH	AS, MP	AS, CH, MP, UP
Social Forestry auctions			AS
Fines and Penalties	KE		KE
Toll on road and bridges		AS	
Land Revenue/cess	AS,MH	AS, MH, MP	KA, UP
Stamp Duty	CH	AS,KA	AS
Irrigation Charges	AS	AS	AS
Shamilat land	HR		AS, CH, KE
Service charges	KE, HR		
Pond/Tank Lease	MH		CH, UP
Birth/Death/Marriage fee/Certificate Fees			KE

Mineral cess	KE, MP	MP	KE
License for Fair or mela	AS		

Source: Field Survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

Various items of taxes collected by Panchayats currently are reported in Table 4.8. House Tax/Property Tax is collected of Gram Panchayats of seven states. Entertainment tax is collected by Gram Panchayats in three states.

**Table 4.8**  
**Collection of Tax by Panchayats: Current Situation**

Type of Tax	Number of States		
	District Panchayat	Intermediate Panchayat	Gram Panchayat
House Tax/Property Tax/Building Tax /Surcharges on house or property			BH, KA, KE, MH, MP, WB
Professional Tax			KE,MP
Animal Tax		CH	CH, KA, MP
Entertainment tax			CH, KA, KE
Tax on trades and calling			CH
Advertisement tax			KA, KE
Vehicle tax			KA, MH
Pilgrim Tax	WB		KA, MH, MP
Tax on Street Lighting			BH , CH, MH MP

Source: Field Survey

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

Various items of non- taxes collected by Panchayats are reported in Table 4.9. Panchayats in most of the states collect user charges, license fee, market fair and fine and penalties. Birth/Death/Marriage fee/Certificate Fees are collected by Goa and Kerala.

**Table 4.9**

### Collection of Non-Taxes by Panchayats: Current Situation

Type of Tax	District Panchayat	Intermediate Panchayat	Gram Panchayat
Income from Rent, Auctions and Shop lease	BH, KE	KE	CH, MP, WB
Licensing fee/Fee for plan approval			CH, KE
Water Charges	BH		BH, CH, MH, MP
Mines, Mineral Lease	CH,MP		CH, KE
Fines and Penalties			KE
Fees and Charges			KE, KA,
Toll on road and bridges	WB	WB	KA, WB
Land Revenue/cess	CH		MH
Stamp Duty	CH		
Service charges			CH, KE
Pond/Tank Lease	CH, MP	CH, MP	CH
Ferry	BH, CH		MP
License fee		MP	KE, KA, RA, BH, CH, MH, MP
Birth/Death/Marriage fee/Certificate Fees			KE, MP, MH, RA
Mineral cess	MP		CH
Kazi			MP

*Source: Field Survey*

*State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB*

The major reason for non collection of taxes is lack of functionaries (both permanent and contractual staff), non enforcement of taxes (no bye laws), lack of political will, and poor or inadequate quality services. In states of Kerala, Karnataka, Maharashtra Own source income is quite significant. Panchayats own source of revenue is very miniscule in many Gram Panchayats.

#### ***4.2.6 World Bank Loans/ Grants for Economic Development and Income Generation in Panchayats***



A few states with the support of Government of India have availed loan from World Bank for strengthening Panchayati Raj Institutions. Different projects are formulated and executed by these states using this loan. These states are Bihar, Kerala and West Bengal. As a result, various activities towards economic development, livelihood development and income generation were undertaken by the Panchayats. Now let us discuss these three World Bank supported projects in the following paragraphs.

*Bihar Panchayat Strengthening Project:* This project promotes inclusive, responsive and accountable Panchayat Raj Institutions in six districts of Bihar. Construction and making functional Panchayat Sarkar Bhawans in 300 gram panchayats is a major component of this project. The second component is to build panchayats' core institutional competencies to empower them to achieve substantive development outcomes. The component also engages communities and citizens, through training, mobilization, and media, to participate in local governance and to hold panchayats accountable. Another important component is panchayat performance grant. The annual best panchayat grant is given to exceptional panchayats that are inclusive, responsive and accountable. The recipients of the grant are selected on a competitive basis. The competition criteria will include core institutional quality indicators related to how a panchayat runs its administration, how it interacts with its citizens, and how it manages resources and promotes local development. The project supports select panchayats in carrying out activities towards economic development and delivering services to citizens. This is an ongoing project that started in September 2012 and is expected to complete by December 2019. The Total project cost is US\$ 120 million. Total project cost includes funding from World Bank and non-bank sources.

*Kerala Local Government Service Delivery Project:* This Project is to enhance and strengthen the institutional capacity of the rural and urban local government system in Kerala to deliver services and undertake basic administrative and governance functions more effectively and in a sustainable manner. It supports 941 Gram Panchayats in Kerala. One of its components provides Gram Panchayats and Municipalities with additional discretionary funds to provide increased resources for expanded local investment for the creation, maintenance and operation of capital assets in a manner which incentivizes the strengthening of their institutional capacity. Another component provides capacity-building inputs to strengthen and supplement the existing systems and human resource of GPs to enhance their institutional performance. The third component strengthens the system of performance monitoring of GPs along with Municipalities in Kerala.

Under this project around 43,000 sub projects in different sectors had been successfully implemented which contributed immensely in service delivery. A large number of Gram Panchayat projects towards economic development and income generation were implemented. These include replicable models of fish markets, bus stations, renovation of ponds and construction of small check dams, road connectivity, etc.. This project has made significant improvement in quality of service delivery to citizens by Panchayats. The first phase of Kerala Local Government Service Delivery Project with World Bank assistance of Rs. 182.83 million USD equivalents to Rs.1093.34 crore was implemented during 2011- 2018. The second phase of this project has been started to provide support to urban local government institutions.

*Institutional Strengthening of Gram Panchayats Programme in West Bengal:* Government of West Bengal, with support from Government of India and financial assistance from the World Bank, has been implementing this project to strengthen the planning, budgeting and financial management of development projects undertaken in panchayat areas with community participation. During the first phase of this project (2010-2016), performance-based block grants were given to 1,000 better performing GPs in nine districts for investing in local infrastructure and service delivery projects. Out of the 92,000 activities carried out by the GPs using ISGPP grants, 54 percent were on transport, 23 percent on water and sanitation, and 20 percent on public buildings. The second phase of the project was started in 2016-17 to scale up the capacity building support system and performance based grant allocation system state wide encompassing all 3342 GPs of the state. PBG system is being used for providing all the available sources of discretionary financial sources to the GPs. The PBG allocation to GPs includes 100 percent State Finance Commission, 10 percent performance grants allocated to GPs by the Central Finance Commission and the ISGPP-II Grant funded by the World Bank. In the second phase GPs are being strengthened through various facilities such as Gram Panchayats Management System, Web Based Monitoring System , Geographic Information System , expansion of video conferencing facilities and Grievance Redressal Management System. A comprehensive system of internal audit of GPs is an essential component of this project. In the second phase World Bank Group financial support in the form of loan is US\$ 210 million. The aggregate fund flows to 3,342 GPs in the state are expected to be doubled by 2020. An interesting feature of this project is the support to all GPs to effectively utilize these untied/discretionary funds under the inter-governmental fiscal transfer system. As an outcome of this project GPs in West Bengal have started to implement a large number projects that generate employment and income in rural areas.

### 4.3 Works and Projects of Panchayats for Economic Development and Income Generation

Our field experiences clearly indicate wide variations between states in respect of involvement of Panchayat in the execution of various schemes towards economic development. These variations are evident in respect of type of works and projects. As is reported in Table 4.10 some GPs have initiated or executed a few works or activities towards economic development, income generation and skill upgradation. GPs in Kerala, Karnataka and West Bengal have better performance compared to other GPs in other states. Out of 60 GPs covered by the survey, 15 GPs have Gram Panchayats with schemes for economic development and 17 GPs have schemes for livelihood/Income generation. It is significant to note that 30 GPs have schemes for skill upgradation.

**Table 4.10**  
**Works/ Projects of Gram Panchayats for Economic Development**

State	Gram Panchayat covered by the survey	Gram Panchayats with schemes for economic development	Gram Panchayats with schemes for livelihood/ Income generation	Gram Panchayats with schemes for skill upgradation
Assam	5	1	2	3
Bihar	5	Nil	Nil	1
Chhattisgarh	5	Nil	1	Nil
Haryana	5	Nil	Nil	2
Karnataka	5	4	4	4
Kerala	5	5	5	8
Madhya Pradesh	5	1	2	Nil
Maharashtra	5	1	1	2
Manipur	5	Nil	Nil	2
Rajasthan	5	Nil	Nil	2
Uttar Pradesh	5	Nil	Nil	2
West Bengal	5	3	2	4
<b>Total</b>	<b>60</b>	<b>15</b>	<b>17</b>	<b>30</b>

Source: Field Survey

Let us discuss a few state experiences. In Assam, Fourteenth Finance Commission Grant was utilised by Gram Panchayats in running skill development centres and computer training centers, setting up of piggery units and shopping/market sheds. A large number of these works were outside the purview of basic services. It seems that the GP has not been adequately made aware of the

guidelines of the Fourteenth Finance Commission. In practice, works undertaken are not converged in true spirit. For instance, roads constructed under Fourteenth Finance Commission could have been suitable done in convergence with the MGNREGS. The government of Assam has encouraged fish farming by contributing 50 percent of the capital cost which is around Rs. 12-Rs.15 lakh. With the involvement of Panchayat, many people have started this as the return on investment is high. They are getting training for new techniques in fish farming to make it more profitable. Village community pond is also used for fish farming. This is a source for additional income for the concerned Gram Panchayat. Since the weather conditions and water resources are favourable for fish farming the Panchayat initiatives are extremely helpful for farmers in Assam. In Assam, Gram Panchayats have supported several agro-based livelihood activities. As is presented in Box: 4.1, GP helped supported these activities in cooperation with line departments especially Department of Agriculture.

**Box: 4.1**  
**Case Study of Agro- based Livelihood Activities through Keotkuchi Gram Panchayat in Barpeta District of Assam**

Mrs. Das of Keotkuchi Gram Panchayat in Barpeta district of Assam and is engaged in agriculture with the help of her brother. The main source of household income is the production from agriculture. In four years back she joined a SHG groomed by an NGO. Initially, she was unable to solve her financial problems but gradually also the group acted as a support system to her and brother. After became a SHG member she has been actively involved in the various meetings and also in the various discussions related to farming operations, availability of government schemes related to farming and livelihood in the village. In 2018, she took a loan of Rs. 25,000/- from SHG directly and some friends outside SHG for horticulture and intercropping in half bigha land. It is significant to understand that the GP helped her in getting support from Department of Agriculture in getting free saplings. Various crops such as areca nut, lemon and vegetables were cultivated. A total of 70 areca nut saplings and 45 lemon saplings were planted. Currently, she repays the loan of Rs.25,000/- regularly each year. She is now cultivating pineapple, turmeric and ginger and earns her livelihood from the farming operations without any distress.

*Source : Field Survey*

In Maharashtra, a large number of community-led, agro-based livelihood activities are undertaken with the support of GPs. As is Box: 4.2, several agro- based livelihood activities are supported by Panchayats.

**Box: 4.2**

## **Agro- based Livelihood Activities: Case Study of Hiware-Bazaar GP in Maharashtra**

Hiware - Bazaar GP area witnessed a large scale seasonal migration to nearby villages for livelihood. This GP area was largely rain fed, and farmers were not able to get employment. Activities of the Gram Panchayat towards livelihood changed the scenario. GP promoted various community based organizations such as Women Thrift Groups, Milk Dairy Society and Youth Clubs. The village Gram Sabha also launched a watershed development programme, and an annual water audit is being conducted in the village for more efficient and equitable management of water resources. It has also contributed to greater agricultural productivity and employment creation and livelihood activity. Hiware- Bazaar GP experience is considered a model for community-led, agro-based livelihood activities with GP support.

*Source : Field Survey*

Several GPs have built and operated Shopping Complexes in West Bengal and Kerala. Rooms of these Shopping Complexes were rented out to villagers to run shops. These projects were successful as sustainable income generation and livelihood projects. Priority areas of Gram Panchayats have been changing in line with the development of villages and improvement in the quality of life. Along with basic services, now there is a focus on building infrastructure facilities for organizing social functions and programmes for education and cultural development. A few GPs have built up Panchayat Community Halls for renting out to public for organising social functions such as marriage parties and cultural programmes. In addition, educational conferences and training programmes were organized in the Panchayat Community Hall. These activities had been generating income and employment. In addition to GPs, intermediate and district Panchayats have also built and operate similar projects. For example, Guest houses built and operated by Burdwan Zilla Panchayat in West Bengal Zilla Parishad was successful and sustainable income generation projects. Burdwan Zilla Parishad district with a good asset base owned and operated a number of guest houses and commercial buildings.

### **4.4 Partnership between Panchayats and SHG Networks towards Economic Development Activities**

Currently, in a few Panchayats, especially Gram Panchayats, there is an effective and functional working relationship between Panchayats and SHGs, leading to the planning and execution of many activities towards economic development. It is significant to understand that NRLM framework has

provisions for bringing about a formal relationship between local governments and the organizations of the poor. Not only single SHGs, but also their federations collaborate with Panchayats. Practically, Panchayats help the SHGs get benefits from the local development plan, especially related to work and livelihoods from MGNREGS and basic services from the Fourteen Central Finance Commission grant. In some states SHG members participate in Gram Sabha meetings actively leading to creative discussion on planning of economic and livelihood activities. In effect, Gram Panchayats, utilize the SHG networks to strengthen Gram Sabha and local level planning process. Our field experiences clearly reveal that the prevailing partnerships between panchayats and SHG are mutually beneficial. The partnership between Panchayats and the SHGs can be made effective within a well- designed policy framework. Under the policy framework both Panchayats and SHG networks should be given due role and recognition. Various forms of linkages need to be worked out between Panchayats and SHGs to make the partnership functional. These linkages may be financial, structural and developmental.

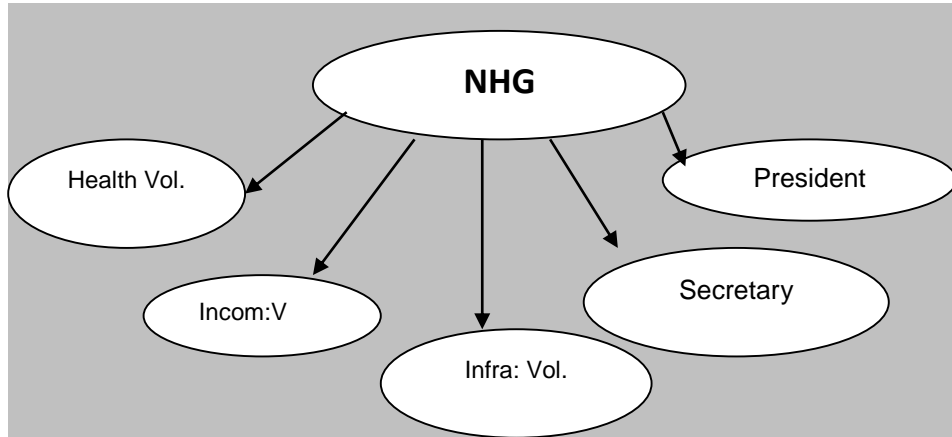
#### ***4.4.1 Panchayat -SHG Partnership: Case Study of Kudumbashree in Kerala:***

*In India*, Kudumbashree, women SHG based programme, in Kerala can be considered as the best example of a Panchayat - SHG Partnership working towards livelihood, income generation and economic development. It can be considered as a convergence project as it attempts to enhance convergence between Panchayats and Self Help Group. It uses centrally sponsored and state sponsored schemes. Kudumbashree network is linked to local government institutions in the state of Kerala, structurally and operationally. However, there is no organic relationship between local government and Kudumbashree. In Kerala, several activities towards livelihood, income generation and economic development of different line departments are converged at the Panchayat level and Kudumbashree CBOs function as a subsystem of local government. Panchayats and SHGs work in tandem and their partnership reinforce each other's work.

Structure of SHGs under Kudumbashree: Kudumbashree, is a three tier system. The lowest tier forms the Neighbourhood Group (NHG) consisting of around 20 women members selected mostly from the poorer strata of the society. Area Development Society (ADS), the second tier, is formed at ward level of Panchayat by federating 10-15 NHGs. Community Development Society (CDS), a registered body under the Charitable Societies Act is formed by federating various ADSs at the Panchayat level (John 2009).

NHG is the lowest tier constitutes the Neighbourhood Group (Ayalkoottam in Malayalam) consisting of 20-40 women members selected from the poor families.

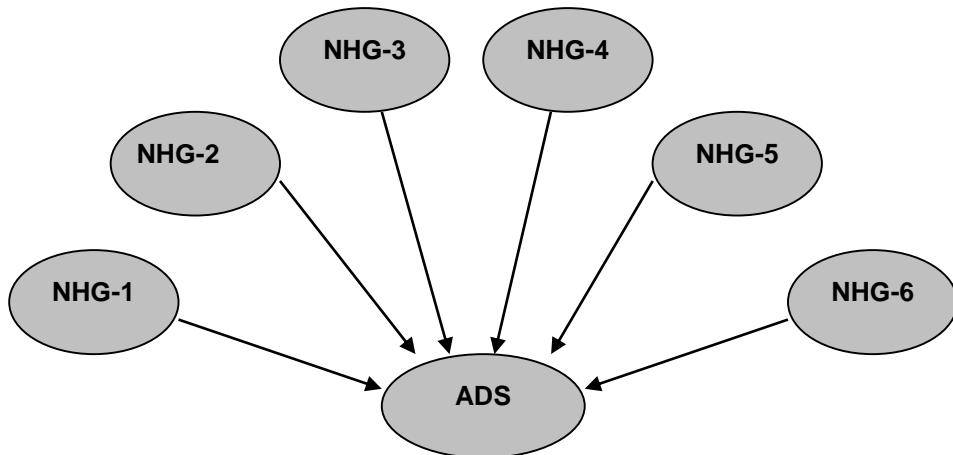
**Fig 4.4**  
**Structure of Neighbourhood Group**



*Source: Kudumbashree Mission*

**ADS is the second tier formed at ward level of Panchayat by federating 10-15 NHGs.**

**Fig 4.5**  
**Structure of Area Development Society**



*Source: Kudumbashree Mission*

CDS is a registered body under the Charitable Societies Act is formed by federating various ADSs at the Panchayat level. As in the case of ADS, CDS has also strong linkage with the Panchayat. The President of the gram panchayat is the patron of the CDS. The standing committee Chairperson (welfare), all women members of the panchayats and the Secretary of the gram panchayat are ex-

officio members of the CDS. The Block Panchayat member/Members of the respective Block division/divisions are also ex-officio members of the CDS. It monitors activities of NHGs at panchayat. The executive meeting of CDS evaluates and appraises the various activities of Kudumbashree and takes necessary measures to improve the operations.

*Funding of Kudumbashree:* Kudumbashree is patronized by state government and local governments. State government provides strong support to Kudumbashree, both financial and non-financial. As discussed earlier, the support of the state government is given through Kudumbashree mission and local government institutions. The CBOs of Kudumbashree receive support and strength from panchayats, being functionally linked to them. Even so, state government extends direct support and patronage to Kudumbashree as it is essentially an interdepartmental initiative. Government of Kerala has brought the whole Kudumbashree programme under its department of Local Self Government with a separate wing namely “Kudumbashree -The State Poverty Eradication Mission”. The Chairman of the Kudumbashree mission is the Minister of Local Self Government. The vice chairman is the Secretary to the Department of Local Self Government. The secretariat of the mission is headed by an Executive Director who is a senior IAS Officer. Under the state level mission office, district level missions are set up. The district mission coordinator is in charge of the office of district level mission. The mission has an executive committee which comprises of representatives from local government institutions and associations, and Kudumbashree mission. Conceptually and operationally, the Kudumbashree network is linked to local self government institutions in Kerala. Local government and SHG quintessentially are interrelated systems under Kudumbashree. It is interesting to note that major chunk of government funds for this programme is being channelized through local government (John 2009). Some of the activities of Kudumbashree are carried out through separate budgetary support from state government. It is from this fund that sizable administrative expenses for coordinating Kudumbashree activities especially at state and district level are met. Plan fund allocation to local governments is an important source of fund for Kudumbashree. Assistance to Kudumbashree programmes is also made through the women-component plan for which 10 per cent of the plan outlay is earmarked. Own fund of a local government is also used for Kudumbashree activities. Apart from these sources of funds, Kudumbashree gets the benefit of various centrally sponsored programmes. Being the agency for execution of several development programmes, its members become the beneficiaries of many development programmes funded by the government of India as well as Government of Kerala. Through bank linkage facility ventures of different category, both individual and group, are funded. Both public sector and scheduled banks provide finance for



setting up such ventures. Under this facility a specified portion of the project cost is subsidized through government funding schemes. Last but not the least, the thrift of each NHG member becomes a significant source of fund for each member or household. A large number of activities of NHG members at household level are funded through the micro finance operation of thrift and credit societies, which is the kingpin of whole Kudumbashree programme.

*Kudumbashree Activities towards Economic Development and Income Generation:* The activities of this programme cover agriculture, industry and service sectors.

*Micro Enterprises:* Micro enterprise development is a means for economic empowerment by providing gainful employment to mostly people below poverty line by improving their income and living. Kudumbashree facilitates the women from the poor families to venture into micro enterprises and it has developed a series of new enterprise ideas that enable the poor women to fetch more income and profit and make it sustainable. Enterprises, both individual and group, are set up covering various industry sectors such as food processing, dairy products, information technology and bio technology. It provides employment opportunities to a large number of youth. A significant amount of subsidy is given to micro enterprises, both individual enterprises and group enterprises, under various schemes. Several livelihood projects and enterprises are promoted by Kudumbashree. As an example, a project on farming of ornamental fishes is presented in Box 4.3. Several Kudumbashree units have involved in Kerala Clean Mission programme under which waste material are collected from residences and commercial places and recycled. This public health improvement programme provided members a regular monthly income also.

*Micro Finance:* Kudumbashree has developed micro-finance as major tool for poverty eradication in Kerala. Each NHG acted as a Thrift & Credit Societies and facilitates the poor to save and to provided them cost effective and easy credit. By and large, a member availed loan up to a maximum of four times of his savings without any collateral security. The amount of loan and the priority of disbursement are decided by NHG, and the repayment of the loan is collected weekly. The interest income from thrift is also used for loans.

*Lease Land Group Farming - 'Harithashree':* Large areas of cultivable land are kept idle in Kerala, a thickly populated state with severe shortage of land, as owners of land are not interested in farming. On the other hand, several poor families who are keen to undertake farming for livelihood do not have land. When paddy cultivation became a non-lucrative affair, farmers of the state

deserted paddy fields. Small and medium farmers in Kerala which is known for higher labour cost compared to neighboring states face problem in cultivation of land mainly due to the unavailability of labour. It is in this context, Kudumbashree promoted lease land group farming. Lease land farming aims at helping both the landless poor women of Kudumbashree NHGs and the landowners who are not interested in farming. Other objectives of the programme include employment opportunities for women in agricultural sector, additional Income and food security for poor family ensured and revamping the agricultural sector.

*Other Activities:* Apart from economic development related programmes, Kudumbashree has undertaken activities in the areas of Education and Child Welfare , Housing and welfare of destitute.

*Brand name of Kudumbashree:* Presently, Kudumbashree's efforts have penetrated several areas of economic activity in the state. Today, women SHG based Kudumbashree units get assignments from several new government ventures such as Kochi Metro, airport, etc in the State. These SHG units have become automatic choice for the government management because of their efficiency and reliability. The increased brand name, Kudumbashree enable its SHG members to leverage their opportunities to work in diversified fields.

*Sharing of Kudumbashree experience with other states:* The experience of Kudumbashree programme can be shared with other Indian states. However, in the context of state level variations in respect of powers and functions of Panchayats, it is not easy for many states to replicate this model of the Panchayats and SHGs partnership.

#### **Box : 4.3**

#### **Best Practice in the area of Panchayat - SHG Partnerships: Farming of Ornamental Fishes in Kerala**

TV Puram and Udayanapuram Gram Panchayats in Vaikom block of Kottayam district in Kerala with the partnership of Self-Help Groups have facilitated the farming and marketing of ornamental fishing. The area comprising of TV puram and Udayanapuram Gram Panchayats has

a tradition of fish rearing. A large number of households in the GP areas have their ponds where they raise fish. With the support of Kudumbashree, Panchayat - SHG partnership project, they have started farming of ornamental fishes leveraging on their traditional fishing practices. Initially, tens of families from the two gram panchayats have started ornamental fish culture. They have grown different fish species such as Platy, Guppy, Soretail, and Black Molly. Gold fish is also grown during May and June. In the early months after starting the project, a household was able to earn as much as Rs 1000 per week from selling fingerlings. For a group of five families, the investment needed was Rs 75,000, which included a loan, a subsidy component, and beneficiary contribution. Matsyafed, a Government Corporation, had provided support by supplying fish feed to the farmers and also by training them in the preparation of fish feed.

*Source : Kudumbashree Mission and Field Survey*

#### **4.5 An Assessment of Activities towards Economic Development through Panchayats**

A number of Panchayats have involved in implementation of the poverty alleviation programmes. Depending on the local need, a few Panchayats have taken up livelihood and income generation projects. Panchayats carry out activities for the implementation of various state and central government schemes. In respect of MGNREGS all Gram Panchayats of states covered by the study are involved in the implementation. It is significant to understand that MGNREGS is the centrally sponsored schemes where the presence of Panchayats is very high. Similarly, in the implementation of DAY-NRLM also Panchayats of several states are involved. Gram Panchayat of a few states have involved in the execution a few state schemes. However, there is not much focus on economic development in the implementation of these central or state schemes.

Some Panchayats have used SFC and CFC grants for activities related to economic development. Recently, some states have initiated steps for implementing livelihood and income generating projects by converging different schemes. There are wide state level variations in respect of Panchayat activities for economic development. Gram Panchayats of Kerala are quite active in respect of executing projects related to livelihood and income generation. On the other hand, the involvement of GPs is negligible in states like Bihar.

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**CHAPTER 5**  
**EMPLOYMENT CREATION THROUGH PANCHAYATS:**  
**CURRENT SCENARIO**

India lives in villages and Panchayats, as rural local government institutions, play a proactive role in building its rural economy. By implementing various projects and programmes, Panchayats have started to create employment opportunities for rural people, especially youth and women. In this

chapter, it is attempted to examine how far Panchayats have been successful in creating employment in villages.

Panchayats covered by our survey have implemented centrally sponsored schemes, state sponsored schemes and other schemes of Panchayats. As is reported in Table 5.1, a total of 2720 people got employment through these schemes. Out of 60 GPs in 12 states, GPs in Kerala have created the highest number of employment followed by Maharashtra, West Bengal and Karnataka.

### **5.1 Centrally Sponsored Schemes and Rural Employment:**

Both centrally sponsored programmes and state schemes are instrumental in building the economic base of villages. It is found that MGNREGS is instrumental in creating the maximum number of employment through Panchayats. Pradhan Mantri Kaushal Vikas Yojana, flagship scheme of the Ministry of Skill Development and Entrepreneurship has been effective in skill development of Indian youths. The objective of this Skill Certification Scheme is to enable a large number of Indian youth to take up industry-relevant skill training that will help them in securing a better livelihood. Under this Scheme, training and assessment fees are completely paid by the Government. Some of the Panchayats covered by the survey have organized skill development programme for youths in the villages.

### **5.2 State Schemes and Rural Employment:**

All the three tiers of Panchayats have powers to carry out activities towards local economic development. A large number of employment opportunities can be created in village through the intervention of panchayats. Both wage employment and self employment are being created by Panchayats in several states. In some states, Panchayats have special focus on creation employment as a strategy. The results of our field survey clearly show that Panchayats have become instrumental in creating rural employment through the execution of schemes. Kudumbashree, a SHG-partnership programme has created highest number of employment in the category of state schemes in state of Kerala.

**Table: 5.1  
Creation of Employment and Gram Panchayats: 2018-19**

State	Gram Panchayats covered by the survey	Employment Generated

Assam	5	MGNREGS : 120 DDU-NRLM:30 State Schemes : 28 Other Schemes: 5 Subtotal : 183
Bihar	5	MGNREGS: 140 DDU-NRLM: 26 State Schemes 34 Other Schemes: 8 Subtotal: 208
Chhattisgarh	5	MGNREGS : 135 DDU-NRLM : 4 State Schemes :32 Other Schemes:3 Sub Total : 174
Haryana	5	MGNREGS : 150 DDU-NRLM: 13 State Schemes : 29 Other Schemes: 6 Subtotal : 198
Karnataka	5	MGNREGS : 147 DDU-NRLM: 35 State Schemes : 48 Other Schemes: 18 Subtotal: 248
Kerala	5	MGNREGS : 240 DDU-NRLM: 48 State Schemes : 76 Other Schemes: 32 Subtotal: 396
Madhya Pradesh	5	MGNREGS: 156 DDU-NRLM: 20 State Schemes : 67 Other Schemes: 18 Subtotal: 261
Maharashtra	5	MGNREGS : 176 DDU-NRLM: 27 State Schemes : 43 Other Schemes: 30 Subtotal: 276
Manipur	5	MGNREGS : 102 DDU-NRLM: 12 State Schemes : 16 Other Schemes: 3 Subtotal : 133
Rajasthan	5	MGNREGS : 139 DDU-NRLM: 19 State Schemes :45 Other Schemes: 17 Subtotal: 220

Uttar Pradesh	5	MGNREGS : 127 DDU-NRLM: 10 State Schemes : 26 Other Schemes: 7 Subtotal : 170
West Bengal	5	MGNREGS : 178 DDU-NRLM: 21 State Schemes : 32 Other Schemes: 22 Subtotal : 253
<b>Total</b>	<b>60</b>	MGNREGS : 1810 DDU-NRLM: 265 State Schemes : 476 Other Schemes: 169
<b>Grant Total</b>	<b>60</b>	<b>2720</b>

*Source: Field Survey*

*Note: Other schemes include works and projects implemented by using a combination of various funding including convergence of different schemes*

Creation of jobs in massive number in rural areas is a herculean task. Rural informal sector has several constraints such as low level of technology and limited access to inputs and credits. Unstable market condition in villages is an area of concern. Despite these challenges, several Panchayats carry out their activities towards employment creation by focusing skill development and productivity improvement. Gram Panchayats identify people in the productive age who are unemployed or underemployed and map their skills. Creating skilled entrepreneurs is the need of the hour. Rural entrepreneurship can provide jobs to youths. However, they need to maintain database on labour and employment. It is in this context, an innovative and a model project for a Gram Panchayat on Eco-tourism in a Village is presented in Box: 5.1.

**Box 5.1**  
**An Innovative and a Model Project for a Gram Panchayat on**  
**Eco-tourism in a Village**

Kumbalangi is a fishing hamlet in the Kumbalangi Gram Panchayat of Palluruthy Block Panchayat in Ernakulam district of Kerala. It has been developed as a unique rural tourist destination with the active involvement of a Gram Panchayat along with Member of Parliament and various line departments. The Kumbalangi is developed as an integrated tourism village project with a focus on eco-tourism. The project was supported by Member of Parliament from the Constituency. It has important attractions such as organic farm produce used to prepare meals for tourists, toddy tapping and crab farming. With the support of Kumbalangi Gram Panchayat, large number of households involved in the project in maintaining and the cleanness of the village. As the part of the cleanliness drive, households were provided subsidies for setting up of mini biogas plants in households. The project has now provided employment and livelihood opportunities to a significant number of households in the Kumbalangi Gram Panchayat. This is a successful example of a Gram Panchayat- led tourism project. The Kumbalangi approach could be adopted by other Gram Panchayats to boost tourism providing employment and livelihood to local communities. Various components and activities of the project have resulted in the creation of employment and income for about 40 percent of households in the Gram Panchayat area.

*Source : Field Survey*

Some Panchayats have explored potential from natural resources for employment creation. There are several potential of production and diversity from agricultural land, water bodies, forest and animal husbandry. A few of them have attempted to create employment opportunities through agriculture, animal husbandry, pisciculture, and by adoption of best technologies and practices in villages. To institutionalize this growth Farmer Producer Organizations and Agriculture Labour Banks are promoted by some Panchayats. Agriculture Development Society is set up through the cooperation between Panchayats and Department of Agriculture in Kerala. “*Karshika Vikasana Society*” a legally registered society with farmers in a particular Gram Panchayat as members is considered as an excellent example of Farmer Producer Organization (Box 5.2). As is presented in Box 5.3 Agriculture Labour Banks are set up by Panchayats in cooperation with Department of Agriculture, Government of Kerala. Some of the Gram Panchayats are in the process of collaborating with schools, polytechnics, engineering colleges and food technology institutes for employment creation, skill upgradation and incubation of business ideas.

**Box: 5.2**  
**Case Study of Labour Banks: Cooperation between Panchayats and Department of Agriculture**



Leveraging on the strong linkages that existed between Panchayats and various line departments in Kerala, an Agriculture Labour Bank is set up in Kadakkarappally Gram Panchayat of Kanjikuzhy block in Allappuzha district of Kerala. It is a joint initiative of Gram Panchayat and Department of Agriculture. The average size of landholding of a farmer is quite small in Kerala. It prevents farmers from using modern agriculture equipment. Moreover, there is a severe shortage of agriculture labourers in Allappuzha district. In order to address these problems, Department of Agriculture and Gram Panchayat have jointly started the operation of Agricultural Labour Bank under the name “*Karshika Karma Sena*”(Army of Agriculture Workers in English). The “*Karshika Karma Sena*” is now a legally registered organization under the patronage of the Gram Panchayat. Department of Agriculture provides 100 percent grant to the organization for purchasing modern agriculture equipment such as tractor, sprayer and pumpsets. A group of agricultural labourers are formed to provide services to farmers. The labourers are trained on using agricultural equipment. Farmers can hire services of labourers and agriculture equipment for farming operations on payment basis.

*Source: Field Survey*

### **Box: 5.3**

#### **Case Study of Farmer Producer Organization: Cooperation between Panchayats and Department of Agriculture**

In Nedumkunnam Gram Panchayat in Vazhoor block of Kottayam district in Kerala, Agricultural Development Society was formed under the name “*Karshika Vikasana Society*” with the support of Kottayama District Panchayat. “*Karshika Vikasana Society*” is a legally registered society with farmers in a particular Gram Panchayat as members. It is considered as an excellent example of Farmer Producer Organization (FPO). District Panchayat provides financial support for the administrative cost of the Society. This farmer producer organization provides various services to its members in farming operations. Agriculture equipment, seeds, training and various training support services are being provided to the farmers in the Gram Panchayat area with the full involvement of Department of Agriculture. It is a classical example of convergence between Panchayats and Department of Agriculture.

*Source: Field Survey*

### **5.3 Employment Creation through SHG - Panchayats partnerships**

In a few states panchayats have been successful in generating employment for women and youth through collaboration of self help groups and Panchayats. In Kerala, the three tier SHGs have a strong partnership arrangement with Gram Panchayat under *Kudumbashree*. A large number of business enterprises, several livelihood and income generation projects have been operational in Gram Panchayats. Let us discuss a few examples. *Kudumbashree* implemented a micro enterprise project named 'nature fresh' at Edavatti Gram Panchayat of Idukki district and Kannady Gram Panchayat of Palakkad district. Under this project cows are distributed to beneficiaries and milk produced is delivered to houses. Samagra programme is a programme under *Kudumbashree* mission to address the entire production- supply value chain holistically, by scaling up productive activity both qualitatively and quantitatively and seeking viable supply and marketing opportunity. Under this programme Nendran Banana Project was implemented in Thiruvananthapuram district aims at bringing 2400 hectares of land under Nendran cultivation and implemented under the active participation of District Panchayat, *Kudumbashree* mission, National Horticultural Mission and private partners. Harithashree aims at the cultivation of vegetables in the nearby Panchayats of Thiruvananthapuram Corporation. Nedumpana Apparel Park was established in the Nedumpana Gram Panchayat in Kollam district. Under this project, shirts, house coats, uniform and frocks were stitched based on definite orders. In Apiculture sector the rubber plantations in Pathanamthitta provided an encouraging environment for apiculture. Various units were started by SHG units of *Kudumbashree* in different parts of the district with the support of Gram Panchayat. Thirumadhuram Pineapple is the Samagra project formulated by Ernakulam District Panchayat *Kudumbashree* Mission and Gram Panchayats to create a production marketing chain with pineapple as the main crop. Under the project a value added product of pineapple juice 'Pineshree' was branded and marketed.

#### **5.4 Training and Enhanced Productivity of Agricultural Labourers**

In a few states, there is a severe shortage of trained agricultural labourers. Panchayats will have to play a proactive role in addressing this problem by setting up of Labour Banks at GP level. Labour bank will provide adequate trained labourers with equipment to farmers. As is discussed in Box: 5.1, Gram Panchayats can provide various facilities for setting up of Labour Banks. Various steps involved for organising a labour bank include holding a meeting of farmers to discuss problems related to availability productive labour, and reliability and prepare action plan. Then organize a meeting of labourers and discuss the aspect of work availability, job security and social security, future prospects, scope and constraints for mechanization. Next step is to arrive at a consensus for labour rate for agricultural operations. It is important to ascertain the willingness of individuals for skill upgradation so that they can do modern agriculture

operations. Panchayat can help in getting the Labour Bank registered as per the relevant Act in the concerned state. It can ensure that farmers are paying mutually agreed up on labour rates. Labour Bank and Farmers Committee will have to report periodically to Panchayat committee, Gram Sabha and respective departments. In Kerala, for example, Labour Banks are functional in several Gram Panchayats as well as Block Panchayats in Alappuzha district where shortage of agriculture labour is severe. Department of Agriculture provides machinery as 100 percent grant along with training in the initial stage.

### **5.5 Changing Role of Panchayats: Employment and Skill Training**

The agriculture sector continues to be one of the major avenues for workers seeking employment in a village and a significant proportion of workers in that sector have a low skill level. An overwhelming majority of workers are doing jobs that require minimum skill. So demand for skills is the key to obtain employment opportunities and skills are easily to be reintegrated. Skill development can address the problem of seasonal unemployment to a great extent. The local labour market in villages of many states has the limited capacity to absorb the workers. Livelihood support programme during off season needs to be drawn up . Most of the Indian states have a few training institutions to provide skill training. Panchayats can coordinate with state government in network with training institutions that can address the skill gaps. Panchayats with the support of relevant ministries and line departments can set up and maintain online database on departing and returning migrant workers, both domestic as well as international . A migrant worker should be motivated for getting registered with Panchayat. A facilitation desk can be set up in Panchayat to track the inflow and outflow of labourer. Guidelines may be issued to contractors, residences and individual who send out/employ the migrant labourers. The support from village Organizations can also be taken. An innovative project on skill training and overseas job for youth by Ernakulam District Panchayat in Kerala is presented in Box:5.4.

#### **Box: 5.4**

#### **An Innovative Project on Skill Training and Overseas Job for Youth by Ernakulam District Panchayat in Kerala**

Ernakulam District Panchayat (Zilla Panchayat) in Kerala, embarked on a novel initiative in providing skill training to youths and facilitating their job placement. The Zilla Panchayat launched this initiative leveraging on the recent trend, culture and practices that existed among the youths of Kerala in seeking jobs in Middle East, Europe, Australia , Canada and USA. By using Scheduled Tribe Development Fund, Ernakulam District Panchayat had trained 20 youths on various soft skills and enabled them in getting jobs in foreign countries. After providing

skill training, the District Panchayat had provided different services to these youths for getting job abroad. The skill training programme was organized under the name of 'Navayugam' a malayalam word which means 'The New Age'. VISA and foreign travel expenses were funded under a programme namely 'Puthiya Aakasham', malayalam words which mean 'New Sky'.

*Source: Field Survey*

## **5.6 Creation of Informal Employment: Strengths of Panchayats**

There is an urgent need to create employment opportunities in non-farming sector in villages. Various government programs such as Jan Dhan- Aadhaar- Mobile (JAM), Digital India, Skill India, Pradhan Mantri MUDRA Yojana and the Apprenticeship Act are in the process of building foundation of informal economy. The Apprenticeship Act enables students to get recruited as Apprentices. In this background, Panchayats are in a better position to create employment opportunities in informal sector. It can go beyond the conventional formal economy route in creating rural employment. Panchayats should be proactive in providing support to youth in getting the benefits of these schemes and programmes. It is pertinent to map employment opportunities suitable to persons with disabilities based on nature and degree of disability and facilitate job creation through convergence of ongoing schemes, sponsorships and ensuring local placements. Some Gram Panchayats have good potential in developing and executing projects which can create employment opportunities for different categories of people especially poor, marginalized and vulnerable sections of the society. Our interactions with several elected representatives of Gram Panchayats reveal that they execute some employment generation and other types of development schemes under Centrally Sponsored Schemes, mainly MGNREGS, or and with the State Finance Commission and Central Finance Commission grants. Responsibility for discharging certain specific functions or for delivering some specific services has not been given to the GPs. They are discharging their role as implementing agencies of some centrally sponsored schemes. These are agency functions of Panchayats. They do not have autonomous jurisdiction over any set of specified functions. The recent initiatives of national government and various state governments should continue with more focus on decentralized planning process. DPCs should be made more proactive and functional. A well-designed district planning exercises are to be done in all the districts with a clear focus on employment creation. Systematic plans are to be prepared at the GP level. All the GPs should consult the gram sabhas before selecting development schemes for execution under MGNREGS or other funds

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## **CHAPTER 6**

## **ROLE OF PANCHAYATS IN ECONOMIC DEVELOPMENT AND INCOME GENERATION: CHALLENGES**

Widening state level variations in respect of the performance of Panchayats is a reality since India has a “discretionary rather than rule-bound Panchayati Raj Institutions”. Unequal performance of states in strengthening the powers and role of Panchayats is the main challenge in executing programme towards economic development. The state’s uneven local penetration is an emerging trend as India’s welfare sector is expanding “through rising expenditures and a proliferation of programming” (Kruks-Wisner 2016). In this context, we discuss various challenges for Panchayats in the planning and execution of activities towards economic development. A number of challenges are being faced by Panchayats in performing their stipulated roles towards economic development and income generation. The major challenges of Panchayats can be broadly categorised under four heads: (i) institutional level challenges, (ii) resource constraints, (iii) inadequate human infrastructure and (iv) poor physical infrastructure.

### **6.1 Institutional Challenges**

#### ***6.1.1 Devolution of Powers to Panchayats: Inadequacy and widening state level variations***

The absence of devolution of powers to Panchayats is a major road block. As per Schedule XI, a list of 29 functional areas is given to PRIs. As we discussed in chapter two, a few states such as Maharashtra, Karnataka, and Kerala have devolved maximum subjects to Panchayats through Acts and Activity mapping. In Madhya Pradesh and Assam, activity mapping is carried out partially. In Chhattisgarh, though activity mapping has been prepared for 27 subjects necessary executive orders has not been issued. In states like Bihar, activity mapping is yet to be carried out. The defacto situation of powers of Panchayats shows several inadequacies and widening state level variations.

#### ***6.1.2 Inadequate Institutional Structure for Preparation of Plans and Schemes***

The DPC is to be assisted by competent officials for guiding preparation of plans by the Panchayats and Municipalities as well as consolidating the plans. In many states, DPCs do not have exclusive human resources, permanent offices and required physical infrastructure. Funding is not made by government for running DPC.

#### ***6.1.3 Poor Functioning of the DPCs***

Though the function assigned to the DPC under the Constitution is to consolidate the plans of the Panchayats and Municipalities of the district, DPC has a critical role in guiding the Panchayats for preparing their plans keeping in mind the felt need of the state. Currently DPCs is not in a position to ensure coordination between different local bodies for synergy in their planning. Moreover, DPCs have neither the required manpower nor adequate financial resources to guide and coordinate local planning.

#### ***6.1.4 Weak Grassroots Planning Process***

Grassroots planning process is not followed as per the guidelines in most of the states. GPDP is implemented by many states. Still plans are not prepared according to GPDP guidelines. The role of Gram Sabhas is still limited. Moreover, Plan preparation is adhoc basis against expected fund allocation and not on need assessment basis. There are provisions for Standing Committees in Panchayats for planning and implementation of allotted subjects. However, the functioning of these committees is nominal. In some GPs they exist only on papers. In practice, the decentralized planning is totally missing in a few states such as Uttar Pradesh. Essential steps of a decentralized planning process are not well- defined. Though the state has created a legal frame work for implementing decentralized planning process its implementation is missing. All the relevant institutions starting from Gram Sabha are non- functional and as a result, there is no participation of common citizens in the preparation of plans.

#### ***6.1.5 Absence of linkages between Panchayats and Line Departments in the Implementation of Schemes***

If there is no proper and adequate linkage between Panchayats and line departments, the former cannot carry out activities towards economic development. Current situation shows sharp state level variations in respect of such linkages. Zilla Panchayats of West Bengal have a strong engineering wing and it helps several line departments in the implementation of schemes. Those line departments which do not have technical personnel get Detailed Project Reports prepared from Zilla Parishads. In some cases Detailed Project Reports prepared by the line departments gets vetted by Zilla Parishad. In state of West Bengal, Panchayat Samiti, the intermediate panchayat, plays a significant role both in terms of powers and activities and it involves in wide range of activities with strong linkages with various line departments. In Haryana, line departments still continue to carry out majority of the development activities leaving Panchayats an advisory role. The functioning of the Gram Sabha is affected by the lack of participation of the people and most of the

Gram Sabha meetings struggle to achieve quorum. In Madhya Pradesh, Panchayats are not empowered to usurp their power and functions from line departments in the local self-governance.

## **6.2 Constraints in Mobilising Own Sources of Revenue**

A large number of Panchayats cannot mobilise own sources of revenue due to different reasons as mentioned below:

*6.2.1 Taxation Powers and Bye-Laws to Collect Taxes:* Many states do not have strong legal framework for levying and collecting taxes from GP level. In Karnataka, taxation power is vested only with the Gram Panchayats and according to the Section 199 of Karnataka Panchayati Raj Act, 1993 the tax base is also very wide. In Kerala, among the three tiers Gram Panchayats have power of taxation. The state Act provides two instruments -the budget and standing committee for finance- to administer the Panchayat finance. In Uttar Pradesh, all the three tiers of Panchayats have powers to collect taxes. Apart from Panchayat tax, GP can levy many other categories of taxes which include entertainment tax, tax on irrigation project, tax on sales in markets and fairs. GP can levy fees such as water rates on water for domestic water consumption supplied by GP. States of Kerala, Maharashtra and, Karnataka have bye-laws to collect taxes. However, a large number of states do not have bye-laws. In this context, let us discuss the case of West Bengal. In the notification no 3644 P.N./0/1/3-R 3/21 dated 14 October 2003, the state government circulated a model bye-law asking the Gram Panchayats to issue their bye-laws in accordance with the notification. However, only some Gram Panchayats have framed bye-laws. There is an urgent need for creating legal framework for tax collection in many states.

*6.2.2 Inadequate efforts to mobilise Own Sources of Revenue:* The main source of revenue of Gram Panchayats in several states is fiscal transfer. By mobilising own sources of revenue Panchayats will be in a better position to initiate economic development activities. For improving the activities towards economic development, a critical factor is their own sources of revenue. This is an extremely important source for undertaking economic development and income generating activities as this can be used for productive purposes without any strings attached. This will promote efficiency as well as accountability in the provision of services. Presently, Gram Panchayats can collect tax and non taxes. However, many Panchayats have not exercised this power very effectively and the own revenues of Panchayats constituted miniscule share in their total revenue receipts. In the state of Uttar Pradesh, Panchayats have a poor fiscal base with limited resource mobilization. A few GP collects a tax namely, Panchayat tax. A large number of GPs gets revenue from levies

on shops, markets, etc. The collection is very poor in all the tiers of Panchayats. In Maharashtra, around 30 to 40 per cent of the total resources of the Village Panchayat are mobilized through own revenue sources in the form of tax and non tax. It is significant to understand that while the magnitude of ‘own fund’ of a Gram Panchayat ensure financial autonomy, a large number of them do not make any substantial efforts in mobilizing own revenue sources.

*6.2.3 Mobilization of Own Sources of Revenue at GP level: Field Experience* As is discussed in Table 6.1, all the 60 GPs covered by the survey have collected some tax or non-tax items or both. However, 5 GPs have received donations from the public. It is important to note that 2 GPs have collected money from the beneficiaries for the work rendered to them.

**Table 6.1**  
**Mobilization of Own Sources of Revenue at GP level**

Particulars	Number of GPs	Remarks
Any category of Tax and Non-Tax Revenue	60	Most of the GPs do not collect taxes. However, by and large, they collect non- taxes under various heads
Donations	5	
Beneficiary Contribution	2	

*Source: Field Survey*

*Panchayat Window in state Budget:* The budget of a few states have an exclusive window for the Panchayats giving details of the funds allocated to the local bodies under all the head of accounts. A large number of Indian states do not have such budget window in state budget.

### **6.3 Inadequate Human Infrastructure**

#### ***6.3.1 Lack of Skills for Project Development and Execution at GP level***

Gram Panchayats do not have set of skills needed for identifying, formulating and developing livelihood and income generating projects. They need a set of skills such as decision making and budget management for planning and execution of projects. Without these skills, chances of achieving good results in these programmes are poor. In fact, it is important to build up the technical capacity of GPs as currently they do not have any mentoring support with or without financial support.

#### ***6.3.2 Need of Gram Panchayat Offices for Human Resources***



A large number of GP offices suffer from shortage of staff. Moreover, there are wide state variations in regard to the staff pattern and the availability of core staff. As is reported in Table 6.2, a few states including Kerala, West Bengal and Maharashtra are well- placed with reasonably good staff availability. Some other states such as Assam are in moderate position while a few states such as Manipur are in a bad situation. Now let us discuss the staff pattern of Assam, as an example. Assam GP Staff Structure is as follows:

- Gaon Panchayat Secretary is mainly responsible for the administration related work; Carry out the policies and direction of the GP as well as authority
- Tax Collector cum Road Moherar Tax Collection to assist GP Secretary
- Peon cum Chowkidar Duties of Grade IV employee
- Gaon Rozgar Sahayak Mobilise people for demand of Jobs under MGNREGS
- Accredited Engineers Schematic contractual staff looking after the MGNREGS related technical activities
- Junior Engineer Supporting the Accredited Engineers at GP level in clusters modes

GPs in Assam are provided one Panchayat secretary, one peon and three tax collectors with the support of the state government resources. They are appointed by the state government and their salaries and perks are paid by the state government. Then, there are Gram Rozgar Sevaks under MGNREGS and Account Cum Computer Operator under Fourteenth Finance Commission. A major problem with GPs in Assam is shortage of Panchayat secretaries and tax collectors. For example, 90 percent of the posts of tax collector in the state are vacant. One Panchayat secretary is looking after 2 to 3 GPs. GPs in the state face great difficulty in using plan plus software because of lack of internet facility. Only 50 percent of the GPs have internet facility in the state.

**Table 6.2**  
**Human Resources and Gram Panchayats**

State	Regular Staff	Contractual staff	Total	Remarks
Assam	4	3	7	In some states, one Panchayat Secretary is in charge of more than one
Bihar	1	2	3	
Chhattisgarh	1	Nil	1	
Haryana	6	2	8	
Karnataka	4	0	4	

Kerala	19	0	19	Gram Panchayat. For example, in Manipur one Secretary is in charge of 2-3 Gram Panchayats
Madhya Pradesh	1	1	2	
Maharashtra	9	0	9	
Manipur	1	0	1	
Rajasthan	1	0	1	
Uttar Pradesh	2	1	3	
West Bengal	6	6	12	

Source: Field Survey

## 6.4 Poor Physical Infrastructure

**6.4.1 Shortage of GP buildings:** Some of the GPs under study do not have a well-equipped building to house the office of Gram Panchayat. For instance, the shortage of GP buildings in the state of Assam is acute. Out of over 2200 GPs, over 300 are without building and are 700 have dilapidated buildings. In Manipur, several GPs do not have building to house the office of Gram Panchayat.

**6.4.2 Poor Connectivity of Gram Panchayats:** The results of our field survey clearly indicate that there are several villages do not have proper infrastructure and connectivity that can propel activities towards economic development. As is reported in Table 6.3 about 50 percent of villages covered by the survey are not connected by public transport. It is significant to understand that these villages are better placed in respect of banking facility and electrification.

**Table 6.3**  
**Infrastructure and Connectivity of Gram Panchayats relevant for Economic Development**

Particulars	Number of GPs
Availability of Vocational Institutions	14
Transport : Connectivity By Bus	31
Transport: Connectivity by Auto	19
Electrification	53

Bank Facility	60
ATM Facility	55
Availability of Markets	46
<b>Total GPs covered by the survey</b>	<b>60</b>

Source: Field Survey

#### 6.4.2 E- Governance and IT Connectivity of Gram Panchayat Offices

As is evident in Table 6.4, a considerable number of GP offices covered by the survey have no internet facility. The percentage is quite low in the state of Bihar, Chhattisgarh, Madhya Pradesh, Manipur and Uttar Pradesh.

**Table 6.4**  
**E- Governance and Gram Panchayat Offices**

State	Gram Panchayats with IT connectivity	Gram Panchayats with PRIA Soft/accounting software	Gram Panchayats with Plan Plus	Gram Panchayats with National Panchayat Portal
Assam	3	Nil	5	
Bihar	1	Nil	Nil	Nil
Chhattisgarh	1	Nil	Nil	Nil
Haryana	2	Nil	Nil	Nil
Karnataka	4	3	3	2
Kerala	5	5	5	5
Madhya Pradesh	1	Nil	Nil	Nil
Maharashtra	4	2	4	2
Manipur	1	Nil	Nil	Nil
Rajasthan	3	1	1	1
Uttar Pradesh	1	Nil	Nil	Nil
West Bengal	3	Nil	Nil	-

Source: Field Survey

### 6.5 Challenges for Panchayats: An Assessment

Most of the Panchayats covered by the survey face several challenges in performing different tasks towards economic development. The absence of devolution of powers to Panchayats is a serious handicap. Moreover, there are wide state variations in respect of powers of Panchayats. Similarly, there are several states with weak institutional structure for preparation of plans, development and implementation of works and projects through Panchayats. In a few states, Gram Panchayats do not have even basic physical and human infrastructure. Absence of resource envelope for planning and constraints in mobilising own sources of revenue remains serious challenges for taking activities towards economic development.

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## **CHAPTER 7**

## **STRATEGIES AND OPPORTUNITIES FOR ECONOMIC DEVELOPMENT THROUGH PANCHAYATS**

All the three or two tiers of Panchayats have tremendous opportunities for intervention towards economic development of each and every village. Gram Panchayats being the lowest tier can create a wide range of activities with the support of other tiers. In this chapter we discuss different opportunities available to Panchayats in Indian states for performing tasks towards economic development.

### **7.1 Sectoral Opportunities**

Panchayats have several opportunities for developing and executing works and projects towards economic development in areas related to ten subjects that are relevant for economic development. Sectors of agriculture, animal husbandry, fisheries, minor forestry, small scale industries, khadi village and cottage industries provide good opportunities for works and projects towards livelihood and income generation. All the tiers of Panchayats can exploit opportunities in the planning and implementation of poverty alleviation programme. There are several funding opportunities for organising technical training and vocational education for children and youth. Each Gram Panchayat can organise fairs and weekly markets for buying and selling agri- products and consumer items.

#### ***7.1.1 Agriculture, Animal Husbandry and Fisheries***

Local economic development is development of basic needs of individuals, achieving sustainable economic growth and improved living conditions. Creation of more employment and income is required for the improvement of living conditions. It is important to identify the potential of production and diversity from agricultural land, water bodies, forest, and animal husbandry at Gram Panchayat level. It is also pertinent to identify various inputs required for enhanced productivity such as irrigation, modern cultivation technologies like precision farming, polyhouses, integrated nutrient, pest and water management, cold storage and godowns. This will result in the enhanced farm income and generation of employment opportunities. It is desirable to promote Farmer Producer Organizations and labour banks. As is discussed in section 4.3.2 of Chapter 4 some Gram Panchayats of Kerala have set up agriculture labour banks. Drawing lessons from Kerala's experience, mechanization of agriculture can be supported by setting up of agriculture labour banks for local employment creation in all Indian states. Production and employment opportunities can be created through agriculture, animal husbandry, and pisciculture. There is a good potential for

value added products from agriculture, animal husbandry, pisciculture, non-timber forest produce. The practice of group farming by members of Self Help Groups supported by Gram Panchayats in Kerala can be adopted by Panchayats in other states.

### ***7.1.2 Goat Rearing, Poultry Farming and Sericulture***

Panchayat with the support of line department of Agriculture and Animal Husbandry can initiate dairying as an allied activity to agriculture which will provide a source of sustainable income for rural households. Panchayat can undertake such schemes under Rashtriya Krishi Vikas Yojana. They can distribute baby goats and chicks to the beneficiaries. The farmers can be trained. They can start with production, processing and marketing of milk. Such activities include fluid milk dairy plant, milk powder plant, ghee and butter manufacturing, milk chilling centres and of the cattle feed plant. Sericulture is another area where Panchayat can take initiatives for income generating projects. Cocoon production is the most rewarding activity compared to other traditional farming. Panchayat can assist the farmers in getting the training for mulberry cultivation and related aspect of cocoon business.

### ***7.1.3 Micro, Small and Medium Enterprises***

Promotion of entrepreneurship is a critical activity for income generation and employment creation and Panchayats can play a vital role. Panchayats can map micro, small and medium enterprises within the particular Gram Panchayat area. Each Gram Panchayat can map and list various production potential, labour potential and enterprise opportunities in a village. Potential candidates can be identified for setting up of enterprises. The skill mapping of the interested candidates is required. It is desirable to conduct situation analysis of existing micro, small and medium enterprises in a Gram Panchayat. Entrepreneurial development training and skill training can also be organized at a regular interval. Facilities such as small industrial parks can be set up. Local consumption demands may be met through small enterprises at Panchayat level. Building the social capital of members of self-help group, mainly of poor men and women in neighbourhood, may be a good starting point for all these activities. This will create an enabling environment for thrift and credit, micro finance, opening of bank accounts and linkages with banks.

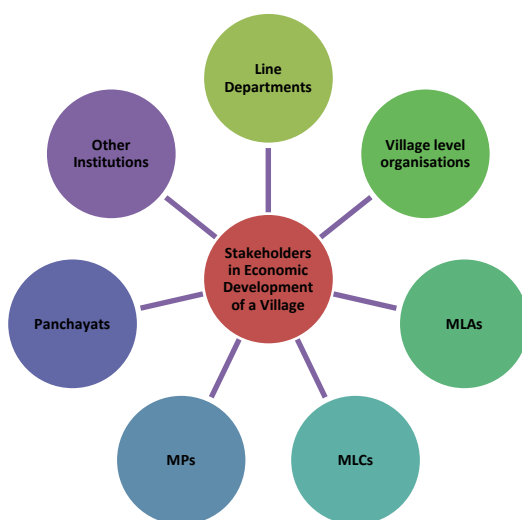
### ***7.1.4 Service Sector, Social Enterprises and Incubation Centre***

Each Gram Panchayat can promote the service sector by providing a wide range of public services. GPs can generate employment for youth in a village. Similarly, they have great potential for setting up of social enterprises especially through training and skilling of identified youths. It can set up common infrastructure such as cottage industries, food processing units and cold storages. It can become an incubation centre that leads youth towards skilling, entrepreneurships including social entrepreneurships. GPs can collaborate with schools and primary health centres in facilitating quality control laboratories and common packaging facilities. These facilities can be used as incubation centres if linked with polytechnics, engineering colleges or food technology institutes.

### 7.2 Strategy of Coordination and Interplay of Stakeholders

In order to achieve economic growth of a village, there is a need for better coordination and interplay of various stakeholders (Fig: 7.1). It is the responsibility of a Gram Panchayat to take initiatives in coordinating Members of Parliament, Members of Legislative Assembly, Members of Legislative Council, line departments, village level organisations such as Self Help Groups and other relevant institutions for the identification, preparation and execution of projects and works for economic development. A Panchayat led coordination of relevant stakeholders provides several opportunities in economic development of Indian villages. Moreover, this approach can strengthen the role of Panchayats in inclusive economic development of a village.

**Fig: 7.1**  
**Stakeholders in Economic Development of a Village**



### 7.3 Social Capital of Village Organisations

Some of the village level organisations in a GP are Self Help Groups, association of local professionals, association of social workers, merchant associations, association of entrepreneurs, Anganwadi workers, association of teachers, DAY-NRLM Community Resource Persons, MGNREGS mates and youth organizations. These village level organizations are social capital which can be effectively used in the planning and execution works and projects towards income generation and livelihood activities. Through regular exchange of ideas, sharing of experiences and consultations between PRI institutions and village level organizations Gram Panchayats can plan and execute livelihood and income generating activities.

#### **7.4 Convergence of Schemes: Strategy for Economic Development**

Substantial public investments are being made for strengthening of the rural economy and the livelihood base of the poor, especially the marginalized groups like SC/STs and women. To effectively address the issue of poverty alleviation, economic development and income generation there is a need to optimize efforts through inter-sectoral approaches. The convergence of different programmes like DDU-NRLM, DDU-GKY, Pradhan Mantri Adarsh Gram Yojana, MGNREGA etc will enable better planning and effective investments in rural areas. Convergence also brings synergy between different government programme/schemes in term of planning, process and implementation of programmes/Schemes. Resource convergence (human as well as financial) aims to establish a synergy between government, NGOs, the private sector and beneficiaries in addressing the needs of the poorest communities.

##### ***7.4.1. What can a Gram Panchayat Do?***

The first and the foremost step is to create an effective and sustained mechanism for liaisoning and converging resources from various government departments, statutory agencies, financial agencies, R&D institutes, and educational institutions. Through convergence it is possible to formulate and implement schemes towards economic development and income generation activities. In every state there are different funding schemes. Panchayats can take lead in exploring the possibilities of formulating income generation projects by converging different funding schemes. For instance, convergence of schemes of Public Works Department, Department of Agriculture and Department of Horticulture can lead to economic development projects in agriculture and farming sectors. Similarly, schemes of Department of Sericulture and Forest Department can be converged with MGNREGS. In some states, we have found that Poly-houses are constructed under Deen Dayal Scheme from Department of Agriculture and gets water by paying user charges from common tank developed by using MGNREGS fund. The cost of water bound, approach road, land levelling and



plantation can be borne by the MGNREGS. There is a good scope for formulating income generating schemes through the convergence between line Department of Micro Irrigation, Department of Horticulture and MGNREGS. Convergence of Deen Dayal Antyodaya Yojana-National Rural Livelihood Mission (DAY-NRLM) and MGNREGS can result in the formulation of viable income generation schemes.

#### ***7.4.2 Models of Convergence***

Now let us discuss three models of convergence. In some states convergence has been emerging and we have identified these three models during our field survey : (1) Fish Farming project , (2) Group Farming Project and (3) Self Help Groups-based micro enterprise. In the first model, Panchayat takes initiatives for converging of two Centrally Sponsored Schemes- MGNREGS and DDU-GKY -with a State Scheme of Department of Fisheries for setting up of a fish farming project. Beneficiaries are selected by the Gram Sabha for setting up a Fish farm. Selected beneficiaries get training are under DDU-GKY scheme. Construction of pond is carried out under MGNREGS. Seedling distribution is carried out by Department of Fisheries under state scheme. The overall coordination of this scheme is carried out by the Panchayat.

The second model is on a Group Farming Project. In this model, three sources of funds - centrally sponsored schemes, state scheme and own sources of revenue - are utilized through converging of three departments. The departments that are coordinated with panchayats are Department of Agriculture, Department of Horticulture and Public Works Department. The officers include Principle Agriculture Officer and her/his deputies, Director of Horticulture and her/his deputies and Chief Engineer and her/his deputies. The resource envelope includes CSS fund , State scheme funds and OSR. The coordinators at district level include District Collector and Director of Panchayats. At the block level, BDO and Coordinating officers and at Panchayat level President and Secretary are the Coordinating Officers.

For setting up of a self help groups-based micro enterprise, three departments have involved by using three sources of funds. Here, all the three tiers of Panchayats have to support the project. The departments involved are Dept of Industry, MSME Department, Khadi Village and Cottage Industries. The resources are pooled in with funding of CSS, State Schemes and MPLADS. The coordinators are District Panchayat through DM and Director of Panchayat, Block through BDO and JBDO and Panchayat through President, Secretary and Plan Coordinators.

All the above-mentioned three models indicate that essential requirements include interventions across tiers of Panchayats, effective convergent planning between different tiers of Panchayat, effective functioning of the District Planning Committees which link rural and urban planning, coordination for service delivery and implementation of flagship schemes.

### **7.4.3 Funding Opportunities for Convergence**

*7.4.3.1 Central and State Schemes:* Funds under existing central and state schemes across different sectors could be utilized, based on the specific demands of the village. Some important centrally sponsored schemes which could be utilized are DAY-NRLM, NHRM, SSA, MGNREGS, PMKSY and Mid-day Meal Scheme. Corporate Social Responsibility funds, of which a much larger corpus is available after the latest amendment to the Indian Companies Act 2013, could also be used for the purpose of infrastructure development in a village.

*7.4.3.2 Local Area Development Funds:* In most of the states, Local Area Development fund consists of MPLAD and MLALAD. However, in a few states there are three categories. In Karnataka, for example, the LAD funds are from the Member of Parliament, Member of Legislative Assembly and Member of Legislative Council i.e., MPLAD, MLALAD and MLCLAD respectively. Currently, LAD funds are largely utilized for construction activities including roads. MPLAD fund can be utilised in the areas of drinking water, sanitation, electricity, roads, and community shelters in their constituencies. There is a good scope for utilising this amount within the convergence framework to meet economic development and income generation at village level.

*7.4.3.3 Mission Antyodaya and Panchayats:* Mission Antyodaya provides convergence framework for transforming lives and livelihoods on measurable outcomes. Panchayats can make use of this possibility of convergence from Central Ministries to Gram Panchayat level for executing income generating schemes. States where strong social capital built through SHG institutions can perform better in this regard.

*7.4.3.4 FFC grant to GPs for Delivery of Basic Services:* FFC, for the award period 2015-20, has devolved an amount of Rs. 2,00,292.20 crore to Gram Panchayats (GPs). This is a threefold increase over the grants of Rs.65160.76 crore recommended by Thirteenth Finance Commission for the award period 2010-15 for all levels of PRIs. The FFC has recommended grants exclusively for

Gram Panchayats as they are directly responsible for delivery of basic services. The state wise allocation is reported in Table: 7.1

**Table 7.1**  
**Annual FFC Allocation to States: 2015-2020 (Rs. Crores)**

Financial Year	Basic Grant + Performance Grants
2015-16	21,624.46
2016-17	33,870.52
2017-18	39,040.16
2018-19	45,069.16
2019-20	60,687.13
<b>Grand Total</b>	<b>200,292.17</b>

Source: Fourteenth Finance Commission Report at: <https://fincomindia.nic.in>

For the period 2015-2020, Rs.200, 292.20 crore have been devolved to the Gram Panchayats under the Fourteenth Finance Commission grant. State wise FFC Allocation to States during 2015-2020 is given in Annexure VII.

### **7.5 Skill Development and Employment Creation**

Each GP can identify all people in the productive age who are unemployed or underemployed and map their skills. It can maintain database on labour and employment. It is pertinent to map employment opportunities suitable to persons with disabilities based on nature and degree of disability and facilitate job creation through convergence of ongoing schemes, sponsorships and ensuring local placements. Some Gram Panchayats have good potential in developing and executing projects which can create employment opportunities for different categories of people especially poor, marginalised and vulnerable sections of the society.

### **7.6 Mobilization of Public Contribution and other Own Sources of Revenue**

There is a good scope for mobilizing own sources of revenue consisting of tax revenue, non-tax revenue and donation from public. A share of the total project cost can be mobilized from the community. Public contribution, especially collection of resources from philanthropists can help a GP in setting up of projects towards economic development. If the leadership of the GP can build up confidence among public, people will be willing to contribute to good and viable project towards economic development.

### **7.7 Funding Opportunities for Economic Development**

A Gram Panchayat can avail different sources of funds for executing works and projects towards livelihood, income generation and economic development. As an example, let us discuss the case of a Gram Panchayat in Assam. Nagaon GP in Barpeta district in Assam gets fund from (i) State Finance Commission, (ii) Fourteenth Finance Commission, (iii) Funds under District Development Fund, (iv) Funds under Centrally sponsored scheme, (v) share of market tax devolved by the IP and ZP, (vi) Tax and other revenues generated by Panchayats. The GP collects tax from shops, hawkers and by leasing out of community assets like ponds, community halls, market sheds, etc. GP has the potential to enhance its resources by collect house tax and water tax. FFC grants have resulted in decentralized participatory planning and creation of useful community assets.

### **7.8 Strategies and Opportunities: Potentials of Panchayats in undertaking Economic Development Activities in View of Increasing IT Connectivity Broadband Services**

Connecting the Gram Panchayats with the high-speed internet connectivity highway has made positive impact. IT ministry had taken steps to build robust digital connectivity. “Under Bharatnet the government provides internet connectivity to Gram Panchayats by utilising Optical Fiber Cable. The scheme has already connected one lakh Gram Panchayats with Internet. Digital network reaches deep into rural areas and promoting digital empowerment of the people. Digital coverage of over 2 lakh gram panchayats and implementation of Jan Dhan, Aadhar and Mobile (JAM) has given fillip to economic growth and generate employment opportunities. The availability of high speed internet connectivity enables Gram Panchayats in delivering various services to citizens ranging from small farmers to small entrepreneurs. The digital platform has the potential to open doors for various income generation activities for women. With mobile internet reaching 500 million people across India, Government of India’s scheme of setting up of one lakh digital villages, the leverage of each Gram Panchayat in undertaking economic development activities has increased tremendously.

### **7.9 An Assessment of Opportunities of Panchayats for Economic Development**

PRIs have a constitutional role in executing programmes and activities for rural inclusive economic development with focus on poverty reduction. Through a pragmatic and systematic approach, we can bring about a paradigm shift in working of Panchayat focusing on local economic development. An overwhelming number of respondents covered by the study were quite positive about the scope and opportunities for Panchayats interventions towards economic development. The network of over 2.39 lakh Panchayats in India can become a base of economic development and income

generation hub. By mobilising village resources each Gram Panchayat should learn to utilise resources effectively. It can employ local youth in the administration of income generating and service- oriented activities. Each Gram Panchayat can try to adopt public, private and Panchayat partnership model in planning and executing projects towards economic development.

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## **CHAPTER 8**

### **ECONOMIC DEVELOPMENT THROUGH PANCHAYATS:**

## **POLICY RECOMMENDATIONS**

Economic development of Indian villages can be achieved through different tiers of Panchayats. Lakhs of Gram Panchayats with over three million elected representatives have great potential to initiate boost and manage economic development of Indian villages. However, most of Indian Panchayats are not in a strong position to perform a proactive role, and hence, we recommend certain measures within the existing frameworks and available resources. These recommendations are made in respect of core components of interventions required from both Panchayats and the respective state government. The core components are the planning, execution, monitoring and evaluation of works and projects, capacity building of staff and elected representatives of Panchayats and the supportive role of the respective state government.

### **8.1 Interventions of Panchayats in Local Planning for Economic Development**

#### ***8.1.1 Preparation of Gram Panchayat Development Plan and Annual Action Plan***

How do we begin to plan for local economic development in a Gram Panchayat? Various activities related to the preparation of Gram Panchayat Development Plan have made some changes in the approach of Gram Panchayats towards planning exercise. However, there is no proper system in place except a few states. All the states should ensure an effective participatory planning at the grassroots for the preparation of GPDP. Gram Sabha meetings should be organized in such a way that priorities on economic development are set. Each GP needs to identify focus areas according to the priority set during Gram Sabha meetings. Setting targets to achieve the goals and identification of resources for implementation of plans are quite significant. This will facilitate identification and selection of works and projects towards economic development. Another step is to identify human resources that can support the implementation of these plans. Annual action plan with implementation schedule and time line should be prepared by each GP.

***8.1.2. Unified Gram Panchayat Plan*** All the states should take steps to ensure one unified plan. It is essential to prepare a unified plan for each Gram Panchayat. Integration of MGNREGS plan and GPDP plan is required so that there is one unified plan. GPs need to be empowered to prepare and use the database to make their plans. There is a need for linking the data base with the plans formulated. The GP functionaries need deep understanding about the utility of data in plan preparation. A list of possible sector wise activities may be provided to help the GP to select their activities. There should be an institutional mechanism at the intermediate panchayat or block level

to check whether the investment proposed in the GP plan has enough focus on economic development and income generation.

**8.1.3. Need for an Integrated Plan** The quality of plan of Gram Panchayat, Block and District Panchayat is determined by the level of integration. If all the departmental plans and Panchayat plans are integrated with district plan and state plan, the quality of integration plan is high and optimum. In order to achieve the economic development through Panchayats, the level of integration of Panchayat plan with plan of line department need to be improved. The integration should start from GP onwards. Ideally, it should be integrated with the district plan and state plan. Activities towards economic development and income generation can be planned and executed effectively if the integration level is improved to the maximum. The integration exercise can result into convergence of various funds and schemes.

**8.1.4. Planning and Budget Preparation:** Each Panchayat should prepare annual budget and annual action plan with a special focus on economic development. This can lead to the preparation of planned activities towards income generation, livelihood and skill training. Gram Panchayat, being the lowest tier of the rural local government institution, needs to prepare annual budget indicating anticipated income and expenditure. Our field evidences suggest that budget had been prepared by all the tiers of Panchayats in Kerala. Similarly, an annual action plan comprising the approved list of projects and works is to be made available at Gram Panchayat level. Both these instruments can help each Gram Panchayat to implement various activities including economic development activities in a systematic way. A few Panchayats of Indian states have already undertaken this exercise and the all Panchayats in the country need to fulfil this task.

#### **8.1.5. Vision Document on Economic Development of Village through a Gram Panchayat**

A vision document highlighting various opportunities for economic development of a Gram Panchayat needs to be prepared in consultation with all the stakeholders such as village organisations, citizens, elected representative of PRIs, MLAs, MPs and officials of line departments. It should present a development pattern of the villages and also strengths, weakness, opportunities and threats (SWOT) analysis of the GP.

#### **8.1.6. Effective Gram Sabha and People Participation in Economic Development**

The effective functioning of the Gram Sabha as participatory discussion and decision-making forum will lead to faster economic development. A Panchayat led participatory planning exercise is a need of the hour. A participatory outcome based planning will lead to local economic development.

Panchayat can prepare local development plans that touch on economic, social and environmental concerns through participatory processes, integrating ecosystem and bio diversity values. A Gram Panchayat should ensure coordinated functioning of village level organizations. A Gram Panchayat can ensure equitable provision of basic services to citizens through the Fourteenth Finance Commission award.

**8.1.7. Database:** In order to support the plan preparation process towards economic development, a good database along with a team of professional resource persons is required. The data base should cover detailed information on resources, labour, employment, etc. Livelihood and income generation specific data base or checklist may be developed to facilitate planning on different themes. Gram Panchayat needs to be empowered for analysis and utilisation of the data collected.

**8.1.8. Advance Information on Resource Envelope to Panchayats**

Each state government will have to communicate the "resource envelope" to all Panchayats. Panchayats should know how much money they have under different schemes and how they should plan.

**8.1.9 Guidelines for Planning:** State should issue clear guidelines for planning to Panchayats with a special focus on identification and selection of income generating and livelihood projects under different schemes. In the decentralized planning process special emphasis should be given for optimum utilization of available resources for achieving economic development.

**8.1.10. Technical Support in Plan Preparation:** Multi-stakeholder partnerships are required for setting the local level priorities and hence elected councils and officials of Panchayats need technical expertise in bringing citizens, community organizations, civil society organizations, non-government organizations and private sector institutions. At the grassroots level, the villages should think out-of-the-box to address livelihood issues. In this context, each Gram Panchayat should be given technical support in planning activities towards economic development.

**8.1.11. Workshop on Livelihood Project Identification**

It is pertinent to organize workshop on development of livelihood and income generation projects on a regular basis. Participant of the Panchayat level workshop will be mainly youth and community members, including SHG members and representatives of village organizations. In addition to



workshop, other forms of meetings can also be organized. A large number of livelihood project ideas need to be formulated and developed in their workshops and meetings. Shelf of project ideas can be finalized in priority areas against funds available under various schemes. Through these activities we can sensitise the key community leaders on income generating works and sustainable livelihood projects. Special care should be given to ensure that poor and vulnerable section, SC, ST, women and marginalized groups are benefitted from these works and projects.

**8.1.12. Involvement of Students of Higher Educational Institutions in Planning Exercise:** Each Panchayat with the support of state government could involve students of higher educational institutions in the planning exercise. At least one student can associate with one team for each Gram Panchayat. These students should get short-term training on project identification, preparation, and execution of projects towards economic development.

## **8.2 Execution of Works and Projects: Interventions of Panchayats towards Economic Development and Income Generation**

### **8.2.1 GP led Coordination of Stakeholders in Economic Development**

There are several stakeholders in economic development of a village. Each Gram Panchayat should take the lead in taking initiatives in coordinating these stakeholders especially Members of Parliament, Members of Legislative Assembly, Members of Legislative Council, line departments and village level organisations for the planning and execution of projects and works for economic development. A Gram Panchayat led coordination of relevant stakeholders should be the core component of the strategy for economic development of Indian villages through Panchayats.

### **8.2.2 Farmer Producer Organizations and Agriculture Labour Banks**

Each Gram Panchayat, in co-operation with line department, can set up and promote Farmer Producer Organizations and Agriculture Labour Banks. Mechanization of agriculture may be supported by setting up of labour banks. Agricultural labourers can be trained on using agricultural equipment. From these organizations farmers can hire services of labourers and agriculture equipment for farming operations. This can lead to the improvement in the productivity of farming operations and employment creation.

### **8.2.3 Convergence of various Government Schemes**

Through inter-sectoral approach it is possible to optimise the results of several livelihood schemes of various line departments. Through convergence of different schemes, Panchayats can formulate livelihood and income generation projects. By establishing linkages and strengthening of networking among elected representatives, officials of Panchayats and relevant line departments, the funding of livelihood and income generation schemes can be made possible. Execution of livelihood and income generation schemes is to be facilitated through these linkages and networking. There is a need for regular meeting of elected representatives and officials of Panchayats and relevant line departments. Convergence of various government schemes can reposition Panchayat as a central point of local citizen-state engagement.

#### ***8.2.4 Gram Sabha and Standing Committees***

Standing committees constituted at Gram Panchayat level in a number of states need to be activated and functional. Its functioning needs to be reoriented towards planning and execution of works and projects related to economic development. It is important to include officials of relevant line departments in Standing Committees of Gram Panchayat. Similarly, in states like Bihar, Chhattisgarh and Karnataka there is a provision for setting up of subcommittee of Gram Sabha. State Panchayati Raj Act of Bihar, Haryana and Maharashtra have provision for passing resolution by Gram Sabha. It is important to strengthen and give due role to Gram Sabha in selecting livelihood and income generating projects.

#### ***8.2.5. Standing Committee on Employment Creation and Economic Development***

Special emphasis should be given by all the tiers of Panchayats on employment creation. In order to achieve faster economic development and employment creation a new standing committee, namely “Standing Committee on Economic Development and Employment Creation” may be created at the level of all the tiers of Panchayats.

#### ***8.2.6 GP led Creation of Production and Employment Opportunities through Sector Focus Strategy***

There should be a special focus on creation of employment opportunities for all households in a village. Production and employment can be created in the sectors of agriculture, animal husbandry and pisciculture through sustained efforts and initiatives of Panchayats. Gram Panchayat should maintain database on labour and employment. There should be an orientation towards value-chain based business partnerships and market linkages. A large number of Gram Panchayats have great potential in formulating livelihood projects in agriculture and allied sectors. Economic and technological transition is possible through an effective Gram Panchayat. In this respect, sector focus approach is required. With a sector focus, it is easy to promote diversified agricultural and

allied livelihood projects. In Haryana, for example, agro-processing industry has vast scope in the state given the fact that it has market as thirty per cent of state fall in National Capital Region of Delhi and have adequate supply of raw material. Panchayats should take help of professionals in guiding the prospective and existing entrepreneurs especially among SHGs. Animal husbandry is equally important sector in Haryana. The dairying activities provide income and employment. Panchayats can take lead in training SHGs in dairying activities. It is important to provide access to finance and training in scientific dairying.

**8.2.7. *Tourism sector for Inclusive Economic Development:*** Panchayats can tap the growing potential in tourism sector for setting up of livelihood projects focussing an arts and culture of Dalits and Adivasis. Modern tourism is a strong instrument to reduce the existing power unequally and discrimination and there are several Dalit arts in India where Dalits expresses their feeling in line with their struggle for livelihood rights (John and Jacob 2015).

**8.2.8. *Specific Income Generating Projects for Poor and Marginalized***

Gram Panchayat, as an institution, can start the process of inclusive economic development by providing special focus on poor and marginalized section of the society. The poor citizen especially from marginalized communities and women will require specific income generating and livelihood projects. It is possible to identify, formulate and execute viable projects utilizing appropriate funds. Vulnerable families and persons belonging to different categories such widow, single women, old people, children without care and protection, persons with disability needs special attention from all the service providing agencies and village community as a whole. Similarly, vulnerable families and persons from the Dalit community and tribes also need special attention.

**8.2.9. *Coordination between Different Tiers of Panchayats for Efficient Execution of Works and Projects***

Most of the Indian states have three tier systems while a few of them have two tier systems. The relationship between GP and the higher one or two tiers needs more clarity. Higher tiers have to play specific coordination responsibilities. There will always be works and project where economies of scale or spill over benefits. GP needs support and cooperation of higher tiers. Other tier can enhance the viability and efficiency of their work and projects.

**8.2.10. *Local Government Institution- led Volunteer Initiatives for Livelihood and Income Generating Projects***

Panchayats can mobilize donations and contributions from local communities for execution of income generating projects in many villages. Panchayat in Kerala have a few successful models of Panchayat-led voluntary initiatives in planning and executing income generating projects. A few Panchayats in Kerala have adopted a technique of encouraging local community to get involved in service delivery projects through collective action (John and Jacob 2016).

### **8.3 Upgradation of Physical Infrastructure of Panchayats Offices and Capacity Building of Staff and Elected Representatives**

#### ***8.3.1 Physical Infrastructure of Panchayat Offices and Financial Management:***

In some states such as Manipur and Assam several Gram Panchayat offices do not have proper building and infrastructure. These states should review the condition of the GP buildings and take suitable action to upgrade their physical infrastructure. Several GPs do not have expertise in managing the finance. There is a need for an improved financial management by Panchayats to handle the planning and execution of income generating projects and activities towards economic development.

#### ***8.3.2 A multi-sectoral Capacity Building of PRIs for Economic Development:***

Multiple stages of training on various aspects related to economic development and income generation have to be imparted from time to time. Elected representatives belonging to marginalized sections like Scheduled Castes, Scheduled Tribes, OBC, and Women are to be given additional inputs to develop skills. For developing activities towards income generation and development focussed training is needed. A convergence approach brings multiple stakeholders together towards a common goal in a partnership mode. Training should in-cooperate all aspects of schemes like planning, selection of works, sanctions, implementation, audit etc. Training should also include requisite skills for managing institutions, linking up with markets, managing existing livelihoods, enhancing credit absorption capacity and credit worthiness etc. In several states, Panchayat do not have adequate employees who are trained on planning and execution of livelihood and income generation projects. Currently, community based organizations, especially SHGs are involved in a non-professional manner. In order to remove these road blocks, we need to build up the capacity of staff and elected representatives of Panchayats as well as select leaders of village organizations. Capacity of Panchayat staff should be built up for the formulation and execution of livelihood and

income generation projects through a panel or network of resource persons. Panchayat functionaries need to be trained on planning and execution of income generating and livelihood projects.

### **8.3.3 *Need for Development Professional Skills at Gram Panchayat level:***

Each Gram Panchayat requires appropriate technical personnel to deal with the cost norm, various components of activities, timeline, implementation arrangement, performance indicator and expected outcome of works and projects towards economic development. Existing staff available at Panchayat will not be sufficient to meet these requirements. In addition to the training of existing human resources at Panchayat, it is required to add more skilled persons who have professional skills in formulation, implementation, monitoring and evaluation of livelihood and income generation projects. Youth and community members should be encouraged to involve in the formulation of livelihood and income generation schemes.

## **8.4 Monitoring and Evaluation of Works and Projects towards Economic Development: Formation of Resource Groups**

**8.4.1 *State Level Resource Group:*** A state level Resource Group may be constituted to suggest measures from time to time for the improvement of activities of Panchayats towards economic development and income generation. It will be ideal if the Secretary, Department of Panchayat and Rural Development chair the meeting. This Resource Group can review various aspects including the preparation of plans and schemes and its execution. The Resource Group can comprises of members such as senior officers of Department of Panchayat and Rural Development, senior officers of relevant line departments, representative of civil society organization, representative of SHG specialists, leading project development specialist and persons with contribution to public service. The state Resource Group will meet on a quarterly basis.

**8.4.2 *District Level Steering Committee cum Resource Group:*** A district level Steering Committee -cum-Resource group may be constituted under the chairmanship of Chairperson, District Panchayat. The Committee can include district level officers of Department of Panchayat and Rural Development and relevant line departments, project development specialists, representatives of networks or associations of village organisations and persons with contribution to public service. It is important to organise monthly meeting of the Committee to review the progress and other constraints affecting the programme implementation related to economic development and income generation. On the basis of feedback of the Committee, follow up actions are required. Necessary instructions will be issued on a regular basis to the intermediate Panchayats, Gram Panchayats and line departments from the concerned district. The proceedings of the monthly

meeting shall be communicated to all departments related to economic development for information and further action.

**8.4.3 Block Level Co-ordination Committee-cum Resource Group:** A block level Steering Committee cum Resource Group may be constituted under the chairmanship of Chairperson, Intermediate Panchayat. Members will include block level officers of all the relevant departments, engineers and technical persons. Bi monthly meeting of the Committee will review the progress and other constraints affecting the programme implementation related to economic development and income generation. On the basis of feedback of the committee, necessary steps will be taken. The proceedings of the meeting shall be communicated to all Panchayats and line departments.

## **8.5 Intervention of State Government: Devolution of Powers and Resources to Panchayats for Economic Development and Income Generation Activities**

### **8.5.1. Ten subjects relevant for Economic Development - Review of Provisions of state PR Acts:**

This study posits that ten subjects out of 29 enlisted in eleventh schedule of constitution are critical and relevant for Panchayats in carrying out economic development activities. Each and every state should be proactive in empowering Panchayats in carrying out activities related to ten subjects that are relevant for economic development. These subjects are agriculture, agricultural extension, animal husbandry, dairying and poultry, fisheries, minor forest produce, small scale industries, including food processing industries, khadi, village & cottage industries, poverty alleviation programmes, technical training and vocational education, markets & fairs and maintenance of community assets. In this context, each state needs to review and revisit the provision of the various state Panchayati Raj Acts which mandate functional devolution of the 29 functions under the eleventh schedule.

**8.5.2 Budget Windows for PRIs:** Panchayat can undertake activities towards economic development in a sustainable manner if there is a regular flow of fund to Panchayat through state budget. There is a need for creating budget windows for PRIs. Currently, only six states- Rajasthan, Madhya Pradesh, Chhattisgarh, Kerala, Karnataka and Maharashtra- have budget windows for PRIs. It should be expanded to the remaining states. Budget window will provide advance information about the share of the Panchayats in state fund.

**8.5.3 Benchmarking, Performance Management and Public Reporting:** Each Gram panchayat should be made accountable to citizens in the selection and execution of works that are relevant for

economic development especially, income generating and livelihood projects. Performance benchmarking and public reporting would put pressure on GP to become more active and accountable.

**8.5.4 Fiscal administration at GP level:** It is equally important that fiscal administration at Gram Panchayat level is enhanced to promote activities towards an economic development. Resources and funds are required by the Panchayat for delivering citizen services. The fiscal instruments to be made available to a GP are ideally powers to raise tax and non-tax revenues, transfer from state and central governments and borrowing from different sources including market or financial institutions. Currently, Panchayats are dependent on funds from state or central government for carrying out different activities and hence, most of these Gram Panchayats are unable to concentrate on delivering citizen services and income generation activities. However, Panchayats in a few states like Kerala, Karnataka and Maharashtra have moderate level of revenue generation. Panchayats in other states have a very poor level of revenue generation efforts. All the states need to take special initiatives to enhance own sources revenue of Panchayats. Moreover, it should ensure that GPs are able to collect their due revenues. There is a need for creating incentive structures for increasing revenue efforts of Panchayats and also for identifying additional sources of revenue. The property tax is the major source of revenue for the Gram Panchayats in most of the states. However, there exist many gaps in the levy and administration of taxes, especially property tax.

**8.5.5 Management of Assets and Market Borrowings:** PRIs should be encouraged to use their entrepreneurial skill to utilize their assets efficiently. Based on their assets each PRI can be allowed to borrow. Market borrowing is to be linked with fiscal accountability and responsibility. These two instruments can facilitate Panchayats in mobilizing funds for undertaking activities towards economic development.

**8.5.6. A Review of the Provisions of the PR Act and the Rules on Tax and Non-Tax Revenue:** It is pertinent to note that the State Panchayati Raj Act should have provision for levying taxes and fees. Each state should review the provisions of the State Panchayati Raj Act and the rules on tax and non-tax revenue.

**8.5.7. Setting up of Help Desk and Grievance redressal cell for Youth Entrepreneurs:** Rural entrepreneurs need a hand holding support in exploiting opportunities for rural entrepreneurship in different areas such as service sector, Agriculture, Horticulture, Fisheries etc in rural areas. Panchayats can provide extensive support to enterprises of youth, in different sectors. Panchayat

may set up a help desk can address various to provide various support services to the young entrepreneurs. There shall be adequate trained volunteers to guide and provide necessary support services to rural entrepreneurs. The panchayats can mediate stakeholder's meetings for interaction and clear hurdles. The panchayats can help in providing financial support, training support, technical assistance and, marketing assistance. This Help Desk can function as a redressal cell to handle various problems related to issuing of licenses, Completion Certificate, environmental clearance.

### **8.6 Linkages and Partnerships with Village Organisations**

Each Gram Panchayat needs to establish linkages with the village organizations and broaden their outlook towards economic development activities. GP can take initiatives in enhancing the knowledge and skills of members of village organizations on different livelihood and income generating projects. GPs can establish partnership with SHGs or other village organizations. *Kudumbashree*, a livelihood mission in Kerala is an excellent example of SHG- Panchayat partnership and other states can draw lessons from its experiences. District Panchayats, Intermediate Panchayats and Gram Panchayats in Kerala have taken several income generating initiatives through *Kudumbashree* programme.

### **8.7 Elected heads and officials of PRI Awards for Excellence in Promoting Projects related to Economic Development through Panchayats**

Awards may be instituted for three tiers of Panchayats for their excellence in promoting works and projects related to economic development and income generation. Elected heads and officials of Panchayats can also be awarded.

### **8.8 Role of Universities on Economic Development through Panchayats: Different Categories of Universities**

Central, state, Deemed-to-be universities and private universities-may be encouraged to start courses on planning and execution of economic, livelihood and income generation activities through Panchayats.

### **8.9 Panchayat Activities towards Economic Development as a Criterion for Fund Allocation**

Central Finance Commission and State Finance Commissions may consider activities of Panchayat towards economic development as one of various criteria for developing performance-based financing structure for Panchayats. It is necessary to provide special incentives to Panchayats in the form of grants for undertaking activities towards economic development, livelihood and income generation.



To conclude, the present study underscores that economic development of a village will take place when a Gram Panchayat is forced to engage citizens and village organizations in planning and executing income generating and livelihood projects. Gram Panchayat is the lower level Government arm for economic development. Given the wide variations between states in powers and performance of Panchayats a uniform approach is not feasible and possible. Instead, state specific approaches are required. A multi- pronged strategy with the involvement of central and state governments is urgently required to enable a panchayat- led economic development activities in any Indian village. With a new vision of Panchayats for economic development of Indian villages, it is essential to evolve a new model of rural development.

In a nutshell, in the new model of rural development each Panchayat should adopt well-defined strategies for implementing a series of activities for economic development. A few Indian states such as Kerala and Karnataka have initiated various measures for income generation and livelihood development. Similar initiatives of a few more states are in the offing. The enamouring economic development activities taking place at a swift pace in a few states can be highlighted for the experience sharing by other states. The prime focus of the recommended policy should be promotion of economic development and income generation activities which in turn can result in an inclusive development of a village. Increasing rural- urban divide and interstate differences in India calls for a proper implementation of a package of activities towards economic development of Indian villages.

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## Annexures

### Annexure I

#### List of Gram Panchayats covered by Field Survey

Name of States	Name of District Panchayats	Name of Intermediate panchayats	Name of Gram Panchayats	No. of Gram Panchayats
Assam	Barpeta	Barpeta	Keotkuchi, Sundaradia, Nagaon	5
	Darrang	Sipajhar	Deomarnai, Maroi	

Bihar	Paschim Champaran	Sikta	Maswas, Sikta	5
	Muzzafarpur	Mushahari	Chappra Megh, Jamala Bad , Dumri	
Chhattisgarh	Balod	Balora	Araud , Amora , Barhi	5
	Bijapur	Bijapur	Burji , Gampur	
Haryana	Jajjar	Badli	Badsa, Deshalpur, Fatehpur	5
	Rohtak	Sampla,	Kultana, Giji	
Kerala	Trichur	Chavakkad	Kadappuram, Orumanayur	5
	Kottayam	Vazhoor	Nedumkunnam, Karukachal, Vazhoor	
Karnataka	Bidar	Bhalki	Morambi, Wanjerkhed, Kosam	5
	Dakshin Kannada	Puttur	Bannuru, Nidpalli	
Madhya Pradesh	Katni	Bahoribandh,	Bakal, Hathiyagarh, Dhuri	5
	Khargone	Bhagavanpura	Bahadarpura , Nandiya	
Maharashtra	Ahmednagar	Jamkhed	Loni , Sakat	5
	Ratnagiri	Rajapur	Dangar , Kondsar, Sagave	
Manipur	Thoubal	Lilong C D Block	Khekman, Charangpat	5
	Bishnupur	Moirang	Phubala, Ngangkha Lawai , Saiton	
Rajasthan	Karouli	Karauli	Kailadevi, Saipur	5
	Tonk	Newai	Bassi ,Bahad , Raholi	
Uttar Pradesh	Meerut	Meerut,	Bahadurpur, Hajipur, Jalalpur	5
	Gaudham Buddha Nagar	Dadri	Anandpur, Badhpura	
West Bengal	Bankura	Bankura II,	Bikna, Kosthia, Narrah	5
	Uttar Dinajpur	Chopra	Chopra , Sonapur	
<b>Total Number of GPs</b>				<b>60</b>

## Annexure II

### QUESTIONNAIRE 1 (For Gram Panchayats)

Name of the State.....

Name of the Gram Panchayat.....

### Basic details of the Respondent

Name of Respondent .....

Office & Designation.....

Contact of Details of Respondent: -----

Tel with STD Code.....

Mobile.....

E-mail .....

## SECTION 1 Basic Information

### General Information

Sl. No	Particulars	
1.1	Number of villages	
1.2	Total population	
1.3	No. of elected representatives	
1.4	No. of women elected representatives	

### Facilities available in the Gram Panchayat

Sl. No	Facilities available	(Yes/No); If Yes, please mention the distance from headquarter	In Numbers (wherever applicable)
1.5	Availability of banks		
1.6	If bank not available in the village; Availability Of bank/Business Correspondent with internet connectivity?		
1.7	Availability of ATM		
1.8	Availability of soil testing centres		
1.9	Availability of government seed centres		
1.10	Availability of fertilizer shop		
1.11	Whether the village is connected to All weather road		

1.12	Primary Schools		
1.13	Middle Schools		
1.14	Secondary Schools		
1.15	Availability of Vocational Educational centre/ITI/RSETI/DDU-GKY		
1.16	Primary Health Centres/Clinics		
1.17	Police Station		
1.18	Highway		
1.19	Bus Stop		
1.20	Regular Market		
1.21	Railway Station		
1.22	Post Office		
1.23	Public Telephone Connection		
1.24	Bank		
1.25	Anganwadi Centre		
1.26	Name of government offices/institutions that exists in the Gram Panchayat: i ii iii iv		

### ***Road and Transport***

<b>Sl. No</b>	<b>Particulars</b>	
1.27	Whether the village is connected to All weather road	
1.28	Whether villages under the GP have an internal cc/ brick road	
1.29	Whether village has an internal cc/ brick road	
1.30	Availability of Public Transport (eg : Bus, Auto etc)	

## **SECTION 2**

## Planning and Resources

### *Decentralised Planning*

Sl. No	Questions	
2.1	Was the Annual plan of the GP prepared for the year 2017-18/ 2016-17?	
2.2	Is there a guideline from the state for plan preparation?	
2.3	Explain the steps in the process of plan preparation 2017-18?	
2.4	Explain the steps in the process of Plan preparation for economic development and income generation	
2.5	Whether GPDP has made any intervention for local economic development of the villages of the Panchayat area? (Yes/No)If yes, Please explain in detail	
2.6	Did the GP receive technical support for the preparation of Annual plan documents?	
2.7	Did the GP receive technical support for the preparation of Plans for economic development and income generation	
2.8	Is the Plan discussed in Gram Sabha?	
2.9	If the decision was neither by the GS, not by the GP, how was the project decided?	
2.10	Please explain the role of Gram Sabha in the identification of work/project and preparation of plan	
2.11	Please indicate two most important reasons for selection of a project/work	
2.12	What are the resources made available to Panchayats for planning?	
2.13	Please describe the institutional structure for decentralized planning	
2.14	Please describe the source of support provided for decentralized planning (e.g. resource persons, structure, persons allocated (permanent, temporary) etc.)	
2.15	Whether the DPC has been constituted in your district?	
2.16	Whether DPC having a separate office?	
2.17	Who is the Chairperson of the DPC?	
2.18	Whether the DPC is having technical/ expert members especially for dealing with schemes of economic development and income generation?	
2.19	Whether the Gram Panchayat had submitted plan proposal to the DPC	

2.20	Whether the Gram Panchayat is getting support from the DPC?	
2.21	Does DPC approve schemes of economic development and income generation	
2.22	If yes, please provide examples with the funding details	

### ***Gram Sabha***

<b>Sl. No</b>	<b>Particulars</b>	
2.23	Number of Gram Sabha meetings mandated in a year	
2.24	Officials designated to attend GS meetings	
2.25	What are the topics of discussion?	
2.26	If yes, please provide examples in special reference to income generation activities and livelihood projects	

### ***Categories of Own Sources of Revenue (Tax and Non-Tax)***

<b>Sl. No</b>	<b>Heads: Tax and Non-Tax</b>	<b>Amount</b>
	<b>Tax</b>	
2.27	House Tax	
2.28	Professional Tax	
2.29	Entertainment Tax	
	<b>Fees/ Non Tax</b>	
2.30	License fee	
2.31	User charges	
2.32	Market charges	

### ***Resources Available with Panchayat for Planning and Development***



Sl.No		Amount Received 2017-18( Rs.)	Amount Received 2016-17( Rs.)	Please indicate if the available fund is used for income generating and development activities	If yes, give details
2.33	Central Finance Commission Grant				
2.34	State Finance Commission Grant				
2.35	Central Schemes grant				
2.36	State Schemes grant				
2.37	Any other grant				
2.38	Tax Revenue				
2.39	Non- Tax Revenue				

### *Initiatives for Local Resource Mobilization*

Sl. No	Particulars	Response (Yes/No)
2.40	Whether the Panchayat has operationalized any strategy to increase the local resource mobilization	
2.41	Whether the Panchayat is having any legal, institutional and administrative mechanism to increase local resource mobilization?	
2.42	What are the factors which make impediments to increase the local resource mobilization of the Panchayat?	
2.43	Does the Panchayat receive voluntary contribution from community members? if Yes explain	
2.44	Indicate the scope for mobilizing voluntary contribution from community members.	

*Statistics of Local Resource Mobilization/Voluntary Contribution in the Recent Years*

Sl.No	Year	Items of Local Resource Mobilization	Initiatives and strategies taken
2.45			
2.46			
2.47			

**SECTION 3**  
**Functions and Activities**

*Functions and Activities undertaken by the Gram Panchayat*

Sl. No	Relevant Subjects under eleventh schedule	Name of the Scheme( State schemes /Central scheme/ Non scheme)	Activities undertaken under the schemes	Relations between activities of GP, higher tiers of Panchayats and Line Departments	Relations between activities of GP and other agencies (eg. Religious organisations, Political parties , Youth Associations, NGO, SHGs ,etc)
3.1	Small scale industries including food processing industries				
3.2	Khadi, village and cottage industries				
3.3	Technical training and vocational education				
3.4	Animal husbandry, dairying and poultry				
3.5	Minor forest produce				
3.6	Fisheries				

3.7	Agriculture, including agriculture extension				
3.8	Markets and fairs				
3.9	Poverty alleviation programme				
3.10	Maintenance of community assets				

***What are the specific schemes for Economic Development and Income Generation in Panchayat? (Schemes not included in item 3.1 to 3.10)***

Sl.No	Name of the Project ( including income generating and livelihood)	Amount Allocated (Rs.)	Amount Spent(Rs.)	Beneficiaries	Source of Fund
3.11					
3.12					
3.13					
3.14					

#### **SECTION 4**

**Areas for Economic Development, Project Preparation and Implementation**  
***Current Status of local economic development, Project Preparation and implementation***

Sl. No	Particulars	Yes/No
4.1	What is the present status of local economic development and Income generation schemes of GP? Explain (If available, please provide few examples)	
4.2	Whether the Panchayat has taken any special interventions for local economic development, diversified livelihood , facilitating bank loans, promoting SHG based livelihood programmes and Income generation schemes(Yes?No) If yes, explain (For example, skills training,	

	entrepreneurship development programme, youth based or SHG based farming operations or commercial operations)	
4.3	Whether any attempt for employment generation for youth, women, and vulnerable groups has been made? If yes, Please provide details	
4.4	Number of Resolutions Passed/Decisions Taken by the Panchayat Committee regarding local economic development?	
4.5	Please mention the Ongoing Government Projects in the locality without Panchayat involvement	
4.6	What are the factors which make obstacles for addressing local economic development?	
4.7	Whether the Panchayat is having any institutional and administrative mechanism to promote local economic development? (Yes/No) If yes, explain in the terms of number staff, systems, structure and device	
4.8	What is the system of project preparation (identification, formulation and implementation) in your GP?	
4.9	How the Resource Persons are identified for project preparation (identification, formulation and implementation)	
4.10	Is the project being implemented by contractors or by GP itself? Please give details	
4.11	What are the major problems facing the implementation of projects for economic development and income generation	

### ***Women Economic Empowerment and Financial Inclusion***

<b>Sl No</b>	<b>Particulars</b>	
4.12	Number of households mobilized into SHGs	
4.13	Number of households mobilized into Producer Groups (PGs)	
4.14	Number of households supported by village based Agricultural Extension Workers	
4.15	Number of households supported by village based Livestock Extension Workers	
4.16	No Of SHGs accessed bank loans	

***Agriculture, Allied and Livelihood***

<b>Sl No</b>	<b>Particulars</b>	
4.17	Availability of Government Seed Centre	
4.18	% households engaged exclusively in Non-Farm activities	
4.19	Availability of markets ( eg: GP with a regular market/ weekly Haat)	

***Integration of GP with Parallel Institutions***

<b>Sl No</b>	<b>Description</b>	<b>SHGs</b>	<b>Other Institutions /Organizations (Specify )</b>	<b>Other Institutions /Organizations (Specify )</b>	<b>Other Institutions /Organizations (Specify )</b>
4.20	Whether constituted in the Panchayat				
4.21	What is the periodicity of the meetings				
4.22	Whether the Sarpanch / or Elected Representatives chair the meetings				
4.23	Whether the programme integrated with Panchayat				
4.24	Does the Panchayat provide additional resources for the committee				
4.25	Whether the Panchayat / Gram Sabha has a role in selection of beneficiaries, selection of sites etc.				
4.26	Does the members of these institutions get elected to Panchayat Committees				

**SECTION 5**  
**Panchayat Functionaries**

Sl. No	Designation	Number of Staff
5.1		
5.2		
5.3		
5.4		

**SECTION 6**  
**Capacity Building**

*Whether the ERs / Functionaries Trained on dealing with the Following Subjects:*

Sl. No.	Subjects	ERs	Functionaries	Sl. No.	Subjects	ERs	Functionaries
6.1	State Panchayat Raj Act & Rules			6.6	Different Programmes and Schemes		
6.2	Planning , Local Economic Development			6.7	Record Keeping		
6.3	Participatory Budgeting			6.8	Transparency & Accountability		
6.4	Resource Mobilization			6.9	Constituency Management		
6.5	Project Identification and Preparation			6.10	Project Implementation and Monitoring		

**SECTION 7**  
**E-governance and infrastructure**

*Infrastructure and e-connectivity*

Sl. No	Details of Panchayat Infrastructure

7.1	Do the Panchayat have own building?	
7.2	How many rooms are available?	
7.3	Information displayed outside the office building:	
7.4	Furniture and other equipment available (e.g. table, chair, fan etc.)	
7.5	Number of computers available? Are they in working condition:.	
7.6	Is internet available in the office?	
7.7	Do the Panchayat have e-mail address or web page of their own?	
7.8	Name the departments that have their field offices in the Panchayat building:	

### ***E-governance***

<b>Sl. No</b>	<b>Applications</b>	<b>Yes/No</b>
7.9	PRIA Soft	
7.10	Plan plus	
7.11	National Panchayat Portal (NPP)	
7.12	Local Government Directory	
7.13	Action Soft	
7.14	Service Plus	
7.15	Social Audit and Meeting Management (SAMM)	
7.16	Trainings Management	
7.17	Area Profiler	
7.18	National Asset Directory	
7.19	Others ,If any Specify	

## **SECTION 8**

### **Potential areas for economic development: Comments and Suggestions**

<b>Sl. No</b>	<b>Particulars</b>
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8.1	Scope of convergence of programme/schemes formulation for Local Economic Development
8.2	Avenues which are suitable for economic development in GP
8.3	What are the focus areas of GP's involvement in local economic development and income generation? Please suggest with reasons
8.4	Have you ever given/suggested development proposals to the Panchayat?
8.5	Whether funds were earmarked for the accepted proposals?
8.6	Did the Panchayat prepare any plans for the development of women/SC/ST?
8.7	Do you suggest any project intervention for addressing the identified problems/ issues?
8.8	Do you appreciate the idea of low cost /no cost based projects /development intervention in your Panchayat?
8.9	Did the training improve your insights/skills and capacity?

**Documents may be Sought:** Please try to collect the following reports/ documents/ any other relevant material

Sl.No	Documents
1	Annual Action Plans
2	Budget document
3	Annual Report
4	Any other document

**Name of Interviewer**

(iv) Name of Interviewer

.....Designation.....



(v) Contact Details of the Technical Officer (a)Tel With STD code.....(b)Mobile.....(d) E-mail.....

**Annexure III**

**QUESTIONNAIRE 2**

**(For elected representatives/Officials of Intermediate Panchayats /District Panchayats / State level officials)**

**Name of the State.....**

**Name of the Panchayat.....**

**Basic details of the Respondent**

Name of Respondent .....

Office &Designation.....

Contact of Details of Respondent: -----

Tel with STD Code.....

Fax.....

Mobile.....

E-mail .....

**SECTION 1  
Basic Information**

***General Information***

<b>Sl. No</b>	<b>Particulars</b>	
1.1	Number of villages	
1.2	Total population	
1.3	No. of elected representatives	
1.4	No. of women elected representatives	

**SECTION 2**  
**Planning and Resources**

*Decentralised Planning*

Sl. No	Particulars	
2.1	Was the Annual plan of the IP/ZP prepared for the year 2017-18?	
2.2	Is there a guideline from the state for plan preparation?	
2.3	Explain the steps in the process of plan preparation 2017-18?	
2.4	Explain the steps in the process of Plan preparation for economic development and income generation	
2.5	Did the IP/ZP receive technical support for the preparation of Annual plan documents?	
2.6	Did the IP/ZP receive technical support for the preparation of Plans for economic development and income generation	
2.7	Please indicate two most important reasons for selection of the project	
2.8	What are the resources made available to Panchayats for planning?	
2.9	Please describe the institutional structure for decentralized planning	
2.10	Please describe the source of support provided for decentralized planning (e.g. resource persons, structure, persons allocated (permanent, temporary) etc.)	
2.11	Whether the DPC has been constituted in your district?	
2.12	Whether DPC having a separate office?	
2.13	Who is the Chairperson of the DPC?	
2.14	Whether the DPC is having technical/ expert members especially for dealing with schemes of economic development and income generation?	
2.15	Whether the IP/ZP had submitted plan proposal to the DPC	
2.16	Whether the IP/ZP is getting support from the DPC?	

2.17	Does DPC approve schemes of economic development and income generation	
2.18	If yes, please provide examples with the funding details	

***Categories of Own Sources of Revenue (Tax and Non-Tax)***

Sl. No	Heads: Tax and Non-Tax	Amount
	<b>Tax</b>	
2.19		
2.20		
	<b>Fees/ Non Tax</b>	
2.21	<b>License fee</b>	
2.22	<b>User charges</b>	
2.23	<b>Market charges</b>	

***Resources Available with IP/DP***

Sl. No	Particulars	Amount Received 2017-18( Rs.)	Amount Received 2016-17( Rs.)	Please indicate if the available fund is used for income generating and development activities	If yes, give details
2.30	Central Finance Commission Grant				
2.31	State Finance Commission Grant				
2.32	Central Schemes grant				
2.33	State Schemes grant				
2.34	Any other grant				
2.35	Tax Revenue				
2.36	Non Tax Revenue				

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### *Initiatives for Local Resource Mobilization*

<b>Sl. No</b>	<b>Particulars</b>	<b>Response (Yes/No)</b>
2.37	Whether the Panchayat has operationalized any strategy to increase the local resource mobilization	
2.38	Whether the Panchayat is having any legal, institutional and administrative mechanism to increase local resource mobilization?	
2.39	What are the factors which make impediments to increase the local resource mobilization of the Panchayat?	
2.40	Does the Panchayat receive voluntary contribution from community members? if Yes explain	
2.41	Indicate the scope for mobilizing voluntary contribution from community members.	

## **SECTION 3 Functions and Activities**

### *Functions and Activities undertaken by the IP/ZP*

<b>Sl. No</b>	<b>Relevant Subjects under eleventh schedule</b>	<b>Name of the Scheme( State schemes /Central scheme/ Non scheme)</b>	<b>Activities undertaken under the schemes</b>	<b>Relations between activities of IP/ZP and Line Departments</b>	<b>Relations between activities of IP/ZP and other agencies (eg. Religious organisations, Political parties , Youth Associations, NGO, SHGs ,etc)</b>
3.1	Small scale industries including food processing industries				
3.2	Khadi, village and cottage industries				
3.3	Technical training and vocational education				

3.4	Animal husbandry, dairying and poultry				
3.5	Minor forest produce				
3.6	Fisheries				
3.7	Agriculture, including agriculture extension				
3.8	Markets and fairs				
3.9	Poverty alleviation programme				
3.10	Maintenance of community assets				

*What are the specific schemes for Economic Development and income generation in Panchayat?  
(Schemes not included in item 3.1 to 3.10)*

Sl.No	Name of the Project ( including income generating and livelihood)	Amount Allocated (Rs.)	Amount Spent(Rs.)	Beneficiaries	Source of Fund
3.11					
3.12					
3.13					
3.14					

#### **SECTION 4**

#### **Areas for Economic Development, Project Preparation and implementation**

*Current Status of local economic development, Project Preparation and implementation*

Sl. No	Particulars	Response (Yes/No)
--------	-------------	-------------------

4.1	What is the present status of local economic development and Income generation schemes of IP/DP? Explain (If available, please provide few examples)	
4.2	Whether the Panchayat has taken any special interventions for local economic development, livelihood and Income generation schemes. If yes, explain ( For example skills training, entrepreneurship development programme, youth based or SHG based farming operations or commercial operations)	
4.3	Whether any attempt for employment generation for youth, women, and vulnerable groups has been made? If yes, Please provide details	
4.4	Number of Resolutions Passed/Decisions Taken by the Panchayat Committee regarding local economic development and income generating?	
4.5	What is the organic linkages between IP and GP/ DP and GP in local economic development and income generating projects?	
4.6	Explain Fund flow between IP and GP/ DP and GP in local economic development and income generating projects?	
4.7	What are the factors which make obstacles for addressing local economic development?	
4.8	Whether the Panchayat is having any institutional and administrative mechanism to promote local economic development? (Yes/No) If yes, explain in the terms of number staff, systems, structure and device	
4.9	What is the system of project preparation (identification, formulation and implementation) in your IP/DP?	
4.10	How the Resource Persons are identified for project preparation (identification, formulation and implementation)	
4.11	Is the project being implemented by contractors or by IP/DP itself? Please give details	
4.12	What are the major problems facing the implementation of projects for economic development and income generation	
4.13	State Schemes related to economic development implemented in the IP/DP	

4.14	Central schemes related to economic development implemented in the IP/DP	
------	--	--

***Agriculture, Allied and Livelihood***

SI No	Particulars	
4.15	Availability of Govt. Seed Centre	
4.16	% households engaged exclusively in Non-Farm activities	
4.17	Availability of markets ( eg: GP with a regular market/ weekly Haat)	

**SECTION 5  
Panchayat Functionaries**

Designation	Number of Staffs

**SECTION 6  
Capacity Building**

***Whether the ERs / Functionaries Trained on Dealing with the Following Subjects***

Sl.No	Subjects	ERs	Functionaries	Sl.No	Subjects	ERs	Functionaries
6.1	State Panchayat Raj Act & Rules			6.6	Different Programmes and Schemes		
6.2.	Planning , Local Economic Development			6.7	Record Keeping		
6.3.	Participatory Budgeting			6.8	Transparency & Accountability		

6.4.	Resource Mobilization			6.9	Constituency Management		
6.5	Project Identification and Preparation			6.10	Project Implementation and Monitoring		

**SECTION 7**  
**E- Governance and infrastructure**

*Infrastructure and e-connectivity*

Sl.No	Details of Panchayat Infrastructure	Response (Yes/No)
7.1	Do the Panchayat have own building?	
7.2	How many rooms are available?	
7.3	Information displayed outside the office building:	
7.4	Furniture and other equipment available (e.g. table, chair, fan etc.)	
7.5	Number of computers available? Are they in working condition:.	
7.6	Is internet available in the office?	
7.7	Do the Panchayat have e-mail address or web page of their own?	
7.8	Name the departments that have their field offices in the Panchayat building:	

*E governance*

Sl. No	Applications	
7.9	PRIA Soft	
7.10	Plan plus	
7.11	National Panchayat Portal (NPP)	
7.12	Local Government Directory	



7.13	Action Soft	
7.14	Service Plus	
7.15	Social Audit and Meeting Management (SAMM)	
7.16	Trainings Management	
7.17	Area Profiler	
7.18	National Asset Directory	
7.19	Others ,If any Specify	

### **SECTION 8 Suggestions**

#### ***Potential areas for Economic Development***

<b>Sl. No</b>	<b>Particulars</b>	<b>Response (Yes/No)</b>
8.1	What is your understanding regarding the role of IP/DP in local economic development?	
8.2	Scope of convergence of programme/schemes formulation for Local Economic Development	
8.3	Avenues which are suitable for economic development in IP/DP	
8.4	What are the focus areas of IP/DP's involvement in local economic development and income generation? Please suggest with reasons	
8.5	Have you ever given/suggested development proposals to the Panchayat?	
8.6	Whether funds were earmarked for the accepted proposals?	
8.7	Did the Panchayat prepare any plans for the development of women/SC/ST?	
8.8	Do you suggest any project intervention for addressing the identified problems/ issues?	
8.9	Do you appreciate the idea of low cost /no cost based projects /development intervention in your Panchayat?	
8.10	Did the training improve your insights/skills and capacity?	

***Documents may be Sought: Please try to collect the following reports/ documents/ any other relevant material***

Sl.No	Documents
1	Annual Action Plans
2	Budget Document
3	Annual Report
4	Any other Document

**Name of Interviewer**

(i) Name of Interviewer.....(ii) Designation.....  
 (iii) Contact Details of the Technical Officer: (a) Tel With STD Code.....  
 (b) Mobile.....(d) E-mail.....

**Annexure IV**

**QUESTIONNAIRE 3  
 (For Experts/Prominent Citizens /NGO/ Village Organisations)**

**Name of the State.....**

**Basic details of the Respondent**

Name of Respondent .....  
 Office & Designation.....  
 Contact of Details of Respondent: -----  
 Tel with STD Code.....  
 Fax.....  
 Mobile.....  
 E-mail .....

**SECTION 1  
 Planning and Resources**

***Decentralised Planning***

<b>Sl. No</b>	<b>Particulars</b>	
1.1	Explain the steps in the process of plan preparation 2017-18?	
1.2	Is there a guideline from the state for plan preparation?	
1.3	Please indicate two most important reasons for selection of the project	
1.4	What are the resources made available to local governments for planning?	
1.5	Please describe the institutional structure for decentralized planning	
1.6	Whether the DPC has been constituted in your district?	

***Resources Available with Panchayat***

<b>Sl.No</b>		<b>Please indicate if the available fund is used for income generating and development activities</b>	<b>If yes, give details</b>
1.7	Central Finance Commission Grant		
1.8	State Finance Commission Grant		
1.9	Central Schemes grant		
1.10	State Schemes grant		
1.11	Any other grant		
1.12	Tax Revenue		
1.13	Non Tax Revenue		

**SECTION 2**  
**Functions and Activities**

***What are the functions and activities undertaken by Panchayat (GP/IP/ZP)***

<b>Sl. No</b>	<b>Relevant Subjects under eleventh schedule</b>	<b>Name of the Scheme( State schemes /Central scheme/ Non scheme)</b>	<b>Activities undertaken under the schemes</b>	<b>Relations between activities of Panchayat and Line Departments</b>	<b>Relations between activities of Panchayat and other agencies (eg. Religious organisations, Political parties , Youth Associations, NGO, SHGs ,etc)</b>
2.1	Small scale industries including food processing industries				
2.2	Khadi, village and cottage industries				
2.3	Technical training and vocational education				
2.4	Animal husbandry, dairying and poultry				
2.5	Minor forest produce				
2.6	Fisheries				
2.7	Agriculture, including agriculture extension				
2.8	Markets and fairs				
2.9	Poverty alleviation programme				
2.10	Maintenance of community assets				

***What are the specific schemes for Economic Development and income generation in Panchayat? (schemes not included in item 2.1 to 2.10)***

Sl.No	Name of the Project ( including income generating and livelihood)	Beneficiaries	Source of Fund
2.11			
2.12			
2.13			
2.14			

### SECTION 3

#### Areas for Economic Development, Project Preparation and Implementation *Current Status of Local Economic Development, Project Preparation and Implementation*

Sl. No	Particulars	Response (Yes/No)
3.1	Suggest areas/avenues which are suitable for economic development in a Panchayat	
3.2	What should be the role of Panchayats in local economic development	
3.3	What should be the initiatives taken by the Panchayat for the income generation	
3.4	How to identify schemes for economic development	
3.5	How to develop/formulate economic development schemes	
3.6	How to get technical support for the identification/implementation of income generating schemes	
3.7	What are the training needs for the identification/implementation of income generating schemes	
3.8	Whether any attempts to promote local economic growth and sustainable livelihoods in the area? If yes, explain	
3.9	Whether any attempt to build capacity for local economic development? If yes, explain	
3.10	Whether any attempt for employment generation for youth, women, and vulnerable groups has been made? If yes, explain	
3.11	Whether the Panchayat made any special attempt among the marginalized communities (SCs and STs) for their economic development? If yes, explain	

3.12	How should IPs/DPs help GPs to develop income generating activities	
3.13	How financial supports for such schemes can be identified?	
3.14	What are the challenges faced by the Panchayats while developing income generating schemes?	
3.15	Any suggestions for improving the income generating activities?	
3.16	Scope of convergence of programmes/schemes formulation for local economic development	
3.17	Whether GPDP has made any intervention for local economic development of the villages and hamlets of the Panchayat area? If yes, Please explain in detail	
3.18	Whether the Panchayat is having any institutional and administrative mechanism to promote local economic development? (Yes/No) If yes, explain in the terms of number staff, systems, structure and device	

***Initiatives for Local Resource Mobilization***

<b>Sl. No</b>	<b>Particulars</b>	<b>Response (Yes/No)</b>
3.19	Whether the Panchayat has operationalized any strategy to increase the local resource mobilization	
3.20	Whether the Panchayat is having any legal, institutional and administrative mechanism to increase local resource mobilization?	
3.21	What are the factors which make impediments to increase the local resource mobilization of the Panchayat?	
3.22	Does the Panchayat receive voluntary contribution from community members? if Yes explain	
3.23	Indicate the scope for mobilizing voluntary contribution from community members.	

***Please Suggest Project ideas for achieving Local Economic Development***

<b>Sl.No</b>	<b>Name of the Project/ project idea ( including income generating and livelihood)</b>	<b>Beneficiaries</b>	<b>Source of Fund</b>
3.24			
3.25			

**SECTION 4**  
**E-governance and Infrastructure**

Sl.No	Details of Panchayat Infrastructure	
4.1	Do the Panchayat have own building?	
4.2	Information displayed outside the office building:	
4.3	Furniture and other equipment available (e.g. table, chair, fan etc.)	
4.4	Is internet available in the office?	
4.5	Do the Panchayat have e-mail address or web page of their own?	

**Name of Interviewer**

- (i) Name of Interviewer.....(ii) Designation.....  
 (iii) Contact Details of the Technical Officer : (a) Tel With STD Code.....  
 (b) Mobile.....(d) E-mail.....

**Annexure V**

**RESERVATION OF SEATS IN PANCHAYATS**

No.	State/UT	Surveyed Panchayats			
		Reservation of seat for women (%)	Reservation of seat for SC (%)	Reservation of seat for ST (%)	Reservation of seat for OBC (%)
1	Assam	50	Proportionate to population	Proportionate to population	No reservation
2	Bihar	50	Proportionate to population	Proportionate to population	Not Available
3	Chhattisgarh	50	Proportionate to population	Proportionate to population	Proportionate to population
4	Haryana	33.33	20	Nil	2
5	Karnataka	50	Proportionate to population	Proportionate to population	Not Available
6	Kerala	50	Nil	Nil	No reservation

7	Madhya Pradesh	50	Nil	Proportionate to population	Nil
8	Maharashtra	50	15	Proportionate to population	25
9	Manipur	33.33	Nil	Nil	Nil
10	Rajasthan	50	Proportionate to population	Not Applicable	Proportionate to population
11	Uttar Pradesh	33.33	Proportionate to population	Proportionate to population	No reservation
12	West Bengal	50	Proportion to the no. of seats	Proportionate to population	Proportionate to population

## Annexure: VI

### ACTIVITY MAPPING - SUBJECT WISE

Subjects relevant for Economic Development	District Panchayat (Name of States)	District Panchayat (Number of States)	Intermediate Panchayats (Name of States)	Intermediate Panchayat (Number of States)	Gram Panchayats (Name of States)	Gram Panchayat (Number of States)
<b>Agriculture, including Agricultural Extension</b>	AS,KA,KE,MH, WB, HR, RA, MA, CH, UP	<b>10</b>	KA, KE, MH, WB, AS, HR, RA, CH,UP)	<b>9</b>	KA, KE, MH, WB, AS, HR, RA, MA, CH, UP)	<b>10</b>
<b>Land Improvement, Implementation of Land Reforms, Land Consolidation and Soil Conservation</b>	WB, AS, MA, CH, UP	<b>5</b>	WB, AS, HR, CH,UP	<b>5</b>	(WB, AS, UP)	<b>3</b>



<b>Minor Irrigation, Water Management and Watershed Development</b>	KA, KE, MH, WB, AS, HR, MA, CH, UP	<b>9</b>	KA, KE, MH, WB, AS, HR, CH, UP	<b>8</b>	KA, KE, MH, WB, AS, MA, CH, UP	<b>8</b>
<b>Animal Husbandry, Dairying and Poultry</b>	KA, KE, MP, MH, WB, AS, HR, MA, UP	<b>9</b>	KA, KE, MP, MH, WB, AS, HR, UP, HR	<b>9</b>	KA, KE, HR, MP, MH, WB, AS, MA, UP, HR	<b>10</b>
<b>Fisheries</b>	KA, KE, MP, MH, WB, AS, MA, CH, UP	<b>9</b>	KA, KE, MP, MH, WB, AS, CH, UP	<b>8</b>	KA, KE, MP, MH, WB, AS, MA, CH, UP	<b>9</b>
<b>Social Forestry and Farm Forestry</b>	KA, KE, MP, MH, WB, AS, UP	<b>7</b>	KA, KE, MP, MH, WB, AS, UP	<b>7</b>	KA, KE, MP, MH, WB, AS, UP, HR	<b>8</b>
<b>Minor Forest Produce</b>	KA, AS, HR, MA, UP	<b>5</b>	KA, AS, UP	<b>3</b>	KA, AS, MA, UP	<b>4</b>
<b>Small Scale Industries, including Food Processing Industries</b>	KA, KE, MH, WB, AS, CH, UP	<b>7</b>	KA, KE, MH, WB, AS, CH, UP	<b>7</b>	KA, KE, MH, WB, AS, UP	<b>6</b>
<b>Khadi, Village &amp; Cottage Industries</b>	KA, KE, MP, MH, WB, AS, MA, UP	<b>8</b>	KA, KE, MP, MH, WB, AS, UP	<b>7</b>	KA, KE, MP, MH, WB, AS, MA, UP	<b>8</b>
<b>Rural Housing</b>	KA, KE, MH, MA, CH, UP	<b>6</b>	KA, KE, MH, CH, UP	<b>5</b>	KA, KE, MH, MN, CH, UP	<b>6</b>
<b>Drinking Water</b>	KA, WB, AS, HR, MA, UP	<b>6</b>	KA, WB, AS, HR, UP	<b>5</b>	KA, WB, AS, HR, MA, UP	<b>6</b>
<b>Fuel and Fodder</b>	KA, AS, UP	<b>3</b>	KA, AS, UP	<b>3</b>	KA, AS, UP	<b>3</b>
<b>Roads, Culverts, Bridges, Ferries, Waterways and other means of Communication</b>	KA, AS, MA, CH, UP	<b>5</b>	KA, AS, CH, UP	<b>4</b>	KA, AS, MA, CH, UP	<b>5</b>
<b>Rural Electrification, including Distribution of Electricity</b>	KA, MP, AS, UP	<b>4</b>	KA, MP, AS, UP	<b>4</b>	KA, MP, AS, UP	<b>4</b>

<b>Non-Conventional Energy Sources</b>	KA, KE, MH, MA, CH, UP	<b>6</b>	KA, KE, MH, CH, UP	<b>5</b>	KA, KE, MH, MN, CH, UP	<b>6</b>
<b>Poverty Alleviation Programmes</b>	KA, KE, MP, MH, AS, UP	<b>6</b>	KA, KE, MP, MH, AS, UP	<b>6</b>	KA, KE, MP, MH, AS, UP	<b>6</b>
<b>Education, including Primary and Secondary Schools</b>	KA, KE, MP, MH, WB, AS, RA, HR, MA, CH, UP)	<b>11</b>	KA, KE, MP, MH, WB, AS, RA, CH, UP	<b>10</b>	KA, KE, MP, MH, WB, AS, RA, MA, CH, UP	<b>10</b>
<b>Technical Training and Vocational Education</b>	KA, KE, MH	<b>3</b>	KA, KE, MH	<b>3</b>	KA, KE, MH	<b>3</b>
<b>Adult and non-Formal Education</b>	KA, WB, AS, UP	<b>4</b>	KA, WB, AS, UP	<b>4</b>	KA, WB, AS, UP	<b>4</b>
<b>Libraries</b>	KA, UP	<b>2</b>	KA, UP	<b>2</b>	KA, UP	<b>2</b>
<b>Cultural Activities</b>	KA, KE, MH, WB, CH, UP	<b>6</b>	KA, KE, MH, WB, CH, UP	<b>6</b>	KA, KE, MH, WB, CH, UP	<b>6</b>
<b>Markets &amp; Fairs</b>	KA, MA, UP	<b>3</b>	KA, UP	<b>2</b>	KA, MA, UP	<b>3</b>
<b>Health and Sanitation, including Hospitals, Primary Health Centers and Dispensaries</b>	KA, KE, MP, MH, WB, AS, HR, RA, MA, CH, UP	<b>11</b>	KA, KE, MP, MH, WB, AS, HR, RA, CH, UP	<b>10</b>	KA, KE, MP, MH, WB, AS, HR, RA, MA, CH, UP	<b>11</b>
<b>Family Welfare</b>	KA, KE, MP, MH, WB, AS, UP	<b>7</b>	KA, KE, MP, MH, WB, AS, UP	<b>7</b>	KA, KE, MH, HR, WB, AS, UP	<b>7</b>
<b>Women and Child Development</b>	KA, KE, MH, WB, AS, RA, CH, UP, HR	<b>9</b>	KA, KE, MH, WB, AS, HR, RA, CH, UP	<b>9</b>	KA, KE, MP, MH, WB, HR, AS, RA, CH, UP	<b>10</b>
<b>Social Welfare, including Welfare of Handicapped &amp; mentally retarded</b>	KA, KE, MP, MH, WB, AS, RA, MA, UP, HR	<b>10</b>	KA, KE, MP, MH, WB, AS, HR, UP	<b>8</b>	KA, KE, MP, MH, WB, AS, HR, RA, MA, UP	<b>10</b>
<b>Welfare of the weaker sections, and in particular, of the</b>	KA, KE, MP, MH, WB, HR, CH, UP	<b>8</b>	KA, KE, MH, WB, RA, CH, UP	<b>7</b>	KA, KE, MH, WB, CH, UP	<b>6</b>

<b>Scheduled Castes &amp; the Scheduled Tribes</b>						
<b>Public Distribution System</b>	KA, KE, MH, WB, AS, UP	<b>6</b>	KA, KE, MH, WB, AS, UP	<b>6</b>	KA, KE, MP, MH, WB, AS, UP	<b>7</b>
<b>Maintenance of Community Assets</b>	KA, UP	<b>2</b>	KA, HR, UP	<b>3</b>	KA, HR, UP	<b>3</b>

State Codes: Assam-AS, Bihar-BH, Chhattisgarh-CH, Haryana-HR, Karnataka-KA, Kerala-KE, Madhya Pradesh- MP, Maharashtra- MH, Manipur- MA, Rajasthan-RA, Uttar Pradesh-UP, West Bengal-WB

## Annexure VII

### State wise FFC Allocation to States during 2015-2020 ( Rs. Crore)

SlNo.	State/UT	FY 2015-16	FY 2016-17	FY 2017-18	FY 2018-19	FY 2019-20	Grand Total FY 15-20
		<b>Basic Grant + Performance Grants</b>					
1	Andhra Pradesh	934.34	1,463.45	1,686.85	1,947.32	2,622.13	8,654.09
2	Arunachal Pradesh	88.52	138.66	159.82	184.49	248.44	819.93
3	Assam	584.80	915.98	1,055.80	1,218.82	1,641.19	5,416.59
4	Bihar	2,269.18	3,554.23	4,096.80	4,729.38	6,368.25	21,017.84
5	Chhattisgarh	566.18	886.82	1,022.11	1,180.02	1,588.94	5,244.07

6	Goa	14.44	22.62	26.07	30.10	40.53	133.76
7	Gujarat	932.25	1,460.18	1,683.08	1,942.96	2,616.26	8,634.73
8	Haryana	419.28	656.72	756.98	873.86	1,176.68	3,883.52
9	Himachal Pradesh	195.39	306.05	352.76	407.24	548.36	1,809.80
10	Jammu & Kashmir	373.96	585.73	675.15	779.40	1,049.49	3,463.73
11	Jharkhand	652.83	1,022.53	1,178.63	1,360.62	1,832.12	6,046.73
12	Karnataka	1,002.85	1,570.77	1,810.55	2,090.10	2,814.39	9,288.66
13	Kerala	433.76	679.40	783.12	904.03	1,217.30	4,017.61
14	Madhya Pradesh	1,463.61	2,292.46	2,642.40	3,050.41	4,107.48	13,556.36
15	Maharashtra	1,623.32	2,542.61	2,930.76	3,383.28	4,555.70	15,035.67
16	Manipur	22.25	34.84	40.16	46.36	62.43	206.04
17	Odisha	955.52	1,496.64	1,725.11	1,991.48	2,681.59	8,850.34
18	Punjab	441.70	691.84	797.45	920.58	1,239.58	4,091.15
19	Rajasthan	1,471.95	2,305.52	2,657.47	3,067.80	4,130.90	13,633.64
20	Sikkim	16.03	25.11	28.95	33.41	44.99	148.49
21	Tamil Nadu	947.65	1,484.31	1,710.90	1,975.07	2,659.50	8,777.43
22	Telangana	580.34	908.99	1,047.75	1,209.53	1,628.68	5,375.29
23	Tripura	36.24	56.76	65.43	75.53	101.71	335.67
24	Uttarakhand	203.26	318.37	366.97	423.64	570.44	1,882.68
25	Uttar Pradesh	3,862.60	6,050.02	6,973.57	8,050.34	10,840.04	35,776.57
26	West Bengal	1,532.21	2,399.91	2,766.26	3,193.39	4,300.01	14,191.78
	<b>All India Level</b>	<b>21,624.46</b>	<b>33,870.52</b>	<b>39,040.90</b>	<b>45,069.16</b>	<b>60,687.13</b>	<b>200,292.17</b>

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