



सत्यमेव जयते

Roadmap for Panchayati Raj Institutions in Union Territories

Report of the Expert Committee

Ministry of Panchayati Raj
Government of India
(December, 2017)



Panchayati Raj



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Preface

After the Constitution 73rd and 74th Amendments, which introduced local self-governance in rural and urban India, the democratic base in India has widened enormously enabling decentralized planning and implementation of development programmes. The 73rd Amendment, which came into force as the Constitution (73rd Amendment) Act, 1992 on April 24, 1993 added Part IX titled “The Panchayats” in the Constitution. This amendment provided for a three-tier system of panchayats at village, intermediate (block/taluk/mandal) and district levels except in States with population below 20 lakhs. Today the key challenges faced by the Panchayats are :

- Limited devolution of functions,
- Inadequate finances,
- Lack of convergence of funds and schemes,
- Inadequate manpower and their capacity,
- Inadequate institutional support,
- Poor infrastructure,
- Lack of clarity on role of various levels of Panchayats in State and Central Sector Schemes for economic and social development, etc.

Considering the challenges faced by the rural local bodies (Panchayats) and their varying capacities in the Union Territories, their administrative control being directly with the Central Government, it was felt necessary to study the present status of the Panchayati Raj Institutions (PRIs) in the UTs and suggest improvements in the system. For this purpose, during 2016, an Expert Committee was constituted in the Ministry of Panchayati Raj to develop a future roadmap for Panchayati Raj Institutions in UTs.

The Committee was entrusted with the task of assessing the level of decentralization and performance of Panchayats with respect to the provisions of the 73rd Constitutional Amendment and preparing a roadmap for future in harmony with the policies and priorities of the UTs. The possibility of having uniform regulations for the functioning of Panchayati Raj System in the UTs in areas such as constitution, mode of elections, powers and functions of the different tiers of Panchayats also was to be explored.


The Committee visited the UTs of Lakshadweep (11-14th November, 2016), Daman & Diu (9-11th January, 2017), Dadra & Nagar Haveli (12th January, 2017), Andaman & Nicobar Islands (5-7th June, 2017), Chandigarh (22nd-23rd June, 2017) and Puducherry (21st-24th August, 2017) and interacted with the stake holders and interest groups, including elected representatives, officials as well as the citizens to assess the current level of decentralization and to suggest steps for strengthening the PRIs in these UTs.

This report gives an overview of the historical background of the Panchayati Raj System in the UTs (except Delhi where Panchayats do not exist), its present status and also the findings of the Expert Committee through field visits and consultations. The chapters of the report were also shared with the respective UTs for their comments and checking the factual errors/inconsistencies. The comments received from UTs have been duly incorporated in the chapters. The Report is a collective effort enlisting the diversity of thoughts and expressions.

We thank the other members of the Committee and the UT Administrations for their support and necessary inputs. The Committee is also grateful to Shri Manoj Sharma (Research Associate, Ministry of Panchayati Raj) in helping us finalizing this Report and making arrangements for all our visits.



Dr. Dvijendra Kumar Sharma,
Member Secretary


Dr. S.S. Meenakshisundaram,
Chairman

Dated: 19/12/2017

Table of Contents

S.No.	Title	Pg.No.
1.	Abbreviations	1-2
2.	Chapter-I : Introduction	3-7
3.	Chapter-II : Andaman & Nicobar Islands	8-18
4.	Chapter-III : Chandigarh	19-24
5.	Chapter-IV : Dadra & Nagar Haveli	25-32
6.	Chapter-V: Daman & Diu	33-42
7.	Chapter-VI : Lakshadweep	43-57
8.	Chapter-VII : Puducherry	58-66
9.	Chapter-VIII : Recommendations	67-79
10.	Annexes	81-99
11.	References	100

Abbreviations

A&N Islands	Andaman & Nicobar Islands
CSR	Corporate Social Responsibility
BPL	Below Poverty Line
CRRID	Centre for Research in Rural and Industrial Development
DP	District Panchayat
DA	Dearness Allowance
DAY-NRLM	Deen Dayal Antyodaya Yojana-National Rural Livelihood Mission
DPC	District Planning Committee
DRDA	District Rural Development Agency
ER	Elected Representative
ETC	Extension Training Centre
FSA	Fifth Scheduled Area
FFC	Fourteenth Finance Commission (Central)
GPDP	Gram Panchayat Development Plan
GP	Gram Panchayat
HMAC	Home Minister's Advisory Committee
ICDS	Integrated Child Development Services
ICT	Information and Communication Technologies
IP	Intermediate Panchayat
ITDP	Integrated Tribal Development Projects
KILA	Kerala Institute of Local Administration
MGNREGS	Mahatma Gandhi National Rural Employment Guarantee Scheme
MC	Municipal Corporation
NP	Nyaya Panchayat
NIC	National Informatics Centre
NGO	Non-Government Organization
NIRD&PR	National Institute of Rural Development & Panchayati Raj
OBC	Other Backward Classes
ODF	Open Defecation Free
OSR	Own Source Revenue
PES	Panchayat Enterprise Suite
PMAY (G)	Pradhan Mantri Awas Yojana - Gramin
PS	Panchayat Samiti
PRI	Panchayati Raj Institution
PTGs	Primitive Tribal Groups
SATCOM	Satellite Communication

SBM (G)	Swachh Bharat Mission (Gramin)
SC	Scheduled Caste
SFC	State Finance Commission
SIRD	State Institute of Rural Development
ST	Scheduled Tribe
TA	Travel Allowance
ToR	Terms of Reference
UT	Union Territory
UTP	Union Territory of Puducherry
ZP	Zilla Panchayat/Zilla Parishad

Chapter-I

INTRODUCTION

India has a long history of functioning local self-governments even during the vedic period which has been well documented. After independence, as provided under the Directive Principles of the State Policy in the Constitution of India (Article 40), steps were taken to strengthen grassroots level democracy and to involve the local people in planning and implementation of social and economic development activities. Committees were set up for making recommendations to the government for further devolution of powers and functions to the local institutions. However, it was during 1992, through the 73rd and 74th Constitutional Amendments, establishment of local self-governments in rural and urban areas, was institutionalized. After these Amendments, which introduced local self-governance in rural and urban India, the democratic base got widened, enabling decentralized planning and implementation of development programmes. The 73rd Amendment, which came into force on April 24, 1993 added Part IX titled “The Panchayats” in the Constitution. This amendment provided for a uniform three-tier system of Panchayats at village, intermediate and district levels except in States with population below 20 lakhs, where two levels of Panchayats were envisaged. Further, to assist the States in implementation of the provisions of the Part IX of the Constitution, Ministry of Panchayati Raj was created on May 27, 2004.

1.2 Presently, there are around 2.5 lakh Panchayats and over 28 lakh Elected Representatives in the country. Part IX has provisions for reservation of seats in these Panchayati Raj Institutions (PRIs), to protect the interests of women and the disadvantaged groups, allocation of 29 subjects as listed in the Eleventh Schedule of the Constitution and a host of other measures to ensure the autonomy of the local government institutions. A list of the 29 subjects is at **Annexe-1.1**.

1.3 Part IX of the Constitution inserted through the 73rd amendment does not however apply to:

- Whole of Nagaland, Meghalaya (*including Sixth Schedule Areas*) and Mizoram (*including Sixth Schedule Areas*)
- Sixth Scheduled Areas of Assam and Tripura
- Hill Districts of Manipur and Gorkha Hill District of Darjeeling, West Bengal
- Fifth Scheduled Areas (FSA) in ten States (*HP, Gujarat, Rajasthan, Chhattisgarh, Maharashtra, MP, AP, Telangana, Odisha and Jharkhand*) [*Part IX has been extended to these areas by The Provisions of Panchayats (Extension to Scheduled Areas) Act, 1996*].

1.4 Through a brief analysis of the provisions in Part IX of the Constitution, it can be observed that there are 52 provisions, out of which 29 are mandatory, 9 partly mandatory and 14 discretionary. A brief description of these provisions is given at **Annexe-1.2**.

1.5 Historically, the country inherited 11 small territories, referred to at that time as Part C and Part D States¹. These were governed differently and directly by the erstwhile British government on a unitary basis through a Chief Commissioner. State Reorganisation Commission (SRC) [*a body constituted by the Government of India in 1953 to recommend the reorganisation of State boundaries*] in its seminal report of 1955, recommended that most of the Part C and D States be integrated into adjoining States. SRC further observed that the territories, being small and at an early stage of their development, depended on substantial financial aid from the Centre. SRC's recommendations paved the way for the Central Government to create India's first six Union Territories (UTs) in 1956: Delhi, Andaman & Nicobar Islands, Lakshadweep, Manipur, Tripura and Himachal Pradesh. Over the years, some more small territories were recognized as UTs and some of the UTs went on to become full-fledged States.

1.6 Presently, there are 7 UTs viz. Chandigarh, Delhi, Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, Daman and Diu and Puducherry.

¹ Part C states were Ajmer, Bhopal, Bilaspur, Coorg, Delhi, Himachal Pradesh, Cutch, Manipur, Tripura, and Vindhya Pradesh. Part D included Andaman and Nicobar Islands, which were administered by a lieutenant governor appointed by the central government.

Even before the 73rd Amendment to the Constitution came into force, all these UTs had their own Panchayati Raj Acts/Legislations. A list of them may be seen at **Annexe- 1.3**.

1.7 Keeping in view of the similarity of location and issues involved, the UTs may be categorized into three groups, namely:

- Largely urban Union Territories (Delhi & Chandigarh)
- Island Territories (Andaman & Nicobar Islands, Lakshadweep)
- Territories in the Mainland (Puducherry, Daman & Diu, Dadra & Nagar Haveli)

Out of the above seven UTs, National Capital Territory of Delhi and Puducherry have legislatures, Council of Ministers and Consolidated Funds. The rest of the UTs are without legislature. National Capital Territory of Delhi does not have Panchayats.

1.8 Article 243 L and 243 ZB of the Constitution of India makes Part IX & IX A of the Constitution applicable to UTs. The UTs are specified in Part II of the First Schedule to the Constitution of India. These territories are administered in accordance with the provisions of Article 239 to 241 of the Constitution of India (**Annexe-1.4**). Due to strategic, political and administrative considerations, the UTs have been placed under the administrative control of the Central Government. A UT is administered by the President acting through an administrator to be appointed by him with such designation as he may specify. The Governor of a State may be appointed as Administrator of an adjoining UT, as in the case of Chandigarh where the Governor of Punjab is the Administrator. However, an Administrator of a UT is not a Head of State like the Governor. In Delhi, Puducherry and Andaman & Nicobar Islands, the Administrators are designated as Lt. Governors. Under the Government of India (Allocation of Business) Rules 1961, Ministry of Home Affairs is the nodal Ministry for all matters of UTs relating to legislation, finance & budget, services and appointment of Lt. Governors and Administrators.

1.9 Twenty (20) Members in the Parliament (Lok Sabha) are elected from the UTs. All the five UTs without legislature –Andaman and Nicobar Islands, Chandigarh, Daman and Diu, Dadra and Nagar Haveli and Lakshadweep have the forum of Home Minister’s Advisory Committee (HMAC), on which, besides the Administrator and the Member of Parliament from the respective UT, members from the local elected bodies e.g. District Panchayats and Municipal Council/Committees are nominated as members. Meetings of the HMAC are chaired by the Union Home Minister, or, in his absence, by the Minister of State in the Ministry. The Committee discusses general issues relating to social and economic development of the UTs.

1.10 While the responsibility of implementing the provisions under Part IX of the Constitution in a State primarily rests with the States, a similar responsibility lies with the Ministry of Home Affairs in so far as it relates to the UTs. Considering the challenges faced by the rural local bodies (Panchayats) and their varying capacities in the Union Territories, it was felt necessary to review the present status of the Panchayati Raj System in the UTs and to develop a roadmap for strengthening the PRIs in the UTs. For this purpose, an Expert Committee was constituted in the Ministry of Panchayati Raj with the following members:

1. Dr. S.S. Meenakshisundaram (Former Secretary to the Government of India, Ministry of Rural Development), Chairman
2. Dr. Dvijendra Kumar Sharma (Joint Secretary, Ministry of Panchayati Raj), Member Secretary
3. Joint Secretary (UT), M/o Home Affairs
4. Dr. P.P. Balan, the then Director, Kerala Institute of Local Administration
5. Representative, Local Govt. Cell, NIRD&PR, Hyderabad.

Later, following officials were also incorporated as associate members of the Expert Committee:

- i. Chief Secretary, Andaman & Nicobar Islands
- ii. Advisor to Administrator, Chandigarh
- iii. Development Commissioner, Daman & Diu and Dadra & Nagar Haveli
- iv. Chief Secretary, Puducherry
- v. Development Commissioner, Lakshadweep

1.11 The Terms of Reference (ToR) of the Committee are :

- (i) To assess the level of decentralization and performance of Panchayats with respect to the provisions of the 73rd Constitutional Amendment;
- (ii) To prepare a roadmap for future in harmony with the policies and priorities of the UTs;
- (iii) To examine the possibility of having uniform regulations for functioning of Panchayati Raj System including constitution of 2-3 tiers of Panchayats, mode of elections, powers and functions of various tiers of Panchayats.

Orders regarding constitution of the Committee and ToR are at **Annexe-1.5**.

1.12 The Committee visited all the UTs, interacted with the stake holders and interest groups, including elected representatives, officials as well as the citizens to assess the current level of decentralization and to suggest steps for strengthening the PRIs in UTs. This report which is an outcome of our interactions contains nine chapters including this introduction. The next 6 chapters summarize the situation in each of the UTs visited by us, which is followed by the chapter containing our recommendations. The last chapter contains annexures exhibiting the documents cited in this report.

Chapter-II

ANDAMAN & NICOBAR ISLANDS

2.1 Introduction

2.1.1 The Andaman and Nicobar group of islands with a total population of 380581 (2011 census) are made up of nearly 350 islands and 265 rocks and islets with a total geographical area of 8,249 sq. km. The inhabited islands are only thirty-eight. The Andaman group of islands stretch over 464 km in length, with a maximum width of 51 km. The islands in the Nicobar group, comprising Car Nicobar Islands, are scattered over 293 km. The islands maintain communication with the mainland through the ports of Calcutta, Chennai and Visakhapatnam. These Islands are strategically important, and are vital for the ecological balance of the country. The Andaman group of islands comprises the North Andamans (81 km long), Middle Andamans (71 km long), South Andamans (81 km long), Baratang running parallel to the east of the South Andamans for 78 km, Rutland (19 km long), and Little Andamans.

2.1.2 The population of the islands can be divided into (a) the aborigines, (b) descendants of convicts and political prisoners and (c) later settlers. The aborigines of the Andamans are of Negrito stock and are divided into four tribes; the Onges, the Great Andamanese, the Jarawas and the Sentinelese. The aborigines of Nicobar group, that is, Nicobarese (Car Nicobar) and Shompens (Great Nicobar) have mongoloid characteristics and a population of above 24,000. The later settlers include refugees from the erstwhile East Pakistan (now Bangladesh), Ceylon (Sri Lanka) repatriates, ex-servicemen brought in for settlement under pilot projects during 1969-74 and tribals of Bihar and Burma (now Myanmar), who had come to the islands to work in the logging operations of the forest department.

2.2 Current Status of the Panchayati Raj Institutions (PRIs)

2.2.1 The Andaman and Nicobar Islands, being a Union Territory (UT), are directly governed by the central government through the Lt. Governor, who is also the Administrator of these Islands. Prior to the Seventy-third Constitution Amendment Act, the UT had village panchayats and village councils and an indirectly elected council called the A&N Pradesh Council which consisted of the Administrator, the Member of the Lok Sabha (Lower House of Parliament) representing the UT, the chairperson of the Port Blair Municipal Council, 25 members elected by various panchayats/village councils, one person each belonging to the STs of Andamanese /Onges/Shompens and one woman nominated by the Administrator. Thus the total strength of the council was thirty. While the Pradesh Council was at the apex level, lower down there were 44 gram panchayats (GPs) (42 in Andaman Islands and 2 in Great Nicobar Islands). The tenure of the panchayats and the Pradesh Council expired on 19th April, 1994.

2.2.2 Consequent to the Constitution 73rd Amendment, the President promulgated the Andaman and Nicobar Islands (Panchayat) Regulation 1994 (hereinafter called the Regulation), which came into force from April, 1994 repealing the earlier Regulation providing for the Pradesh Council. The Regulation extends to the whole of the UT of Andaman and Nicobar Islands except the areas included in the municipality (Port Blair) and the areas notified as reserved areas under the Andaman and Nicobar Islands (Protection of Aboriginal Tribes) Regulations, 1956. Thus, it is confined to areas inhabited by non-indigenous people, 'local born' islanders, who are descendants of prisoners and officials of the former penal settlement and 'settlers' from the mainland in the eastern parts of Middle and North Andaman and South Andaman districts. The western parts of these districts fall in the Jarawa Tribal Reserve (JTR). Areas designated for the other Negrito 'primitive tribal groups' (PTGs) of the Andamans, such as, the resettlement camps of the Onge in Little Andaman, a part of Strait Island occupied by the Great Andamanese and North Sentinel Island of the Sentinelese, are also excluded. So, is the area inhabited by the Shompen tribe in Great Nicobar.

2.2.3 Car Nicobar island, home to the Niobarese has the most populous tribal group in the islands. The island has a unique structure of Tribal Councils and Village Councils. Each village in the Nicobar district is headed by a Village Captain who is further supervised by a Chief Captain. Interventions under the PESA have been attempted by the UT administration. However it is stated that the Tribals are not keen to adopt the PESA concept. The funding of the Tribal Council is done through the ITDP scheme of Ministry of Tribal Welfare, GoI.

2.2.4 A three-tier panchayat system was introduced under the Regulation. The three tiers are: Gram Panchayat, Panchayat Samiti and Zilla Parishad. The term of panchayats is for five years. It is mandatory to constitute a panchayat before the expiry of its term or before the expiry of a period of six months from the date of its dissolution. Seats are reserved for STs and women according to the regulation. Elections to the offices of gram pradhans are to be held directly. The pramukh and the up-pramukhs of the panchayat samitis are to be elected from amongst the elected members. The tenure of panchayats and of gram pradhans, pramukhs and up-pramukhs is five years. The Adhyaksh and the up-adhyaksh of the ZP are to be elected from amongst its elected members for the duration of the financial year. Reservations for the offices of pradhans of gram panchayats as also of pramukhs of panchayat samitis for the STs and women have been provided according to constitutional provisions. The seats/offices reserved are to be allotted by the UT Election Commission by rotation to different constituencies/gram panchayats/panchayat samitis. The office of the Adhyaksh for the first and third year of the ZP is to be reserved for a woman and for the fifth year in favour of a member belonging to the ST.

2.2.5 The first election for PRIs was held in September, 1995 and thereafter subsequent elections were held in September, 2000, 2005, 2010 and 2015. Next election is due in September, 2020. Elections to PRIs are contested on party basis in this UT. There are 3 districts in UT and A&N Islands viz. South Andaman, North & Middle Andaman and Nicobar with two Districts of South Andaman and North & Middle Andaman each having 1 Zilla Parishad and 3 Panchayat Samitis and Nicobar district having only 1 Panchayat Samiti which comes under ZP, South Andaman. North & Middle Andaman consists of 37 GPs, South Andaman consists of 30 GPs

and Nicobar consists of 3 GPs. Total strength of PRI members in all the three tiers of this UT is 858, as shown in the table below:

Category	No. of Elected Representatives				
	Gram Panchayat		Panchayat Samiti Members	Zilla Parishad Members	Total
	Pradhans	Ward Members			
Women	24	242	28	12	306
(At present) (33%)	(23)	(225)	(23)	(12)	
Others	46	441	42	23	552
Total	<u>70</u>	<u>683</u>	<u>70</u>	<u>35</u>	<u>858</u>

The Regulation provides for 2 Gram Sahbas to be held in every Gram Panchayat in each financial year. Apart from it, special Gram Sahbas are also held on auspicious days.

2.2.6 Regulation provides for the reservation of seats to Scheduled Tribes (STs) in every GP in the same proportion as the population of the STs in that GP area bears to the total population of that area provided that, no such reservation shall be necessary if the total population of the STs in a GP is less than half the proportionate population required to fill one seat. Since, the total population of the ST in each constituency in A&N Islands is less than half the population required to fill one seat, there are no reservations for STs. There is no reservation for OBC categories. Further, there is no notified SC category in A&N Islands. Women have 33% reservation and at present number of elected women in each tier are more than the seats reserved for them.

2.3 Devolution of Powers

2.3.1 **Functions:** In accordance with the Eleventh Schedule of the Constitution, 29 subjects have been devolved to each level of PRIs vide the second, fifth and sixth schedule of the Regulation distributing 33 Major Activities and 220 sub-activities. However activities of only five departments i.e. Agriculture, fisheries, public works, electricity and rural development were devolved to the PRIs with funds and functionaries. Even in these departments, control over staff remains with the parent

department and the fund utilization is reported to be poor. Rural electricity also remains with the parent department though panchayats assist the department in monitoring power supply. The supply and maintenance of Street Lights is entirely carried on by the Gram Panchayats out of the funds allotted to them from the UT Budget with the assistance of Electricity Department of the UT Administration.

2.3.2 Functionaries: The Zilla Parishads, Panchayat Samitis and Gram Panchayats are administratively headed by the Chief Executive Officer, Executive Officer and Panchayat Secretary who directly report to the respective elected head of the PRI. Besides this, clerical, statistical, engineering and accounts staff are also deputed to each level of PRIs to assist them in carrying out developmental activities. The RD and Panchayat Department has its own engineering wing with officials in the rank of Junior Engineers, Surveyors and Draughtsman, who are posted at the village level to execute the works of the PRI concerned. The performance appraisal of these functionaries is carried out through the elected head of the PRI concerned. The line departments in order to carry out some of their activities through the PRIs have also devolved a few officers and staff to the PRIs wherever required.

2.3.3 Funds: The UT Administration provides funds to the PRIs from the UT Budget under different heads and sectors such as Grant in-Aid (General), Rural Road, Sewerage and Sanitation, Water Supply, Minor Irrigation and Education. The funds are distributed in the ratio of 70:15:15 to Gram Panchayats, Panchayat Samiti and Zilla Parishads. Among the tiers, the funds are distributed taking into consideration the population and cost index of the region. Apart from this, funds are also provided directly by the line departments to carry out certain devolved functions. The funds under the centrally sponsored schemes are kept with the District Implementing Agencies and are directly disbursed to the beneficiary accounts through Aadhar authentication. Actual fund release to the beneficiaries is carried out through stage wise monitoring and recommendation of the PRIs.

2.3.3.1 To encourage generation of more revenue on its own, the UT Administration has evolved a scheme called “Matching Grant” under which for the

revenue generated by the Panchayats, the administration allocates an additional grant three times the generated revenue on a 1:3 ratio.

2.3.3.2 PRIs receiving grants-in-aid are required to submit utilization certificates and performance reports which are usually delayed, resulting in belated release of further installments by the administration.

2.3.3.3 So far four Finance Commissions have been constituted for this UT. These were combined commissions for the four UTs namely, Lakshadweep, Daman and Diu, Dadra and Nagar Haveli and Andaman & Nicobar Islands. The fourth Finance Commission submitted its final report in the month of December, 2015. The views and comments on the recommendations of the Commission have been submitted by the UT administration to the Ministry of Home Affairs, Govt. of India, and the MHA has recently conveyed its reactions to these recommendations.

2.4 Supporting / Parallel Structures

2.4.1 **Nyaya Panchayat** : After constitution of gram panchayats, a nyaya panchayat is also to be formed for every gram (village) consisting of five persons to be elected by the members of the GP from amongst themselves. Sarpanch of the nyaya panchayat is generally from the opposition party and the pradhan of the GP has no role in the nyaya panchayat. The nyaya panchayat may take cognizance of suits for money due or contract not affecting any interest in immovable property, suits for recovery of movable property or for its value, suits for compensation for wrongfully taking or damaging movable property, suits for damage caused to standing crops by cattle trespass, provided the value of claim does not exceed Rs.100. The offences under the Indian Penal Code that can be tried by a nyaya panchayat are given in the schedule to the Regulation. There is however a strong case for popularizing and strengthening this system in the UT to ensure better and quicker delivery of justice at the local level.

2.4.2 **District Rural Development Agency (DRDA)**: DRDAs exist in all three districts in Andaman and Nicobar Islands. In the Andaman districts, this agency works under the chairmanship of the ZP Adhyaksha. The DRDAs in the UT are only implementing the erstwhile housing scheme – Indra Awaas Yojana (IAY) and clearing

the pending liabilities. The schemes such as PMAY (G), SBM(G), DAY-NRLM and MGNREGS are all implemented through the District Administration.

2.4.3 District Planning Committees (DPC): The regulation provides for the constitution of a District Planning Committee (DPC) which is chaired by the Adhyaksh of the respective Zilla Parishad and attended by the administrative Secretaries of the UT Administration. The DPCs deliberate/discuss and approve the plans of the Gram Panchayats passed in the Gram Sabhas. They also conduct brainstorming sessions to formulate the plans of the line departments which are then compiled and submitted before the State Planning Board for according approval. Only the works/activities approved by the State Planning Board through the DPCs can be implemented by the PRIs and the departments. The administration allocates the funds to the PRIs and to the line departments based on the plan approved and the quantum of budget it receives from the centre.

Upon receipt of the allocation of funds and immediately thereafter, the Adhyaksha, ZP shall call the meeting of the ZP to finalize the works that are to be executed during the ensuing financial year within the allocation made by the Administration. Only the works included in the annual plan already approved by the Gram Sabhas, which find place in the annual plan of the ZP (comprising the plans of the Panchayat Samitis, the GPs and its own plan) can be taken up in order of priority.

2.5 Capacity Building

The UT administration does not have a SIRD/ETC or other infrastructure arrangements for conduct of periodic training programmes for the elected representatives and functionaries of the PRIs. The training programmes for building the capacities of the PRIs and functionaries are presently carried out by the State PR department through its officers. Fresh round of preliminary training programmes on the acts/rules governing the PRIs are arranged for Elected Representatives soon after the elections are over and the ERs take charge of the offices. Besides this, training programmes on specific subjects are imparted in coordination with other premiere training institutes such as NIRD, Hyderabad/Guwahati, SIRDs etc. Some NGOs

have also been carrying out capacity building activities to support the efforts of the UT administration.

2.6 Issues and suggestions for strengthening the PRIs in the UT

2.6.1 Even though the Regulation provides for the transfer of all the 29 subjects enlisted in the Constitution, only a part of four subjects have been so far allocated to the PRIs. Transfer of more subjects to the PRIs as also more activities in case of subjects already transferred partially is absolutely necessary to empower the PRIs in this UT. Transfer of subjects such as drinking water supply, sanitation, primary education, primary health and non- conventional energy sources can be made without any further delay. The transfer of other subjects can be undertaken in a phased manner so as to ensure that all the subjects narrated in the Regulation are entrusted to the PRIs at least by 2020.

2.6.2 The Gram Panchayats need to cater to all citizen based services such as issuing certificates related to birth, death, marriage etc. which will also increase the revenue of the panchayats. The GP members from Shyam Nagar, Govind Nagar GPs of Havelock Islands brought to the notice of the Committee that though they issue such certificates even now, they are only recommendatory in nature and the final ones are now being issued only by the UT Administration. There is, therefore, a need to suitably empower the GPs in this regard.

2.6.3 Elected Representatives constitute an indispensable part of any democracy. This UT is now represented by a Member in the Lok Sabha. It does not have an elected assembly. In such a situation, the elected members of the ZP should play the role expected of a member of the legislative assembly, had there been one at the UT level. At present, the ZPs are performing the role of implementing development programme assigned to them by the UT Administration and in that sense they are answerable to the UT Administration whereas in a democracy it should be the other way about. Institutional mechanisms have to be evolved to involve the elected representatives of the ZPs in the administration of UT. This can be best achieved by transferring more and more functions to the ZPs with adequate functional autonomy,

rather than keeping them at the UT level. Even in respect of functions that have to be necessarily kept at the UT level, there has to be a consultative mechanism through which public participation can be ensured in decision making.

2.6.4 The planning process now adopted in the UT leaves much to be desired. Projects/ programmes are prepared at present by the panchayats only to spend the budgets allotted to them. Though funds are not made available to the GPs in the UTs under the Fourteenth Central Finance Commission Grants, the grants-in-aid now made available to the GPs can be utilized to generate a Gram Panchayat Development Plan (GPDP). The wish-lists can be collected in the open gram sabhas, examined at the GP level so that a plan can be prepared for the development of the GP as a whole. Depending on the funds available, the activities can be prioritized at the appropriate level and taken up for execution. Additional Grants can also be sought from the Central Government based on the plans prepared by the GPs and consolidated at ZP level.

2.6.5 On an average only 8 % of the plan funds were devolved during the period 2009-10 to 2014-15 to the local bodies in this UTs as against the level of 35 % recommended by the Third Finance Commission. Even this is showing a declining trend in the subsequent years. The UT should strive to devolve at least 25 % of its outlay to the local bodies by the year 2017-18 and take steps to attain the target of 35 % set by the successive Finance Commissions at least by 2020. This should be possible if the Administration could progressively increase involvement of PRIs in many more sectors and increase of the devolution of funds in those sectors. Further, adequate funds have to be provided to the PRIs for the maintenance of the assets created by them including the maintenance of the rural roads which seems to be the primary responsibility of the PRIs at present. In addition, the Administration should need to probe into the reasons for low utilization of funds by the PRIs and take up necessary steps to ensure effective utilization of funds. In particular, addressing the low level of utilization of funds at the GP level will ensure that a larger volume of funds is actually utilized by the lowest tier. Remedial measures including issue of clear cut instructions

transferring administrative control over the deputed departmental staff to the PRIs, are necessary to improve this situation.

2.6.6 Revenue mobilization by the PRIs is negligible at present. Despite powers of taxation provided under the Regulation, none of the PRIs collect taxes now. Collection of taxes should be made mandatory for PRIs to ensure that they function as institutions of local self-government. The potential for revenue generation needs to be ascertained and un-tapped sources of revenues in PRIs needs to be pursued extensively. Promoting soft-tourism including bread and breakfast facilities, augmentation of sustainable fisheries activities including establishment of cold storages of temperature specifically catering to the needs of foreign buyers, taking up watershed development activities are areas that can generate resources for PRIs.

2.6.7 The average distribution of funds between the ZPs, panchayat samitis and GPs, we are told, is in the ratio of 25:20:55 and there has been a demand by the GPs to increase their share to 70 % at least. In this connection, we noticed that the panchayat samitis at present do not have any major role to play in development. The Constitution 73rd Amendment has also permitted the States/UTs to dispense with the intermediate tier if the population of the State/UT is below 20 lakhs. In the absence of any significant output from the panchayat samitis we feel that the panchayat samitis may be dispensed with in this UT as and when their current term of office expires. The functions and powers if any currently exercised by the panchayat samitis can be devolved to the GPs.

2.6.8 Similarly, we see no reasons as to why there has to be a separate DRDA implementing programmes relating to subjects which should be legitimately entrusted to the PRIs. The DRDAs may therefore be merged with the ZPs concerned along with the funds and the functionaries.

2.6.9 Poor accounting standards and capacity for planning at the local level has reduced the effectiveness of utilization of funds at present. With the increased devolution, capacity building at the local level assumes importance. The UT administration needs to take steps to enhance the capacity of the members and

officials of the PRIs, extend hand-holding support for effective planning, utilization, monitoring and maintenance of accounts, including through electronic means. MoUs can be entered into with leading institutions like NIRD&PR, Kerala Institute for Local Administration (KILA) etc., to facilitate capacity building of the PRI functionaries in this UT. This may also provide for field visits to better performing PRIs in the main land and interaction with their functionaries. Facility of computer is available in all GPs but the main issue is poor connectivity. The provision of funds for SATCOM now available under the scheme of Rashtriya Gram Swaraj Abhiyan of the MoPR may be made use of for improving connectivity. The UT may also establish and develop one centre within the UT for capacity building of all the PRI functionaries.

2.6.10 Keeping in view the poor availability of transport facilities within the Islands and the high cost of transport, suitable compensation may be provided to the elected representatives, in the form of travelling and daily allowances whenever they are required to attend meetings outside their place of residence.

In addition to the above suggestions, overall recommendations for strengthening the PRI system in the UTs have been given in the last chapter of this report.

Chapter-III

CHANDIGARH

3.1 Introduction

3.1.1 Situated along the foothills of the Shivalik range of the Himalayas, the Union Territory of Chandigarh serves as the capital of both Punjab and Haryana. Designed by the French architect Le Corbusier, the city is known world over for its architectural splendor and urban design. Because of its well-planned architecture, wide roads, well-manicured parks and gardens, greenery, cleanliness and excellent quality of life, the city has earned for itself the epitaph of “City Beautiful”. At the time of separation of Haryana from Punjab, Chandigarh became an UT and the Governor of Punjab is the administrator of UT Chandigarh.

3.1.2 As per 2011 census the total population of this UT was 1054686 including a rural population of 93863 spread over 13 villages in 12 Gram Panchayats (GPs). Very small proportion (7.38%) of labour force is engaged in primary sector activities. Secondary and Territory sectors are engaging remaining labour force. Rural area of Chandigarh has 80 percent literacy rate. Infant mortality rate is also quite low as compared to Punjab & Haryana. It has vast network of educational and health institutions. The demographic profile of the rural area may be seen in **Annexe-3.1**.

3.2 Status of Panchayati Raj Institution (PRIs) in Chandigarh

3.2.1 Panchayats in Chandigarh were functioning under Punjab Panchayati Raj Act 1912, 1921 and 1939 and later on Punjab Gram Panchayat Act 1954, keeping with the spirit of Article 40 of the Constitution to perform functions of local self-government. Following the Constitution (73rd) Amendment, Punjab Panchayati Raj Act 1994 was extended to Chandigarh with suitable modifications by the Union Home Ministry on 23rd April, 1994. The Municipal Corporation, Chandigarh became part of Union Territory of Chandigarh under the Punjab Municipal Corporation Act, 1976, as

extended to the Union Territory, with effect from 24th May, 1994. Since the villages around the corporation have also attained a peri-urban character in view of their proximity to Chandigarh, the Administration in the year 1996 merged four villages Attawa, Badheri, Burail and Buterla with the Municipal Corporation and in the year 2006 merged five more villages - Hallomajra, Kajheri, Palsora, Maloya and Dadumajra with the Municipal Corporation. The proposal to merge the remaining villages with the Municipal Corporation was processed in the year 2014 but could not be finalized.

3.2.2 Some of the main features of the panchayats in this UT are as under:

- The entire rural area now remaining with the Union Territory is constituted into one block, which provides for establishment of one Panchayat Samiti, consisting of 15 members from territorial constituencies. Elections to the Panchayat Samiti have been held in May 2017 after an earlier term of five years.
- The entire rural area of the Union Territory also comes under one district, viz. Chandigarh. One Zilla Parishad (ZP) has been constituted in accordance with the provisions of the Punjab Panchayati Raj Act, 1994 (as made applicable to Union Territory, Chandigarh). Ten ZP members have also been elected in May 2017.
- In actual practice, the Panchayat Samiti and the ZP are working without any powers or responsibilities in the UT. Parallel institutions like DRDA and the line departments are functioning independently, even in areas which could have been assigned to the PRIs under the Constitution.

3.3 Devolution of funds, functions and functionaries

There are only 13 villages in the 12 GPs now in the U.T. of Chandigarh. Activity mapping has not been undertaken for the Panchayats. However, schemes of Rural Development Department are being implemented through the Panchayats and funds for implementing these schemes are released to the Panchayats from the U.T. budget.

The Panchayats utilize the funds by maintaining their own bank accounts. Issues regarding devolution of powers and responsibilities to Panchayati Raj Institutions (PRIs) were not considered in view of the smaller population in the rural areas and also owing to the possibility of the GPs being absorbed / merged with the Municipal Corporation of Chandigarh in the near future. All the activities pertaining to GPs are now being carried out by the respective line departments and no funds are provided by the Govt. to the PRIs under any Centrally Sponsored Scheme for execution of activities in the rural areas of the UT.

3.4 Finances of Panchayat:

Under the Act, GPs can levy taxes and fees such as fee for registration of vehicles, providing sanitary arrangements in certain places etc. In addition, several GPs have their own sources of income such as taxes on hotel and restaurants, rent from shops etc. A specific Panchayat window has not been created in the UT budget even though grants are provided to Panchayats for specific purposes. The details of flow of funds to GPs during 2015-16 are in **Annexe-3.2**.

3.5 District Planning Committee

District Planning Committee has not been constituted in Chandigarh, as Panchayat plans were not formulated at the village level. Only during 2016-17 all the 12 GPs prepared GP Development Plans (GPDP) with the help of Centre for Research in Rural and Industrial Development (CRRID), a research institution. These plans were duly approved by the respective gram sabha.

3.6 Capacity Building

Capacity building programmes are being conducted for the elected members of the PRIs. Officers from the departments of education, health, social welfare, social security, revenue, industry, drinking water and sanitation and rural development and Panchayati Raj also participate in the training workshops and discuss their departmental schemes for rural areas.

3.7 Information Technology:

National Informatics Centre (NIC) has delivered very comprehensive and user friendly IT platform for handling most of the services and functions of Panchayats. However, in practice the IT applications are not in full use by majority of GPs in the UT due to various constraints such as non-availability of panchayat ghar, trained manpower, computer and internet facilities etc.

3.8 Issues and suggestions for strengthening the PRIs in the UT

3.8.1 Merging the remaining Panchayats with the Municipal Corporation:

Grassroots participation remains dormant in the GPs of this UT, as the quorum in the Gram Sabhas have been rarely met. One reason for this could be the significant proportion of migrant labour, which forms a group that does not have much stake in these villages. As mentioned earlier, there are now only 13 villages under the GPs. Agricultural activities have come to an end in most of these villages due to land acquisition and conversion of agricultural land into housing plots. Some of the villages are like small rural enclaves surrounded by Chandigarh's municipal areas. It is likely that all these villages will be merged into the municipal areas in the not too distant future, as the level of their physical development has virtually transformed them into urbanized settlements.

The larger issue of merging the 13 villages with the Municipal Corporation has to be resolved, taking the rural population into confidence. As of now, the response of the people living in this area is for maintaining the status quo by giving more functions, functionaries and finances to their GPs. Even in the GPs which have already been merged with the corporation, people do not seem satisfied with the merger. They feel neglected and expressed their discontent stating that their GPs were nearer to them and helped them in solving their social and economic problems in a better manner as compared to the distant Corporation. Therefore it is suggested that the merger should be thought of after providing adequate facilities in the GPs so as to bring them on par with the central areas of the Corporation. As mentioned by the Administrator during our discussions with him, the Indian Institute for Human Settlements, Bengaluru could be consulted in developing a phased approach for development of these GPs and their

ultimate merger with the City. Till then, the existing arrangements will have to be continued and necessary functions and powers have to be delegated to the GPs along with functionaries to facilitate their functioning as responsible institutions of local self-governance.

3.8.2 Functional Devolution: Even though five departments have been reportedly transferred to the panchayats, it remains only in paper. The departments of education, health, social welfare and rural development, see the panchayats as their implementing agencies only and the expenditure is met with by departments from their own sanctioned budget. The schools in the rural areas do not have sufficient staff and infrastructure, and the quality of education is comparatively low. Chandigarh has world class health facilities but still the reach of rural population is only to the rural hospital/dispensaries which do lack basic facilities including staff. The ICDS centers are running in the GPs but the GPs do not have any formal control over them. The line departments are performing several construction related activities in the rural area but with no involvement of the Panchayats. Elected members felt that the departments should at least coordinate with the Panchayats before taking up any construction related activities in their villages. Though every village and even households are connected with piped drinking water and sanitation facilities, there is still a problem of getting sufficient quantity and quality of drinking water in some areas and open defecation still continues in a few places even though all 13 villages have been declared ODF and all the households are having individual toilets. In rural areas, there is a problem of migratory labour. In order to meet with their requirement, community toilets (Public Toilet) have been constructed in each village. All the 12 GPs have safai karamcharies. But they are working under the department. It is suggested that for sustainability of ODF status and better functioning of drinking water supply systems, they should be made answerable to the PRIs.

3.8.3 Capacity Building: Training and capacity building activities are now being performed by CRRID; but these activities are merely related to classroom teaching. There is no field visit component in the curriculum. It is necessary to provide for exchange visits for elected members to learn best practices from the better performing States and also interact with their functionaries.

3.8.4 Finances: Since the terms of reference of the Central Finance Commission set up by the Union Government do not cover the UTs, the Fourteenth Finance Commission has not provided any grants to the Union Territories. Therefore, the UT Administration should ensure that the GPs in this UT get adequate finances from the UT budget to carry out the development activities entrusted to them.

3.8.5 Honorarium: The elected members at present are not eligible for any honorarium or travelling allowance to attend to the works relating to the PRIs. The UT administration may consider providing suitable allowances to the members when they attend panchayat meetings/functions.

3.8.6 Intermediate Panchayat: Since both the Panchayat Samiti and the ZP have identical jurisdictions and overlapping activities, it is sufficient to have only the ZP tier over the existing GPs. The Panchayat Samiti can be abolished and an activity mapping prepared allocating specific activities in respect of the functions now assigned to the PRIs between the GPs and the ZPs.

3.8.7 District Planning Committee (DPC): To consolidate the plans prepared by the GPs, a DPC should be established with the ZP Chairperson as the Chairman of the DPC.

3.8.8 Developing Model Panchayats : Since it is desirable to consider the question of merger of the existing GPs with the municipal corporation only after bringing them to a level comparable with the Corporation, the UT administration should start developing them into model panchayats by providing improved basic amenities and livelihood opportunities. Conscious efforts must be made for wider social mobilization and enhanced social capital to develop them into model Panchayats.

In addition to the above suggestions, overall recommendations for strengthening the PRI system in the UTs have been given in the last chapter of this report.

Chapter IV

DADRA & NAGAR HAVELI

Introduction

After the liberation of Dadra and Nagar Haveli from Portuguese in 1961, the territory became a part of India as per the Dadra and Nagar Haveli Act 1961 (No.35 of 1961) passed by the Parliament on 11.08.1961. Consequently, the formal Dadra & Nagar Haveli Administration came under an Administrator. The UT of Dadra and Nagar Haveli comprises 67 villages, one statutory town and 5 Census Towns from a single district and a single taluka. The villages have been grouped into 20 Patelads (Gram Panchayats) for revenue purposes, each in the charge of a Panchayat Secretary who is also the ex-officio Secretary to the Group Panchayat. The Administrative head of the UT is the Administrator, who is also the Administrator of Daman & Diu.

The UT of Dadra & Nagar Haveli has a geographical area of 491 sq.km with a total population of 3,42,853 with a sex ratio of 775 mostly because of the migrant labour population. The literacy rate is 77.65%. Dadra is surrounded by the State of Gujarat, whereas Nagar Haveli lies on the borders between Maharashtra and Gujarat. There are two systems of administrative setup functioning in this UT viz. (1) revenue system in rural areas and (2) local government system in urban areas. Under the revenue system, the district is divided into Prants (Divisions) and further into Talukas/Community Development Blocks and Revenue villages. Dadra and Nagar Haveli UT consists of one district viz., Dadra & Nagar Haveli district.

4.2 Status of Panchayati Raj

Panchayats came into existence in this part of the country in 1965 when the Dadra and Nagar Haveli Panchayat Regulation was enacted to establish local governments in this territory. After the 73rd Constitutional Amendment, the Dadra and Nagar Haveli

Village Panchayat (Amendment) Regulation, 1994 (amended in 2002) brought in a two tier Panchayati Raj structure into existence.

The single district of Dadra & Nagar Haveli is functioning under the 2 tier Panchayati Raj system since 1995 with one District Panchayat and 20 Gram Panchayats (earlier called Patelads). The Panchayati Raj structure is governed by *The Dadra & Nagar Haveli Panchayat Regulation, 2012* implemented on 03.10.2012 (*Promulgated by the President of India and published in the Gazette of India extraordinary Part II Section 1 dated 27th August, 2012 and republished vide Notification No.4/21/SPL.Sec (PRI/2012-13/329 dated 03.10.2012 in the official gazette Extraordinary of Dadra and Nagar Haveli No.123 dated 03rd October, 2012*). Some of the Rules notified under the Panchayat Regulation, 2012 are The Committee Rules (2014), Election of Up-Sarpanch of Gram Panchayats and President and Vice-President of District Panchayat Rules (2014), Disqualification on Ground of Defection Rules (2014) and Panchayat (Election Procedures) Rules (2014).

4.3 Some important statistics in respect of PRIs at a glance

4.3.1 Panchayats and Elected Representatives:

S.No.	Tier of Panchayat	Number	Elected Representatives				Number of Sarpanches/Presidents		
			Total	Total Women	Total SC	Total ST	Total Women	Total SC	Total ST
1.	Gram Panchayat	20	203	109	03	132	11	0	19
2.	District Panchayat	1	20	10	0	16	0	0	1
Grand Total		21	223	119	03	148	11	0	20

4.3.2 Infrastructure/human resource in Panchayats:

S.No.	Item	Details	
		Gram Panchayat	District Panchayat
1.	No. of panchayats having own building	20	01
2.	Number of functionaries	03	-
3.	No. of panchayats having Telephone connection	20	01
4.	No. of panchayats having Computers	20	01
5.	No. of panchayats having internet connection	16	01
6.	No. of Primary and Upper Primary Govt. and Govt. aided schools	Government schools – 270 Government aided schools - 10	
7.	No. of teachers in Primary and Upper Primary Govt. and Govt. aided schools	1575	

4.4 Devolution of powers to Panchayats

4.4.1 As per Article 243 G of the Constitution, 'Legislature of a State may, by law, endow the Panchayats with such powers and authority and may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats, at the appropriate level, subject to such conditions as may be specified therein, with respect to (a) the preparation of plans for economic development and social justice (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule'.

4.4.2 In Dadra & Nagar Haveli, following 6 departments currently report to the District Panchayat:

- i. Rural Development
- ii. Child Development
- iii. Elementary education (Std. I-VIII)
- iv. Public Works Department (Rural Road, Water Supply, Irrigation and Street Lights)
- v. Soil Conservation
- vi. Agriculture and Animal Husbandry (partially)

4.4.3 Further, out of the 29 subjects as enlisted in the Eleventh Schedule, 20 are reported to be fully transferred by the UT Administration to Panchayats, 7 partially transferred and Panchayats have consultative role in 2, as listed below:

Subjects reported to be fully transferred	Subjects reported to be partially transferred	Subjects having only consultative role of Panchayats
<ol style="list-style-type: none">1. Land improvement, implementation of land reforms, land consolidation and soil conservation2. Minor irrigation, water management and watershed development3. Fisheries4. Social forestry and farm forestry	<ol style="list-style-type: none">1. Agriculture including agricultural extension2. Animal Husbandry, dairying and poultry3. Small Scale industries including food-processing industries4. Rural electrification including distribution of electricity5. Health and Sanitation	<ol style="list-style-type: none">1. Khadi, village and cottage industries2. Technical training and vocational education

<ul style="list-style-type: none"> 5. Minor Forest Produce 6. Rural Housing 7. Drinking Water 8. Fuel and Fodder 9. Roads, culverts, bridges, ferries, waterways and other means of communication 10. Non-conventional energy sources 11. Poverty alleviation programmes 12. Education including primary and secondary schools 13. Adult and non-formal education 14. Libraries 15. Cultural activities 16. Markets and fairs 17. Family Welfare 18. Women and Child Development 19. Welfare of the weaker sections and in particular of the SCs and STs 20. Maintenance of community assets 	<ul style="list-style-type: none"> including hospitals, primary health centres and dispensaries 6. Social Welfare including welfare of the handicapped and mentally retarded 7. Public Distribution System 	
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The functionaries dealing with the transferred subjects to Panchayats work under the administrative control of the Panchayats. But major powers such as the power to take disciplinary action lies with the respective line department.

4.5 Elections in the Panchayats

The State Election Commission directs, supervises and controls the whole election process for Panchayats. Elections are held on political party lines. As per the Constitutional Provision, one-third of the total seats are reserved for women in panchayats by rotation so that each constituency may get a chance of getting their women represented in the Panchayat. Presently, out of 203 total seats in the Panchayat for elected representatives, 103 are reserved for women, 3 for SC and 131 for ST category. Last elections to Panchayats were held on 25th October, 2015.

4.6 Financial Support

Funds from Central Govt. and budget of the Union Territory are mainly devolved for the implementation of public works. However, effective planning, implementation and other processes require a concerted effort and costs which sometimes are borne by the Elected Representatives.

Report of the Fourth Finance Commission indicates that no remuneration/honorarium is now being provided to the representatives of the PRIs in the UT of Dadra and Nagar Haveli. However, President, Vice President and Members of Zilla Panchayat get a meeting allowance @ Rs.500/- per sitting and Sarpanch, Up-Sarpanch and members of Gram Panchayats get a meeting allowance @ Rs.3000 to Rs.5000 per sitting.

4.7 Finance Commission

The Fourth Finance Commission for UTs (without legislature) was notified on 26th August, 2013 by the Ministry of Home Affairs and it submitted its report in December, 2015. The Finance Commission as applicable to the UT of Andaman & Nicobar Islands, Daman & Diu and Lakshadweep is also applicable to the UT of Dadra & Nagar Haveli. Few of the main recommendations of the Fourth Finance Commission for the UT of Dadra and Nagar Haveli are given below:

- UT Administration should increase devolution to local bodies to at least 35 per cent of plan outlay in the next five years
- UT Administration should devolve 75 per cent of PRI funds to GPs
- A grant in the ratio of 70:30 should be provided to GP and Municipality in the UT
- Devolution of funds to sectors other than rural roads and bridges, rural water supply schemes, rural development programmes and elementary education needs to be enhanced
- The potential for generating revenues by DPs needs to be explored and appropriate steps taken up to ensure the same.

- UT administration needs to probe into the reasons for low utilisation of funds by PRIs and take up necessary steps to improve the same.
- Transfer of more functions with actual transfer of corresponding functionaries with simultaneous conferment of administrative control over the staff to the local bodies.
- UT Administration of Dadra and Nagar Haveli may consider the rates payable in the Municipal and PRI sectors in A&N Islands as a guide in prescribing suitable honoraria for their own elected representatives in these two sectors, if found beneficial.

4.8 Issues for strengthening the PRIs in the UT

The efforts of the UT Administration in supporting the Panchayats and bringing them to the present level of development are appreciable, still much more is needed to achieve the spirit of decentralization envisaged under the Constitution of India.

Gram Panchayat is the most important and basic tier of PRI system. As stated by the Gram Panchayats during the visit of the Committee in Dadra & Nagar Haveli, the following problems are being faced by them apart from the limited devolution of powers :

- i. Delay in implementing/approving the resolutions of the GPs.
- ii. Very little Own Source Revenue (OSR)
- iii. Inadequate infrastructure particularly at GP level
- iv. Absence of transport facilities for Elected Representatives to attend meetings/conduct visits
- v. Unsatisfactory quality and paucity of teachers in the schools
- vi. Less number of classrooms vis-a-vis number of students and lack of other infrastructural facilities
- vii. No sitting fee or honorarium for District Panchayat and Gram Panchayat heads/members
- viii. Withdrawal of powers from Panchayats especially relating to permission for building construction which has now been entrusted to Planning and Development Authority.

4.9 Suggestions for strengthening PRIs in UT

4.9.1 The UT Administration needs to take steps for effective devolution of subjects to the Panchayats in terms of funds, functions and functionaries as listed in the Eleventh Schedule of the Constitution of India and to involve them in the overall functioning of the system. This has to be completed in a phased manner over the next three years with devolution of 75 % of PRI funds to GPs [*as also recommended by the 4th Finance Commission for UTs (without legislature)*].

4.9.2 There is a need for clarity on the roles and responsibilities of the UT administration, DP and GPs through Activity Mapping ensuring functional autonomy of the PRIs.

4.9.3 Preparing an overall District Plan through a process of decentralized planning starting from the Gram Sabhas to ascertain the needs of the people followed by Village Plans to be prepared by the Gram Panchayats. This may end with the amalgamation of all the plans prepared by both the rural and urban local government institutions at the district level every year for the subsequent financial year well in advance. This would streamline the planning processes vis-à-vis budget available.

4.9.4 Elected Representatives of the Panchayats bear a collective responsibility towards overall development of their Panchayats. This requires regular interactions/meetings, follow ups, travel etc. Expenses on these activities especially travel are most of the times self-borne, which is not very encouraging considering that no honorarium is paid to these public representatives. Adequate honorarium for representatives as recommended by the 4th Finance Commission for UTs (without Legislature), is advisable which may be revised every three years in consultation with these representatives.

4.9.5 To ensure transparency and to build confidence among the local people, Panchayat Offices should maintain a display board/space in the outer wall of the office premises indicating the details regarding schemes, funds available, funds utilized etc. which could also invite suggestions from the citizens.

4.9.6 Government of India is taking necessary steps in digitizing the procedures and processes. Ministry of Panchayati Raj has developed a set of Panchayat Enterprise Suite Applications for providing an accountable and transparent system. UT Administration must impart basic knowledge of computers and effective use of these software and other applications among the Panchayats.

4.9.7 There is an urgent need to focus on capacity building of the Elected Representatives and updating them with rules and regulations, planning process, etc. within six months of their election. Building the capacity of Panchayats would not only help them in becoming self-reliant but also would inculcate in them new ideas for generating own source revenue(OSR) and in tackling basic issues and needs of the people.

4.9.8 Panchayats should have complete autonomy to utilize OSR within the framework of rules and regulations prescribed for that purpose.

4.9.9 Though the UTs have been excluded from the ambit of the of 14th FC, the conditions set by 14th FC for availing funds such as increase in OSR & audit of accounts of Panchayats can still be adopted by Panchayats in the UT to improve their functioning. It is advisable to understand the process of decentralized planning first and thereafter prepare a Gram Panchayat Development Plan for proper utilization of available resources. This would increase the overall participation of PRIs at all levels in preparing and implementing plans for economic development and social justice in this UT.

4.9.10 Establishment of Nyaya Panchayats, as existing in UT of Andaman & Nicobar Islands is desirable not only to share the burden of the judicial systems in resolving petty issues but also to provide cheaper and quicker solutions to the citizens.

Besides above suggestions, overall recommendations for improving PRI system in UTs have been given in the last chapter of this report.

Chapter V

DAMAN & DIU

5.1 Introduction

5.1.1 Located on the Western Coast, Daman & Diu is the second smallest Union Territory of India. Daman is situated near Surat while Diu is located close to Junagadh in the Saurashtra Peninsula of Gujarat. After Liberation on 19th December, 1961 from Portuguese Rule, Daman and Diu became a part of the U.T. of Goa, Daman and Diu under Government of India. After delinking of Goa, which attained statehood, U.T. of Daman and Diu came into existence on 30th May, 1987.

5.1.2 U.T. of Daman and Diu comprises of two districts namely Daman and Diu. Both Districts are situated on western coast of India at a distance of about 700 kms. Daman is the Head Quarter of the U.T. Daman and is on main land near southern portion of Gujarat State. Vapi is the nearest Railway Station (13 kms) which is on Western Railway between Mumbai and Surat. Vapi is 167 kms from Mumbai Central and 95 kms from Surat. Diu is an island near Una of Junagarh District in Gujarat State.

5.1.3 With a view to run smooth administration in the Union Territory, it has been divided into two districts and each district has one taluka and one municipal council. The smallest unit under taluka is a village or a town. At district level, District Collector looks after the works of administration, revenue collection and law and order situation with the help of officials of other departments. At taluka level, Mamalatdar helps the District Collector. So far as developmental works are concerned, District Chief Executive Officer and Block Development Officer take care at district and taluka respectively.

5.1.4 A Secretariat with Chief Secretary, Finance Secretary and other officers alongwith supporting staff was set up immediately after delinking from Goa. The Administrative head of UT of Daman & Diu is the Administrator.

5.1.5 **Diu:** District Diu, constituted on 17.07.2013, is one of the two districts of the UT Administration of Daman & Diu. It covers an area of around 22.24 Sq.Km. with a total population of 28,083 (Male: 14,028, Female: 14,055) as per Census 2011 and 4 Gram Panchayats with 42 members. Panchayat structure is governed by 'The Daman and Diu Panchayat Regulation, 2012'. Disqualification of the Candidate and Anti-defection Rules, 2015 is among few other rules and regulations in District Diu. Below Poverty Line (BPL) families have not been reported in District Diu. Existing Panchayat Committees at the District level are (a) General Standing Committee, (b) Public Works Committee, (c) Finance, Audit and Planning Committee and (d) Education Committee. The Chairperson of the District Planning Committee in Diu is the District Collector. Currently, 7 employees are working in the Diu District Panchayat. Further, there are 12 Primary and 7 Upper Primary schools under the Diu, DP.

In line with the norms of the Govt. of India, payments to beneficiaries under the Pension schemes in district Diu is being done through PFMS under Direct Benefit Transfer. Technical sanction of the works/activities proposed by the GP is given by Assistant Engineer under the PWD Deptt. As per the recommendations of 3rd Finance Commission constituted for the UT, the grants received are to be distributed among GP and DP in the ratio of 50:50.

5.1.6 **Daman:** District Daman is the other district of the UT Administration of Daman & Diu covering 11 GPs. Total population as per the Census 2011 is 1,46,891 out of which 394 families are BPL (As per 2002 Census). There are 12 District Panchayat members and 122 Elected Representatives (including Sarpanches). 4 Gram Sabhas in the Panchayat are held every year and the minutes of the same are recorded. Reservations are made as per the Daman and Diu Panchayat Regulation, 2012. Fifty percent reservation for women has been adopted in the District. The Administrative head of Panchayats is the Secretary (Panchayati Raj Institutions). Functionaries available at the District Panchayat level include CEO, Assistant Director of Education, Veterinary Officer, BDO, Executive Engineer, Jr. Engineer among others. Major sources of OSR are house tax and professional tax. Last elections for all GPs

were held in 2015. Various Committees constituted at DP and GP level include General Standing Committee, Education Committee, Welfare Committee.

5.2 Status of Panchayati Raj

Prior to the 73rd Constitutional Amendment, the UT of Daman and Diu had Panchayats only at the village level. These Panchayats were regulated under the provisions of the Goa, Daman and Diu Village Panchayat Regulation, 1962. These are now being governed by the Daman and Diu Village Panchayats (Amended) Regulations 1994, under which a two tier Panchayat system consisting of District and Village Panchayats exists in this territory. There are two District Panchayats, one at Daman and the other at Diu. The Daman and Diu Village Panchayat (Amendment) Act 1994 provides specifically and statutorily that planning functions should be performed by Village and District Panchayats. Another unique feature of the 1994 Act is the provision for consultations by the Administrator with the president-cum-chief counsellor and the vice president-cum-counsellor who are elected office bearers of the District Panchayat, on any matter specified in its Fourth Schedule relating to Panchayats, training of panchayat staff, administration and coordination of panchayat activities, public distribution system, rural electrification, tax proposals and on any other matter on which the administration may like to consult. This provision is an important link between the Administration and the Panchayats. Some of the Rules notified under the Panchayat Regulation, 2012 are the Daman & Diu Panchayat (Election Procedure) Rules (2014), the Daman & Diu Election of Up-Sarpanch of Gram Panchayat and President and Vice-President of District Panchayat Rules (2013) and Disqualification and Anti-defection Rules (2014)

5.3 Status of reservation in PRIs :

5.3.1 Daman:

S.No.	Tier of Panchayat	Total (including Sarpanch)	Seats reserved		
			Total Women	SC Women	ST Women
1.	Gram Panchayat	110	60	03	11
2.	District Panchayat	12	06	0	01
Grand Total		122	66	03	12

5.3.2 Diu:

S.No.	Tier of Panchayat	Total (including Sarpanch)	Seats reserved (Women)		
			Women	SC	ST
1.	Gram Panchayat	42	23	00	00
2.	District Panchayat	08	04	00	00
Grand Total		50	27	00	00

(Source: UT Administration of Daman & Diu)

5.4 Devolution of powers to Panchayats

5.4.1 As per Article 243 G of the Constitution, 'Legislature of a State may, by law, endow the Panchayats with such powers and authority and may be necessary to enable them to function as institutions of self government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats, at the appropriate level, subject to such conditions as may be specified therein, with respect to (a) the preparation of plans for economic development and social justice (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule'.

5.4.2 District Daman:

Out of the 29 subjects as enlisted in the Eleventh Schedule, 9 have been transferred to the GPs, 12 are partially transferred and 8 not transferred as shown in the list below:

Subjects reported to be fully transferred	Subjects reported to be partially transferred	Subjects having only consultative role for Panchayats
1. Minor irrigation, water management and watershed development	1. Agriculture including agricultural extension.	1. Land improvement, implementation of land reforms, land consolidation and soil conservation
2. Rural Housing	2. Animal Husbandry, dairying and poultry	2. Khadi, village and cottage industries
3. Roads, culverts, bridges, ferries, waterways and other means of communication	3. Fisheries	3. Fuel and Fodder
4. Non-conventional energy sources	4. Social forestry and farm forestry	4. Technical training and vocational education
5. Education including primary and secondary schools	5. Minor Forest Produce	5. Adult and non-formal education
6. Libraries	6. Small Scale industries including food-processing industries	6. Markets and fairs
	7. Drinking Water	7. Family Welfare
	8. Rural electrification including distribution of	8. Public Distribution System

7. Cultural activities	electricity	
8. Social Welfare including welfare of the handicapped and mentally retarded	9. Poverty alleviation programmes	
9. Maintenance of community assets.	10. Health and Sanitation including hospitals, primary health centres and dispensaries	
	11. Women and Child Development	
	12. Welfare of the weaker sections and in particular of the SCs and STs	

5.4.3 District Diu:

Out of the 29 subjects as enlisted in the Eleventh Schedule, only one has been transferred to the GPs. 12 subjects are partially transferred and 16 not transferred at all (list given below):

Subjects reported to be fully transferred	Subjects reported to be partially transferred	Subjects having only consultative role for Panchayats
1. Markets and fairs	1. Agriculture including agricultural extension. 2. Minor irrigation, water management and watershed development 3. Animal Husbandry, dairying and poultry 4. Rural Housing 5. Roads, culverts, bridges, ferries, waterways and other means of communication 6. Rural electrification including distribution of electricity 7. Non-conventional energy sources 8. Education including primary and secondary schools 9. Libraries 10. Cultural activities 11. Welfare of the weaker sections and in particular of the SCs and STs 12. Maintenance of community assets.	1. Land improvement, implementation of land reforms, land consolidation and soil conservation 2. Fisheries 3. Social forestry and farm forestry 4. Minor Forest Produce 5. Small Scale industries including food-processing industries 6. Khadi, village and cottage industries 7. Drinking Water 8. Fuel and Fodder 9. Poverty alleviation programmes 10. Technical training and vocational education 11. Adult and non-formal education 12. Health and Sanitation including hospitals, primary health centres and dispensaries 13. Family Welfare 14. Women and Child Development 15. Social Welfare including welfare of the handicapped and mentally retarded 16. Public Distribution System

5.5 Elections in the Panchayats

5.5.1 The Election Commission constituted under Section 185 of the Andaman and Nicobar Islands (Panchayat) Regulation, 1994 is also applicable to UT of Daman & Diu. It is responsible for superintendence, direction and control of the preparation of electoral rolls and the conduct of elections to the panchayats in Daman and Diu.

5.5.2 As per the Constitutional provision, in every Gram Panchayat/District Panchayat, constituencies shall be reserved for the Scheduled Castes and Scheduled Tribes members in proportion to their population in that Panchayat area. Reservation for Women shall not be less than one third (including the seats reserved for woman belonging to the Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election. Presently, 50% reservation of seats has been provided for women in the UT of Daman & Diu. The office of the President shall be reserved for the Scheduled Castes and Scheduled Tribes, according to a roster of reservation and the office of the President shall be reserved for women in every second term.

5.6 Financial Support

Funds from Central Govt. and budget of the Union Territory are devolved for the implementation of public works. However, effective planning, implementation and other processes require a concerted effort and costs which sometimes have to be borne by the Elected Representatives. At present, there is no honorarium or sitting fees being paid to the elected representatives of the PRIs in the UT of Daman & Diu.

5.7 Finance Commission

The Fourth Finance Commission for UTs (without legislature) was notified on 26th August, 2013 by the Ministry of Home Affairs and it submitted its report in December, 2015. The Finance Commission as applicable to the UT of Andaman & Nicobar Islands, Dadra & Nagar Haveli and Lakshadweep is also applicable to the UT of Daman & Diu. Few of the main recommendations of the Fourth Finance Commission for the UT of Daman & Diu are given below:

- UT Administration should increase devolution to local bodies to at least 35 per cent of plan outlay in the next five years
- UT Administration should devolve 75 per cent of PRI funds to GPs
- A grant in the ratio of 70:30 should be provided to GP and Municipality in the UT
- Devolution of funds to sectors other than rural roads and bridges, rural water supply schemes, rural development programmes and elementary education needs to be enhanced
- The potential for generating revenues by DPs needs to be explored and appropriate steps taken up to ensure the same.
- UT administration needs to probe into the reasons for low utilisation of funds by PRIs and take up necessary steps to improve the same.
- Transfer of more functions with actual transfer of corresponding functionaries with simultaneous conferment of administrative control over the staff to the local bodies.
- UT Administration of Daman & Diu may consider the rates payable in the Municipal and PRI sectors in A&N Islands as a guide in prescribing suitable honoraria for their own elected representatives in these two sectors, if found beneficial.

5.8 Issues for strengthening the PRIs in the UT

Since the enactment of 73rd and 74th Constitution Amendments, the steps taken towards implementing them has shown progress. It is clear that the intent and consensus that led to the amendment providing constitutional status and granting rights to local self-government have been appreciated at the UT level. However providing substantial powers to Panchayats would ensure a holistic development and share of burden at the Administrative level. Presently, Panchayats in Daman & Diu are facing similar issues as in other UTs. Some of the broad issues brought to the Committee's notice during various meetings are listed below:

- i. Inadequate devolution of subjects as listed under the Eleventh Schedule of the Constitution of India and withdrawal of powers (especially related to permitting building construction).
- ii. The Panchayats are required to transfer the land ownership to UT Administration for developmental works even for maintenance of roads. Owing

to unavailability of records with Panchayats and reluctance of land owners for transfer of land, works are getting affected.

- iii. Absence of honorarium/transport allowances for Panchayat members/Sarpanch
- iv. Reservation for SC category @ 1% on rotational basis limits the probability of an SC candidate holding the Office of Sarpanch of the Gram Panchayat
- v. No reservation available for OBC category in the Gram Panchayat
- vi. Conflict between GP and the DP in the absence of Activity Mapping
- vii. Implementation of activities/works by DP without consulting/informing GPs
- viii. Delays in getting the approval from the UT Administration for implementing activities
- ix. Inadequate staff strength
- x. Low Own Source Revenue (OSR) and no autonomy with Panchayats to utilize it

5.9 Suggestions for strengthening PRIs in UT

5.9.1 Effective devolution of subjects as listed in the Eleventh Schedule of the Constitution of India needs to be done by the UT Administration. There is a need for clarity on the roles and responsibilities of the DP and GPs through Activity Mapping not only for the Panchayats but also for the UT as a whole. Transfer of funds, functions and functionaries needs to be completed in a phased manner over the next three years with devolution of 75 % of PRI funds to GPs (*as also recommended by the 4th Finance Commission*).

5.9.2 Elected Representatives of the Panchayats bear a collective responsibility towards overall development of their Panchayats. This requires regular interactions/meetings, follow ups, travel etc. Expenses on these activities especially travel are now mostly self-borne which is not very encouraging, especially when no honorarium is being paid to these representatives. Payment of adequate honorarium for representatives, as also recommended by the 4th Finance Commission for UTs (without Legislature), is advisable which may be revised every three years in consultation with these representatives.

5.9.3 Panchayat Members should also be provided with adequate TA/DA whenever they need to travel for carrying out the day to day activities of the Panchayats.

5.9.4 Planning is the most important activity that determines the future of the UT. However, under the current system in the UT the planning process commences only after receiving the budget for a particular financial year. This in turn delays the overall process including implementation. Local level planning should start from the conduct of Gram Sabhas to ascertain the needs of the people, follow it up with preparation of plans at the Gram Panchayat level reflecting those needs and end with the preparation of a district plan duly amalgamating the individual plans of all the local bodies within the district. This may also help in generating more and more of Own Source Revenues (OSR) and timely expenditure of the funds released to GPs.

5.9.5 To earn the trust of the local people and to create a transparent system for dissemination of information, Panchayats should maintain a space/display board on the outer wall of the Panchayat office indicating the details of availability of funds, projects under implementation, activities undertaken, reasons for delay in taking up of projects/activities etc.

5.9.6 Panchayats in the UT should effectively make use of the e-Panchayat Applications (PES Suite) developed by Ministry of Panchayati Raj for better accountability and transparency.

5.9.7 Some of the members/Sarpanches are not aware of their functions (financial/physical) in relation to their GPs. Hence, there is an urgent need to focus on capacity building of the ERs within six months of their election and update them with rules and regulations, planning process, etc. on regular basis.

5.9.8 Own Source Revenue (OSR) is a very important factor in encouraging Panchayats to become self-sustaining and to carry out activities that do not require a large budget provision. It also encourages Panchayats to evolve new ideas and technologies, if they are given the autonomy to utilize the OSR. The PRIs should

therefore have the autonomy to utilize OSR within the framework of rules and regulations prescribed for that purpose.

5.9.9 Establishment of Nyaya Panchayats, as existing in the UT of Andaman & Nicobar Islands is desirable not only to share the burden of the judicial systems in resolving petty issues but also to provide quicker and cheaper solutions to the citizens.

Besides the above suggestions, overall recommendations for improving PRI system in UTs have been given in the last chapter of this report.

Chapter VI

LAKSHADWEEP

6.1 Introduction

6.1.1 Lakshadweep, formerly known as Laccadive, Minicoy and Amindivi Islands in the Arabian Sea, is an Uni-district Union Territory. In fact, it is the smallest Union Territory of India consisting of 36 islands of which only 10 are inhabited and 26 uninhabited (including attached islet and submerged reefs). The entire group of Islands was generally known as Laccadives, in the old official records, and this name persisted even after it became a Union Territory under the Government of India Act, in 1956. On 1 November 1973, the territory was officially named as Lakshadweep. More than 93 percent of the population, who are indigenous, are Muslims and majority of them belong to the Shafi school of the Sunni sect. Due to their social and economic backwardness they have been classified as Scheduled Tribes. Scheduled Castes do not exist in this Union Territory. Malayalam and Mahal are the main languages of the inhabitants of these islands.

6.1.2 Prior to the State Reorganization and formation of the separate Union Territory in 1956, these islands formed part of the Chevayoor Constituency in Malabar District of the erstwhile Madras State. The members elected from this constituency to the state assembly and Parliament represented these islands in the Madras Legislative Assembly and Parliament. In pursuance of the Constitution (seventy third) Amendment Act and in exercise of the powers conferred by Article 240 of the Indian Constitution, Lakshadweep Panchayats Regulation 1994 (No.4 of 1994) was promulgated by the President of India on 23 April 1994.

6.2 State of Panchayati Raj Institutions

6.2.1 The Union Territory of Lakshadweep has been described as the coral paradise of India. The remote coral islands in the Arabian Sea present a unique picture. This Union Territory which is Uni-district consists of 10 islands - Chetlat, Bitra, Kiltan,

Kadmat, Amini, Andrott, Agatti, Kavaratti, Kalpeni and Minicoy. An administrator appointed by the President of India under Article 239 of the Constitution is the administrative head of this Union Territory. On the formation of this Union Territory in 1956, an Advisory Council and an Advisory Committee were brought in to advise the Administrator and the Home Ministry (at the Centre) in carrying out the administration of the Union Territory. These bodies were purely advisory in nature and continued to be in operation till 1988. In the absence of any democratic institutions, the scope for peoples' participation in administration was very much limited. Hence, there was a popular demand for setting up representative institutions for decentralized governance and administration through people's participation. The Lakshadweep (Administration) Regulation 1988 (No. 3 of 1988) and Lakshadweep Island Councils Regulations, 1988 (No. 4 of 1988) were promulgated to form Island Councils at the Island level and Pradesh Council at the Union Territory level respectively. These Island Councils were directly elected institutions entrusted with civic and development functions and empowered to levy a few taxes. The Pradesh Council was constituted for the entire Union Territory. It consisted of members indirectly elected by the Island Councils, the sitting member of Parliament (M.P.), the Administrator of the Union Territory and the Collector-cum-Development Commissioner. The Administrator was the Chairman and in his absence the Vice-Chairman (the Collector) used to preside over. Like the Advisory Council and Advisory Committee, these two Councils served as advisory bodies without much executive functions.

6.2.2 Despite all these reforms representative democratic institutions were lacking in Lakshadweep. Finally, it was in 1994 that the Lakshadweep Panchayat Regulation 1994 (No. 4 of 1994) was promulgated in pursuance of Constitution 73rd Amendment Act (1992). Based on this Regulation various new institutions such as Village (Dweep) Panchayats, District Panchayat, Gram Sabha, Election Commission, Finance Commission, Pradhan, Up-Pradhan, President-cum-Chief Counsellor and Vice President-cum-Counsellor were proposed to be constituted.

Thus the politico-administrative set-up of Lakshadweep has undergone a structural change, from a centralized system of administration to a decentralized system of governance sowing the seeds of democratic decentralization for sustainable socio-economic development of the people and the Union Territory as a whole.

6.2.3 Lakshadweep Panchayats Regulation, 1994: Panchayats in Lakshadweep are far closer to the people than those in the rest of the country, primarily owing to the smallness of the area and population. This proximity enhances the levels of the expectation of the people while the smallness makes it difficult to take unpopular decisions. Prior to the introduction of Panchayati Raj in the territory, there existed Citizen Councils in the islands and a Citizen Committee for the entire islands. There was an Administrator's Advisory Council represented by members from all islands. The Seventy third Amendment to the Constitution led to the promulgation of Lakshadweep Panchayats Regulation, 1994. Then Village (Dweep) Panchayats in all the 10 inhabited islands with 79 elected members and a District Panchayat for the entire territory with 22 elected members were constituted in December 1997, January 1998 and December 2012.

The key features of the Lakshadweep Panchayats Regulation 1994, hereinafter called the Regulation, are the following:

- The Administrator by notification constitutes a Village (Dweep) Panchayat for each of the Islands specified in the First Schedule and a district Panchayat for the Union territory as a whole.
- Establishment of Gram Sabha consisting of persons registered in the electoral rolls relating to an Island or group of Islands comprising the area of Village (Dweep) Panchayat. Every Dweep panchayat will have one Gram Sabha. Each Gram Sabha shall hold two general meetings in each financial year, one before the harvesting of the crop and the other after the harvesting of the crop
- At the first meeting of a Village (Dweep) Panchayat to be called on a date fixed by the Administrator after each general election, the members of the village (Dweep) Panchayat shall elect, from amongst themselves, a Chairperson and a Vice-Chair

person and the offices of the Chairpersons shall have reservations for the Scheduled Tribes and women

- The Administrator appoints Government Officers to act as Executive Officers for the village (Dweep) Panchayats and as Chief Executive Officer for the district Panchayat.
- It shall be the duty of every village (Dweep) Panchayat and of a District Panchayat, so far as its funds allow, to make reasonable provision within its jurisdiction, in regard to the matters specified in the Third Schedule of the Regulation in case of Village (Dweep) Panchayat and in regard to the matter specified in the Fourth Schedule in case of the district Panchayat.
- There shall be a Panchayat Fund for each Panchayat and the same shall be utilized for carrying out the duties and obligations imposed upon the Panchayat by the Regulation.
- The administrator can exercise control over the panchayat either directly or through the officer appointed for that purpose
- Every Panchayat shall prepare every year a development plan for the area under its jurisdiction for the next year and submit it to the District Planning Committee constituted under the Regulation, by such date as may be prescribed.
- The Election Commission constituted under the Andaman Nicobar Islands (Panchayat) Regulation, 1994 shall also be the Election Commission for the superintendence direction and control of the preparation of electoral rolls for, and the conduct of all elections to, the Panchayats in the Union Territory of Lakshadweep. The same system applies for the constitution of the finance commission for Lakshadweep as well.

6.2.4 Village Panchayat: The First Schedule annexed to the Regulation details the names of Islands for which Village (Dweep) Panchayats are to be constituted with the number of members as mentioned in the table below:

S.No	Islands	No. of members	S.No	Islands	No. of members
i	Agatti	8	vi	Kadmat	8
ii	Amini	10	vii	Kalpeni	8
iii	Andrott	10	viii	Kavaratti	10
iv	Bitra	3	ix	Kiltan	6
v	Chetlat	6	x	Minicoy	10

The First Village (Dweep) Panchayats for these Islands were constituted in December 1997. The present Panchayats are the second which came into being on 19th December 2012.

The candidates for these elections were sponsored by major political parties of the Islands. Some candidates have also fought the elections as independent candidates. The Administrator, Union Territory of Lakshadweep can transfer any of the schemes and programmes under any of the subjects in the Third Schedule of the Regulation along with funds to these Panchayats for implementation along with other projects formulated by the Panchayats themselves. Village (Dweep) Panchayats in Lakshadweep are responsible for preparation of their annual budgets for the schemes entrusted to them by the U.T Administration for operation and also for preparation of their own Development Plan. The annual budget and the Development Plan of the Village Panchayats are presented before the District Panchayat and with the recommendation of the District Panchayat it is sent for approval to the UT Administration.

6.2.5 District Panchayat: The district panchayat consists of directly elected members at the rate of one for every two thousand five hundred population of a Village Panchayat. However at least one seat has to be allotted to a Village Panchayat and this will facilitate representation of smaller Village Panchayat such as Chetlat and Bkitra also in the District Panchayat. In addition to these, the pradhans of Village Panchayats and member of the house of people representing the Union Territory have also been made members of District Panchayat with voting rights. The President-cum chief counselor and two vice president-cum-counsellors shall be elected by and among the directly elected members and Pradhans of village panchayats who happen to be the ex-officio members of the district panchayat.

6.3 District Planning Committee (DPC)

6.3.1 DPC consists of:-

- i. The Member of Parliament representing the Union Territory
- ii. The president-cum- chief counsellor of the District Panchayat
- iii. Such number of persons, not less than four-fifth of the total number of members of the committee as may be prescribed by the administrator, elected by, in the prescribed manner and formed amongst the elected members of the District Panchayat.
- iv. The Administrator or such other officer as may be designated by him shall be its ex officio chairman
- v. The District Magistrate, Director of panchayats, manager of the lead Bank in the District headquarters and an officer of the planning department of the administration to be nominated by the Administrator shall be permanent invitees to the meetings of the District Planning Committee

6.3.2 The District Planning Committee shall, while preparing the draft development plan for the UT shall take into consideration (i) matters of common interest among the panchayats including spatial planning and other physical and natural resources, the integrated development of infrastructure and environmental conservation, (ii) the extent and type of available resources whether financial or otherwise, and consult such institutions and organization as the administrator may, by order, specify. The chairman of the District Planning Committee shall forward the development plan for the District to the Administrator.

6.4 Current Status of Devolution

6.4.1 The various provisions of Lakshadweep Panchayat Raj Act clearly stipulate the role of the Administrator in strengthening the local governance system. The Administrator of Union Territory of Lakshadweep in exercise of these powers has transferred schemes and programmes along with employees to the District Panchayat and Village (Dweep) Panchayat as enumerated in the Executive Orders 4/2/97-DOP

(1) dated 17.7.1998 and F.No. 2/8/2006-DOP&RD(1) dated 28th June 2006 and F.No. 2/14/2009-DOP(1) dated 29.12.2009

6.4.2 The schemes and programmes transferred along with functionaries and funds have been periodically reviewed by the Administration to examine whether the devolved activities have been transferred to the Panchayats in the right spirit of the devolution and whether additional schemes and programmes are to be transferred to the Panchayats. Based on this review, the Administrator has so far transferred the schemes and programs being implemented by the Departments of Agriculture, Animal Husbandry, Education, Fisheries, Health and Sanitation along with all the plan schemes and non-plan components to the District Panchayat and Village Panchayats.

6.5 Fiscal Transfers to Panchayats

There are two streams of fiscal transfer to Panchayats. The first stream is from the Directorate of Panchayat under Plan and Non Plan. The second stream of fiscal transfer is through scheme based transfer to the District Panchayat. As a result of the decentralization initiative during 2012-2013 mentioned above, five departments have been 'almost fully transferred' to the District Panchayat. Subsequently, all the functionaries and assets are also handed over to the Panchayas. Since all the financial commitments of the staff (including salary) and schemes are with the District Panchayat, the fiscal transfer of the five departments is almost complete. The Directorate (the Director and a few supporting staff) of these five departments still remain with the UT Administration. The entire amount for running the departments is transferred to the joint account of the Head of the district level officer of the respective department and the President-Cum-Chief Counsellor of the District Panchayat. The District Panchayat in turn transfers the amount to the Village (Dweep) Panchayats as per requirements. In the transfer mechanism under the second stream, the full amount is treated as 'tied fund'. In addition, there are five more departments which were transferred partially to the District Panchayat during the earlier phase and these departments are, (i) Social Welfare & Tribal Affairs, (ii) Art & Culture (iii)

Environment & Forests, (iv) Small Scale Industry and (v) Women & child Development.

6.6 Issues in devolution of functions, functionaries and finances

6.6.1 The union territory of Lakshadweep has its own specific features in the domain of devolution. Being a union territory without a legislature of its own, the executive power is vested with the administrator and it is overtly reflected in the Regulation. Though the provisions in the regulation are in concurrence with the main frame work of the 73rd and 74th constitutional amendments, it is the administrator who is empowered to transfer schemes and programmes to District Panchayat and village (Dweep) panchayats. As per the regulation, the administrator is expected to transfer functions in a phased manner fitting into the conditions in the islands. Therefore application of the philosophy of incremental/graduated approach is seen in the context of Lakshadweep Islands. Only schemes and programs are transferred, but not the very power to prepare them as per the decisions and aspirations of the elected authorities/local community. A careful reading of the regulation gives an impression that the district panchayat is loaded with the list of 29 subjects as per 11th schedule of the constitution whereas the village (Dweep) panchayat is given only 12 subjects. No activity mapping has been attempted to delineate the roles and responsibilities among the PRIs. The elected members of the panchayats have expressed their discomfort of being pushed to the periphery with a very little domain of functional devolution. Even after two decades, the Regulation calls for reforms to provide for genuine devolution of functions to the elected representatives.

6.6.2 The guidelines related to decentralized planning in the UT are governed by notifications, circulars, office memorandum and office orders issued by the administrator. None of these communications are made in consultation with the District Planning Committee. References on the role and responsibilities of the DPC in plan formulation are no doubt made. But the DPC meetings are rarely taking place. Nodal officers deputed to panchayats on the basis of their expertise and experience tends to reduce the planning exercise into a mere financial statement. The essential

tools for understanding the felt needs/wish lists of the local community through the gram sabhas have been totally ignored.

6.6.3 Unlike other parts of the country where the panchayat members see the state level political functionaries as standing in the way of devolution, in Lakshadweep, the bureaucratic administration is seen as the major hindrance.

6.7 Issues and suggestions for strengthening the PRIs in the UT

Though the Regulation has been hailed as a significant step in the direction of decentralization of power to the people, the question whether 'the spirit' of the Constitution (Article 243G) which envisages Panchayats as institutions of Local Self-Government has been carried forward needs to be examined in detail. Because of the political and administrative set-up, the Islands of Lakshadweep have the advantage of having the most fertile land for the democratic seed-drilling process and a strong Panchayati Raj structure. In view of Islands' small size, less and homogenous population (100 percent Muslims with just four castes), higher literacy rate including that of women (81.70 per cent male and 72.89 percent female) and the history of voluntary contribution of labour for community purposes, Panchayati Raj Institutions in Lakshadweep are likely to function better than their counterparts in other parts of the country and could emerge as a trend-setter. With this end in view, the following suggestions are made for strengthening the Panchayati Raj Institutions in the Island.

6.7.1 Empowering Gram Sabha : Like most of the State Acts, regulation has not assigned any specific functions to the Gram Sabha which just remains as a mere recommendatory body. Since Gram Sabha is seen as the only institutional forum through which people can directly participate and play a meaningful role in the governance and development of their village, the jurisdiction of Gram Sabha needs to be sufficiently enlarged so as to cover all aspects of governance including regulatory and developmental functions. As Gram Sabha is seen as a general body, the Gram Panchayat should be made accountable to the Gram Sabha for all its actions. The budget, the list of beneficiaries and prioritization of development works, are to be

finalized and approved by the Gram Sabha. Social auditing by the Gram Sabha could bring about a qualitative change in the functioning of the Gram Panchayats.

As per section 6(1), every Gram Sabha shall hold two general meetings in each financial year one before the harvest of the crop and other after harvesting. As there is no yearly or half yearly harvest cropping system in the islands, this provision is to be modified. As in most States in the main land where Gram Sabha is convened four times a year, the same shall be followed in Lakshadweep. The first Gram Sabha can be for plan formulation, second for beneficiary selection, third for Plan implementation and fourth for plan monitoring and evaluation. The annual plan approved by the Gram Sabha should not be changed by the Panchayat. So also is the case with the beneficiaries selected. It is necessary that clear cut norms are fixed by the panchayats for beneficiary selection. It is on that basis the Gram Sabha shall finalize the list of beneficiaries. Participatory budgeting can be another activity for the Gram Sabha where it can exercise the power of finalizing the tax and rent structure.

If the provision of 'recall' of the Chairpersons and members of the Village Panchayats by the Gram Sabha could be incorporated in the Regulation, in due course, it may lead to better accountability of the elected representatives.

6.7.2 Ensuring Autonomy: The Administrator of the Union Territory still enjoys an overriding status over the panchayats. This encourages bureaucratic control over the functioning of Panchayati Raj Institutions. Provisions must, therefore, be made to ensure full financial, administrative and political autonomy of the panchayats to allow them to function as 'Institutions of Self-Government'. For instance as per the regulation, the administrator has the power to suspend the levy of a tax or fee collected by the Panchayat. Similarly, any officer authorized by the Administrator can suspend the execution of an order or resolution of the Panchayat. Such power of suspension of the execution of any order or resolution of the Panchayat by an officer authorized by the administrator will not only curtail the autonomy of the Panchayat Raj Institutions but also will dampen the spirit of local governance.

6.7.3 Making District Planning Committee effective: Though some kind of district planning has been in vogue for long, plans received from below do not get due weightage in the preparation and finalization of the UT Plan. The Regulation makes provision for the constitution of the District Planning Committee to consolidate the plans prepared by the urban and rural Local Governments at different levels and to prepare a draft development plan for the district as a whole. However the exclusion of the Pradhans of village Panchayats from the DPC and the provision that enables the Administrator or such other officer designated by him to become the ex-officio Chairman of the DPC, raise doubts about the efficiency and effective functioning of the DPC. It would be appropriate if the president-cum-chief counsellor of the District Panchayat is made the ex-officio chairman of the DPC. In addition to identification of local needs and priorities, successful planning and implementation also require the expertise and technical know-how of the technocrats, experts in finance and banking and the environmental specialists. Keeping this in mind, provision must be made for the inclusion of the Village Pradhans and also of people from different fields of specialization having a definite bearing on development planning in the DPC. The DPCs may be convened as frequently as possible.

6.7.4 State Election Commission and Finance Commission: The Constitution (Seventy third) Amendment Act 1993 had made provision for the Constitution of independent Finance and Election Commissions to ensure independence in the functioning of these Commissions. By constituting the Finance Commission and Election Commission under Section 86 and 87 (i.e. by extending the coverage of the Finance Commission and Election Commission of Andaman and Nicobar Islands to Lakshadweep), the Regulation has just fulfilled the constitutional requirement but not its purpose. It really raises doubt if a common Finance Commission Election Commission could do justice to the people in terms of assessing the financial requirements of the people of Lakshadweep with their very different nature of socio-economic and geographical background or conduct the election process. The functioning of a FC is one time activity spread over a year at the most. Hence it is desirable to have a separate finance commission exclusively for Lakshadweep. In so

far as the election process is concerned a senior officer of the UT administration can be nominated as the EC to conduct elections to the panchayats in the UT.

6.7.5 Activity mapping: The functions of the erstwhile island councils have now been transferred to the village panchayats. In addition, the panchayats may make provisions for carrying out any other work or measure which is likely to promote the social, economic or cultural well-being of the residents of the islands. Apart from that, the Administrator of the Union Territory can entrust to the panchayat the execution, maintenance or repair of any work including implementation of schemes for economic development and social justice. Similarly the District Panchayat has been assigned the responsibility of implementing all matters specified in the fourth schedule of the regulation.

Where the functions and duties assigned to village panchayat relate to a subject assigned to the district Panchayat, there is a need for role clarity. Hence it is necessary to design a proper activity mapping for Dweep Panchayat, District Panchayat and the UT administration to ensure proper functioning and accountability. Responsibility of an activity should be fixed upon one particular agency in respect of subjects. The powers of the village (Dweep) Panchayats and District Panchayat should be demarcated through this process, strictly adhering to the principle of subsidiarity.

6.7.6 Capacity building: Inadequate capacity is a serious challenge faced by the PRIs. Capacity is needed at two levels: first, Panchayat members need to be equipped with the knowledge and skills necessary for carrying out their functions; second, Panchayats need to be provided with well trained staff with relevant skills to carry out their functions. Non availability of trainers, limited facilities and inadequate training materials are some of the issues coming in the way of capacity building. So a system has to be developed for continuous training of the elected members and officials. MoUs can be entered into with leading institutions like KILA, NIRD and PR etc., to facilitate capacity building of the PRI functionaries in this UT. This may also provide for field visits to better performing PRIs in the main land and interaction with their functionaries.

6.7.7 Enhancing Transparency and Accountability: In order to ensure transparency and accountability of the PRIs the Lakshadweep Panchayati Raj system should incorporate clear provisions for institutions and systems detailed below:

(i) Ombudsman: It would be appropriate if an institution of Ombudsman is brought in to provide suitable remedies to any aggrieved individual or institution due to the decisions of the PRIs. Further such an Ombudsman may be authorized to study the resolutions or orders of any Panchayat on a representation made to it by any individual or institution or suo moto and district remedial action wherever necessary. The ombudsman is a cost effective mechanism to check malfeasance in local governments in the discharge of administrative and development functions. Even the UT administration can assign powers of investigation to the ombudsman on the complaints received against panchayats.

(ii) Citizens' charter: Each Panchayat shall proclaim a citizens charter stating the standards of service which it guarantees to every citizen. The operational value of this provision is that this will enhance the degree of transparency and is the best guarantee against corruption and nepotism. It will also increase the accountability of officials to the local government and to the public.

(iii) Social Audit: Gram Sabhas can be used as an effective system for social auditing in ensuring social performance and proper utilization of financial resources.

6.7.8 Strengthening Panchayat Finances: The functioning of Panchayats gets hampered when there is a delay or denial in the release of financial allocation. Instead of getting sanction from the administrator for individual proposals it is better to have specific allocation of untied funds for each and every Panchayat. The DP/GP must be aware of such assured money before the commencement of the financial year, so as to enable them to prepare their own plans. Own resources of the Panchayat i.e., tax and non-tax revenue should be increased by revising tax rates, collecting taxes fully and by levying new taxes. Property and professional taxes are to be collected in a time bound

manner. Non tax revenue which includes ferry fees, license fees, permit fee, rent and other incomes from properties, registration fee and user fee should be systematically collected. All common property resources should be identified, listed, surveyed and put to maximum use for revenue generation. The recommendations of the SFC should be carefully considered in time and acted upon. An increase in own source revenue will enable the panchayats to respond to the local needs. The relationship between administrator and the Panchayats need to be altered from that of a 'giver' and 'receiver' to that of a legitimate sharer in development.

6.7.9 E-governance: E-governance and effective use of ICT can greatly enhance better governance of PRIs, transparency and accountability quality of services, decentralized planning, monitoring and evaluation and also financial management. Necessary software has to be developed and adopted in this regard. A special wing of IT enabled services may be created in the UT administration to adopt Panchayat Enterprise Suite (PES) applications developed by Ministry of Panchayati Raj.

6.7.10 Enhancing PRIs role in Economic Development and Poverty Alleviation: Another area needing strengthening is the role of PRIs in encouraging entrepreneurship for economic development. The activities of self helps groups are to be networked and marketing outlets are to be provided at appropriate places. Panchayats have to play a key role in this regard. The 'Kudumbasree' model of Kerala, if adopted can strengthen the micro-enterprises in Lakshadweep. Being a matrilineal and small society, women enjoy considerable freedom in this island which can be tapped for women empowerment.

6.7.11 Strengthening capacity and effectiveness of PRIs: There is a strong case for devolution of more functions and functionaries to the PRIs. Technical, managerial and financial staff has to be deployed in the PRIs. The staff should be brought fully under the control of the Panchayats. Their transfer, posting and promotion may be done by the department, but in consultation with the concerned PRI. In case of dual control which should be avoided to the extent possible, there should be a harmonious relationship between the Panchayat and departments. All schemes of the department

should be adequately co-ordinated with the programs of PRIs. Participatory planning methodology has to be institutionalized.

6.7.12 Accounts and Audit: For accuracy and accountability, double entry system of accounting should be put in place. Audit committee should be constituted at the district level to exercise oversight regarding the integrity of financial information, adequacy of internal control, compliance with the applicable laws and ethical conduct of all persons involved.

6.7.13 Reservation: Reservation for women may be enhanced to 50%. The position of the President cum Chief Counsellor of District Panchayat may also be reserved for women on a rotation basis. Out of the two vice presidents cum counsellors of the district Panchayat, one shall be reserved for women.

6.7.14 Traditional system: In Minicoy, one of the bigger Islands where the people speak Mahal, remnants of traditional polity still exist in the form of Bamad or the Village Assembly presided over by a headman. They are functional and can be recognized as the Gramsabha and integrated with PRI systems.

i. Honorarium: The 4th Finance Commission for the UTs has recommended that the UT administration of Lakshadweep may consider enhancing the rates of honorarium etc., at par with the elected representatives of PRIs in the A&N islands. They have also recommended that the rates of honorarium for elected representatives of PRIs may be revised once every 3 years. These recommendations deserve acceptance.

Besides above suggestions, overall recommendations for improving PRI system in UTs have been given in the last chapter of this report.

Chapter VII

PUDUCHERRY

7.1 Introduction

7.1.1 The coastal Union Territory of Puducherry (UTP), famously known as the 'Window of French Culture' has historically been a blend of material and spiritual prosperity with its cosmopolitan characteristics. When it comes to economic growth, it is a bright spot as the territory is one of best performing regions among the States and UTs in terms of Per Capita Income. The territory has a very impressive record in terms of educational achievements with above 85 percent literacy and sex ratio of 1037 females per thousand males ranking next only to Kerala as per census 2011.

7.1.2 On the other hand, when we look at the outcome variables, we find that there are some undesirable outcomes such as rural-urban divide, sectoral and regional disparities in terms of growth, unequal distribution of income, high rates of unemployment, poverty, suicides, and other social problems in this small Union Territory. For instance, the Annual Report 2014 of Ministry of Labour reveals that the unemployment rate in the UT is the highest in India and suicide rates are topping the list as per the statistics in the National Crime Records Bureau. Puducherry being the blending pot of material and spiritual prosperity not having sustainable employment opportunities for the common people and educated youth is a pointer requiring a deeper analysis. At the governance level, there appears to be a discontent among the people of Puducherry that their voices and concerns are not taken into account when it comes to the question of decision making and policy formulation of the Government concerning their lives and livelihood. This could perhaps be attributed to the absence of legally and democratically elected Local Government Institutions for long despite Puducherry having a Pondicherry Village and Commune Panchayats Act, 1973.

7.2 Status of Panchayati Raj Institution in Puducherry

7.2.1 The Historical background: Puducherry has a long history of local governance. Several ancient inscriptions reveal that there were four types of assemblies, namely, oor, sabha, nagaram and nadu during the ancient period. These assemblies generally regulated the civic activities of the localities. The Tiruvandarkovil inscriptions of 'Vijainagar kingdom' describes in detail the local self-government set up, including village assemblies, and the duties and responsibilities entrusted to them by the village community. In short the people were accustomed to a well developed system of local self-governments in this UT.

The year 1880 witnessed strengthening of local self-governments in Puducherry in line with the French policy of devising a local self- government system in French colonies. Pondicherry, was divided into ten communes namely Oulgaret, Villianur, Bahour, Karaikal, Grand Aldee, Nedungadu, Chandernagore, Mahe and Yanam and Puducherry. However, when it was found that these Communes were not convenient units for administrative purposes, they were further divided into 17 communes in December 1907. The head of a Commune was called Mayor.

The French enclaves of Pondicherry, Karaikal and Mahe (near Calicut) and Yanam (near Kakinada) which constitute the present Union Territory of Pondicherry were merged with the Union of India on 1 November 1954. Till the setting up of the local self-government department in July 1963 the local self government in the territory was looked after by the *Bureau des Affaires Politiques*, as per the decree issued by the French government on 12 March 1880. The local self- administration which was governed by this decree entered a new phase in July 1963, with a democratic set up replacing the old colonial legacy.

The enactment of the Pondicherry Village and Commune Panchayat Act, 1973 and the Pondicherry Municipal Act, 1973, marks a watershed in the history of local self-government in Pondicherry. A new administrative set up of the Directorate of Local

Administration then came into existence. The mayors and deputy mayors ceased to exercise any power as all the powers were transferred to the commissioners.

The Pondicherry Village and Commune Panchayat Act, 1973, provided for a two-tier system of panchayats at the village level and at the commune level. The two-tier system has been followed primarily due to the small size of the village panchayats and the communes. This act, inter alia, provided for the election of the members of the panchayat, and reservation of seats for the scheduled castes. The functions, powers and property of village and commune panchayat councils have also been specifically enumerated. The panchayats had also been conferred wide-ranging powers for levying various taxes, issue of licenses and management of cattle ponds, etc. However, these had remained only in the statue book as no elections were held to the village panchayats under the 1973 Act. The extended term of the Municipal Council expired in April, 1978 and since then the powers of the council and the chairperson are exercised by the special officers appointed by the government. Similarly, special officers were appointed in the same year for exercising the powers of commune panchayat councils too, as no elections could be held under the new enactment.

7.2.2 Constitutional Amendments and thereafter : In conformity with the Constitution 73rd Amendment, the UTP administration amended the Pondicherry Village and Commune Panchayat Act, 1973 keeping the two-tier structure intact. There is no district level panchayat in the UTP. The Pondicherry District Planning Act, 1994, has been enacted, which inter alia, provides for the constitution of a District Planning Committee (DPC). Necessary rules have been framed to provide for reservation of seats, registration of electors and other provisions relating to holding of panchayat elections. Amendments have also been made devolving financial powers to these institutions to make the panchayats more independent in the exercise of their powers. Since the functions of village panchayats involve carrying out developmental activities and provision of civic amenities within their areas, the expenditure incurred and the resources raised through various taxes will never match. Hence provisions have been made to extend grants-in-aid and loans to the panchayats.

7.2.3 Present Status: At present there are ten Commune Panchayats (CPs), 98 Village Panchayats (VPs) and 815 Village Panchayat Wards in the UTP. Local body elections were held in the year 2006 for the first time based on the Constitution 73rd Amendment. The elected local bodies existed for five years between 2006 and 2011. However, they could not deliver their mandate due to inadequate delegation of funds, functions and functionaries that characterize true decentralization of power. During July, 2011 the five year tenure of the elected local bodies expired. When the State election Commission issued a notification in September 2012 for allotment of reserved seats and offices of Chairpersons of local bodies on the basis of the delimitation done in 1995 (based on 1991 census), a writ petition was filed in the High Court of Madras seeking a fresh delimitation based on 2001 census and reservation for backward classes in the local bodies. The Hon'ble High Court, Madras passed the following interim order on 13-12-2012:-

- i. To obtain the Census figure 2011 within a period of two months from date of the order (13-12-2012)*
- ii. To carry out Delimitation of Wards and to give reservation for Backward Classes.*
- iii. To complete the Election process within three months from the date of receipt of the Delimitation Notification.*

Based on the directions of the High Court, the Directorate for LAD constituted a Delimitation Committee on 22-05-2013.

Census Commissioner furnished Census Enumeration of Block level population of the rural areas on 26-12-2014. Ministry of Social Justice and Empowerment was reminded to provide Backward Class Population data of UTP on 06-07-2015. Delimitation Committee submitted report to the UTP Administration on 16-12-2015. While the report was under examination, Election Commission of India announced on 04-03-2016 a calendar of events for the general elections to the Legislative Assembly. Elections to the Assembly were conducted and after that a meeting of the political parties was held on 08-08-2016. The suggestions made by the political parties are still being considered and final notification has not been made yet. It is obvious that

necessary steps have to be taken for the conduct of elections to the local government institutions in Puducherry without any further delay.

7.3 Issues and suggestions for strengthening the PRIs in the UT

7.3.1 Restructuring Commune Panchayats: One general complaint made to the Expert Committee both by the elected representatives and the officials of the UTP was that there were too many elected representatives in this small UT when the elected GPs and CPs were in position. Even a Member of the Legislative Assembly in UTP is elected from a very small territorial constituency consisting of about 30,000 people and has a personal knowledge of most of the families within his/ her constituency. Their general request therefore was to have a realistic number of elected representatives so as to reduce any conflicts of interest and also for speedy implementation of welfare programmes.

As each VP President is a member of the CP, there is no need for a separate Ward Council member in the CP to be elected from the same VP. Since there are 30 MLAs and only ten CPs in this UT, the MLAs elected from the jurisdiction of a CP can also be made members of the Commune, along with the lone MP elected from the UTP. Thus the CP will have only members indirectly elected viz. the chairpersons of the VPs and the MLAs/MP elected from the commune area. The members of the CP will elect a Chairperson and a Vice Chairperson for the CP from its members.

Since reservation of seats in the VPs and in the legislative assembly is being made in accordance with the Constitutional provisions, the CPs will also have adequate representatives from the categories of women and the SCs.

7.3.2 Gram Sabha and Ward Sabha : To ensure people's participation in the decision making process, Gram Sabhas are to be convened at least four times a year, the first one for plan formulation, second for plan implementation, third for monitoring and evaluation of the development works carried out by the VP and the fourth one for social audit. Beneficiary selection and finalization of development works in the VP are

to be done by the Gram Sabha. Prior to the meeting of Gram Sabha, Ward Sabhas may also be convened to ascertain the needs of the citizens in that Ward. Consolidation of the recommendations made at the Ward Sabhas can be done at Gram Sabha. Gram Sabhas will also prepare an annual development plan for the VP through a participatory planning process which can be finalized at the VP level and then sent to the District Planning Committee for final consolidation.

7.3.3 Devolution of Functions, Functionaries and Finances: At present, most of the VP buildings with good infrastructure remain unutilized while some of them are functioning as community centers. The highest priority at this point of time is to hold the elections to the VPs and once they are in position, an Executive Officer with supporting staff must be deployed to each one of the VPs for carrying out their day-to-day activities, based on an activity mapping. At present as per the notification of G.O (MS) no 35/LAS/2009 dated 5th January 2009, both VPs and CPs are mostly having agency functions only. A relook into the activity mapping is suggested for ensuring autonomy. Even out of the 22 functions now devolved, major activities still remain with the departments and there is no proper fiscal decentralization. With a view to elevating the level of both VPs and CPs from the current status of being development agencies to the level of decentralized local governments, their role in the service and production sectors has to be enhanced through a revised activity mapping.

After the first election, the government issued orders on 15 November 2007 specifying the financial powers of VPs and their Presidents. This was in respect of each item of expenditure in the Schedule attached to the G.O.Ms. No.74/LAS/2007 dated 15/11/2007. In the absence of elected panchayats these orders remain only on paper.

7.3.4 Autonomy of Panchayats: As panchayats are local self governments, they are to be given full autonomy. There are certain provisions in the Act (Chapter 5 Section 200) giving emergency powers to the Director of U.T which states “*subject to such control as may be prescribed, the Director may, in case of emergency, direct or provide for the execution of any work, or the doing of any act which a village panchayat or its executive authority or a commune panchayat council or Commissioner is empowered to execute or do, and the immediate*

execution or doing of which is in his opinion necessary for the safety of the public, and may direct that the expense of executing such work or doing such act shall be paid by the person having the custody of the village panchayat fund or the commune panchayat fund in priority to any other charges against such fund except charges for the service of authorized loans”.

Providing such emergency powers to the Director to interfere in the normal functioning of an elected body does not conform to the spirit of decentralization and needs to be reviewed.

7.3.5 Nyaya Panchayats: Section 266 of Puducherry Village Panchayat and Commune Panchayat Act provides for establishment of Nyaya Panchayats. This has to be implemented in letter and spirit immediately after the elected VPs are put in position.

7.3.6 Finance Commission : Though three Finance Commissions have been appointed for the UTP so far and 21 reports were made available to the UT Administration by these commissions, only two reports have been acted upon till now and the remaining are reported to be “under examination”. Action must be taken on the remaining reports at least before the elected panchayats take charge in the near future.

7.3.7 District Planning Committee: Under the District Planning Committee (Amendment) Act 2006 that came into force in March 2007, the Chief Minister is the ex-officio chairman of every District Planning Committee and the Director of Local Administration is the Secretary of every District Planning Committee. There are two districts in Puducherry vi.z. Pondicherry and Karaikal. The rules for electing members of DPC were notified in October 2007. However, they were not constituted even during the first phase.

The DPC has to give approval for the plans prepared by the Village and Commune Panchayats and also to prepare draft development plan for the entire district. In the absence of a district panchayat, the DPCs have to play a major role in the

decentralized planning process and will therefore have to be reconstituted immediately after the elections are held to the PRIs.

7.3.8 Capacity Building: Inadequate capacity in general is a serious challenge faced by the PRIs. Capacity is needed at two levels: First, panchayat members need to be equipped with the knowledge and skills necessary for carrying out their functions; second, panchayats need to be provided with well trained staff with relevant skills to carryout functions. Non availability of trainers, limited facilities and inadequate training materials are some of the issues coming in the way of capacity building. So a system has to be developed for continuous training of the elected members and officials. If necessary, the UT administration may consider establishing a resource centre at Puducherry and/or identify an institution- public/private- to undertake regular training programmes for the panchayat Members and officials. In addition, MoUs can also be entered into with leading institutions like NIRD&PR, KILA etc. to facilitate capacity building of the PRI functionaries. This may also provide for field visits to better performing PRIs in the main land and interaction with their functionaries.

7.3.9 Enhancing transparency and accountability: In order to ensure transparency and accountability of the PRIs in the UTP, the Panchayati Raj system should incorporate clear provisions for institutions and systems detailed below:

(i) Ombudsman: It would be appropriate if an institution of Ombudsman is brought in, to provide suitable remedies to any aggrieved individual or institution due to the decisions of the PRIs. Such an Ombudsman may be authorized to study the resolutions or orders of any Panchayat on a representation made to it by any individual or institution or suo-moto and direct remedial action wherever necessary. The ombudsman is a cost effective mechanism to check malfeasance in local governments in the discharge of administrative and development functions. Even the UT administration can assign powers of investigation to the ombudsman on the complaints received against panchayats.

(ii) Citizen's Charter: Each Panchayat shall proclaim a citizens charter stating the standards of service which it guarantees to every citizen. The operational value of this provision is that this will enhance the degree of transparency and is the best guarantee against corruption and nepotism. It will also increase the accountability of officials to the local government and to the public.

(iii) Social Audit: Gram Sabhas can be used as an effective system for social auditing in ensuring social performance and proper utilization of financial resources.

7.3.10 E-governance: E-governance and effective use of ICT can greatly enhance better governance of PRIs, transparency and accountability, quality of services, decentralized planning, monitoring and evaluation and also financial management. Necessary software has to be developed and adopted in this regard. A special wing of IT enabled services may be created in the UT administration to adopt Panchayat Enterprise Suite (PES) application developed by Ministry of Panchayati Raj.

In addition to the above suggestions, over all recommendations for improving the PRI system in the UTs have been given in the last chapter of this report.

Chapter VIII

RECOMMENDATIONS OF THE EXPERT COMMITTEE

As can be noted from the earlier chapters of this report, the UTs have certain distinct features: Andaman & Nicobar and Lakshadweep are islands; Chandigarh is almost urbanized; Puducherry has an elected legislature; and Daman & Diu and Dadra & Nagar Haveli are extensions of the mainland. The commonalities and differences among these UTs compel us to make some common suggestions and a few specific recommendations to improve and strengthen the Panchayati Raj Institutions (PRIs) in these UTs. We narrate them in the following paragraphs, duly suggesting possible strategies wherever necessary, to implement our recommendations.

8.1 General Recommendations applicable to all the UTs:

8.1.1 Structure of the PRIs:

The Constitution 73rd Amendment has permitted the State/UTs to dispense with the intermediate tier if the population of the State / UT is below 20 Lakhs. Despite this, it is not known why the UTs have opted for a three tier system even though their population is well below 20 Lakhs. In the absence of any significant output from the panchayat samitis, we feel that they can be dispensed with in the UTs as and when their current term of office expires. The functions and powers if any currently exercised by the panchayat samitis can be devolved on the GPs. The Panchayats in all the UTs will have a two tier system, one at the district level and the other at the level of a village or a group of villages. However, the UT of Puducherry has to be given a different dispensation as they do not have a DP at present. They already have a two tier system of commune and village panchayats which will have to be continued with a slight modification as recommended later in this chapter.

8.1.2 Devolution of functions and powers:

Even after two decades of the establishment of Panchayats as Constitutionally recognized local self-government institutions, PRIs in all the UTs have not yet matured as autonomous decision-making bodies with adequate powers and responsibilities devolved on them. In some cases, even the subjects allocated to the Panchayats at one point of time have been withdrawn subsequently by the Administration. It is necessary to realize that imposition of instructions from above on PRIs undermines the spirit of decentralization making the Panchayats only development agencies rather than institutions rooted in the communities. At present, the Panchayats are performing the role of implementing bodies for development programmes assigned to them by the UT Administration and in that sense they are answerable to the UT Administration whereas in a democracy it should have been the other way about. Even though the Constitution provides for the transfer of all the 29 subjects listed in the Eleventh Schedule, allocation of funds, functions and functionaries continues to be inadequate in most of the States and the situation in UTs is no different. The first step that needs to be taken therefore is to progressively transfer the allotted functions to the PRIs at least over a period of time.

Implementation strategy:

- Listing out the subjects indicated in the Eleventh Schedule of the Constitution, which have not been so far devolved on the PRIs and taking a decision to devolve as many subjects as possible during the next three years to the PRIs along with the funds and functionaries required to administer those subjects.
- Institutional mechanisms have to be evolved to involve the elected representatives of the PRIs in the administration of the UTs by providing establishment of advisory councils at the UT level, if necessary.
- Gram Panchayats (GPs) should be empowered to provide basic services to the citizen including the issue of marriage/birth/death certificate, collection of local taxes and fees, etc.

8.1.3 Planning:

The planning process now adopted in the UTs leaves much to be desired. Projects/programmes are prepared at present by the panchayats only to spend the budgets allotted to them. Though funds are not made available to the GPs in the UTs under the Fourteenth Central Finance Commission Grants, the grants-in-aid now made available to the GPs can be utilized to generate a Gram Panchayat Development Plan (GPDP) with people's participation. The wish-lists can be collected in the open gram sabhas, examined at the GP level so that a plan can be prepared for the development of the GP as a whole. Depending on the funds available, the activities can be prioritized at the appropriate level and taken up for execution. Additional Grants can also be sought from the Central Government based on the plans prepared by the GPs and consolidated by the District Planning Committee (DPC). PRIs must be encouraged to prepare their own database before taking up the planning exercise. Preparation of an overall Perspective Plan for the District amalgamating the individual plans of local governments for the subsequent financial year well in advance could streamline the planning process. This may also improve OSR generation and timely expenditure of the funds released to the PRIs. Also, the District plan needs to focus on prioritizing livelihood support in all the UTs.

8.1.4 Activity Mapping:

While transferring the powers and functions of the line departments to the PRIs, it is desirable to indicate which activity in a particular function has to be performed by which tier of the PRIs. In addition, when the functions and duties assigned to the GP relate to a subject assigned to the District Panchayat (DP), there is a need for role clarity. It is therefore necessary to design a proper activity mapping indicating specifically the roles of the GP, DP and UT Administration in each one of the subjects assigned to the PRIs to ensure proper functioning and accountability.

Implementation strategy:

Listing out various activities under each one of the functions assigned/to be assigned to the PRIs and determining activities which can be assigned to a specific tier of PRIs by following the principle of subsidiarity.

8.1.5 Enhancement of financial resources:

Fourteenth Central Finance Commission (FFC) has provided substantial funds to GPs in the States. Similarly, funds are being made available to GPs through State Finance Commission (SFC), MGNREGS etc. in the States. However, availability of such funds to Panchayats in UTs is limited. There is therefore a strong case for enhancing financial resources to these PRIs.

Implementation strategy:

Following steps may be taken to enhance the resource envelop of the Panchayats:

- (a) **Through matching grants:** UT Administrations may follow the example of UT of A&N Islands which provides matching funds in the ratio of 1:3 against Own Source Revenue (OSR) generated by the Panchayats.
- (b) **Through untied funds:** The Gram Panchayats could be additionally supported with untied funds from the UT budget for carrying out development functions.
- (c) **Provisions for maintenance of assets:** Adequate funds may be provided to the PRIs for the maintenance of the assets created by them (which happens to be the primary responsibility of the PRIs at present in some UTs).
- (d) **Enhanced devolution:** UT Finance Commission in its 4th Report in December, 2015 has recommended increase in financial devolution to local bodies, to at least 35% of plan outlay in the next five years. This should be implemented without further delay.

8.1.6 Revenue mobilization:

Revenue mobilization by the PRIs in the UTs is negligible at present. The potential for revenue generation needs to be realized and un-tapped sources of revenues in PRIs need to be identified. Further, OSR is a very important factor in encouraging Panchayats to become self-reliant for carrying out activities not requiring huge budgets. It also encourages Panchayats to evolve new ideas and technologies. In addition, the Panchayats must have the autonomy to utilize the OSR for their own development activities as well as to provide incentives if need be to their elected members and officials to facilitate better collection of taxes, fees and other dues.

8.1.7 Human Resources:

A review of the available manpower with the PRIs, especially GPs, reveals that there is a paucity of manpower to execute the functions already assigned to them. With increased allocation of funds and functions, the need for providing adequate and competent manpower at all levels of panchayats requires a special emphasis.

Implementation strategy:

- Appropriate norms for providing manpower based on the area, population, terrain and responsibilities & functions devolved to Panchayats are to be laid down by the UTs. Each GP should have at least one full-time secretary and each DP at least a Chief Executive Officer and a Chief Accounts Officer.
- Considering the critical importance, complexity and magnitude of the responsibilities at the Panchayat level that the present situation demands, all staff including those dealing with the Centrally Sponsored Schemes at District, Block and Gram Panchayat level should operate from the respective Panchayat offices. This will provide the much needed convergence and better coordination of various programmes at the Panchayat level.

8.1.8 Probing low utilization of funds:

The UT Administrations need to probe into the reasons (like obtaining No Objection Certificate for land use etc.) for low utilization of funds by the PRIs and take corrective actions to ensure effective utilization of funds. In particular, addressing the low level of utilization of funds at the GP level will ensure that a larger volume of funds is actually utilized by the lowest tier. Remedial measures including issue of clear cut instructions transferring administrative control over the deputed departmental staff to the PRIs are necessary to improve this situation.

8.1.9 Merger of District Rural Development Agency (DRDA):

We see no reason as to why there has to be a separate DRDA implementing programmes relating to subjects which should be legitimately entrusted to the PRIs. The DRDAs must therefore be merged with the DPs concerned along with the funds and functionaries in all the UTs excluding Puducherry, which does not have a DP. The DRDA in Puducherry will continue to assist the State legislature as at present.

8.1.10 Empowering the Gram Sabhas:

Since the Gram Sabha is the only institutional forum through which people can directly participate and play a meaningful role in the governance and development of their village, the scope of discussions in the Gram Sabha needs to be sufficiently enlarged to cover all aspects of governance both regulatory and developmental. The GP should be made accountable to the Gram Sabha for all its actions. The budget, the list of beneficiaries, preparation of development plans and prioritization of works should be finalized by the Gram Sabha. Social auditing by the Gram Sabha can bring about a qualitative change in the functioning of the GP. Like in the main land States, the Gram Sabhas may be convened at least four times in a year – the first for plan formulation, the second for beneficiary selection, the third for plan implementation and the fourth for plan monitoring and evaluation. Participatory budgeting can be another activity which can be entrusted to the Gram Sabha. Convening Mahila Sabhas

prior to the meeting of the Gram Sabha will enhance participation of women in local governance and will also lead to gender budgeting.

8.1.11 Ensuring Autonomy:

We notice that the UT administrations still enjoy an over-riding status over the PRIs. This encourages bureaucratic control over the functioning of these institutions. Provisions must therefore be made to ensure complete financial, administrative and political autonomy of the PRIs to allow them to function as “Institutions of Self Government”. For instance, in some UTs, the administrator has the power to suspend the levy of a tax or a fee collected by the panchayat. Similarly, an officer authorized by the Administrator has the power to suspend the execution of an order or resolution of a panchayat. Such powers not only curtail the autonomy of the PRIs but also dampen the spirit of local governance. Entrusting such powers to the institution of ombudsman as suggested later in this chapter may provide a better alternative.

8.1.12 Reservation:

Reservation for women may be kept uniformly in all the UTs. The office of the President of the DP in all the UTs (excluding Puducherry) may also be reserved for women on a rotation basis. There can be two positions of Vice-Presidents, one of which shall be reserved for women.

8.1.13 Honorarium & TA/DA to the Elected Representatives (ERs):

ERs of the Panchayats bear a collective responsibility towards overall development of their Panchayats. This requires regular interactions/meetings, follow ups, travel etc. in the field and legitimate expenses on these activities especially travel need to be provided for. Currently, the financial support provided to the ERs in the form of honorarium, sitting fees and traveling allowances varies among the UTs (**Annexe-8.1**), which needs to be reconciled. The 4th Finance Commission for UTs (without Legislature), has recommended payment of adequate honorarium to the ERs in line with the amounts paid to them now in the UT of A&N Islands which may be revised

once in five years in consultation with ERs. This is reasonable and the UT administrations may consider and adopt this recommendation in their UTs. TA/DA for not more than 5 days in a month at an appropriate rate may also be paid to the ERs, especially in the Island UTs, to enable the ERs bear the expenses incurred during their travel to attend meetings.

8.1.14 Enhancing Transparency and Accountability:

We understand that the grassroots participation is very weak in most of the UTs, as the quorum in the Gram Sabhas has been rarely met. This hinders the widespread dissemination of information, decisions and activities of the Panchayat to the citizens. To earn the trust of local citizens and to create a transparent system for dissemination of knowledge, panchayats should maintain a space/display board on the outer wall of the Panchayat office indicating the details on availability of funds, projects under implementation, activities undertaken, reasons for delay in taking up of projects/activities etc. atleast on a monthly basis. Building transparency in the functioning of the PRIs will enhance participation in the Gram Sabhas as well and also provide scope for suggestions from the citizens.

In order to ensure transparency and accountability of the PRIs, the Panchayati Raj Regulations in the UTs should incorporate clear provisions for institutions and systems detailed below:

(i) Ombudsman: It would be appropriate if an institution of Ombudsman is brought in to provide suitable remedies to any aggrieved individual or institution due to the decisions of the PRIs. Further, such an Ombudsman can be authorized to study the resolutions or orders of any Panchayat on a representation made to it by any individual or institution or *suo moto* and direct remedial action wherever necessary. Having an Ombudsman is a cost effective mechanism to check malfeasance in local governments in the discharge of their administrative and development functions. The UT administration can also assign powers of investigation to the Ombudsman on specific complaints received against panchayats.

(ii) Citizens' Charter: Each Panchayat shall proclaim a citizens' charter stating the standards of service which it guarantees to every citizen. The operational value of this provision is that this will enhance the degree of transparency and provide guarantee against corruption and nepotism. It will also increase the accountability of officials to the local government and to the public.

(iii) Social Audit: Gram Sabhas can provide an effective system of social audit as stated already to ensure performance and proper utilization of financial resources.

8.1.15 Capacity Building:

Poor accounting standards and capacity for planning at the local level has reduced the effectiveness of local governance at present. With increased devolution, capacity building at the local level assumes importance. The UT administrations need to take steps to enhance the capacity of the members and officials of the PRIs, extend hand-holding support for effective planning, utilization, monitoring and maintenance of accounts, including through electronic means. Elected Representatives should be given training within six months of their election. Agreements can be entered into with leading institutions like NIRD&PR, Kerala Institute for Local Administration (KILA) etc., to facilitate capacity building of the PRI functionaries in the UTs which may also provide for exposure visits to better performing PRIs in the main land and interaction with their functionaries. Facility of computer is available in all GPs but the main issue is poor connectivity. The provision of funds for SATCOM now available under the scheme of Rastriya Gram Swaraj Abhiyan of the Ministry of Panchayati Raj (MoPR) may be made use of for improving connectivity. The UTs may also establish and develop at least one centre within the UT for capacity building of all the PRI functionaries.

8.1.16 E-Governance:

E-governance and effective use of ICT can greatly enhance better governance of PRIs, transparency and accountability, quality of services, decentralized planning,

monitoring and evaluation and also financial management. Necessary software suitable to the UT has to be developed and adopted in this regard. A special wing of IT enabled services may be created in the UT administration as in the model of Information Kerala Mission (IKM), with the support of NIC. MoPR has developed a set of Panchayat Enterprise Suite (PES) Applications for providing accountable and transparent systems. UT Administrations need to impart basic knowledge of computers and effective use of these applications through Master Trainers in PES applications. Panchayats should be encouraged to keep records in the electronic form for easy and timely retrieval whenever required. At the same time, Common Service Centres (CSC) may be co-located in Panchayat Bhavans for providing e-services to the citizens and scope for interaction with PRIs.

8.1.17 State Election Commission and State Finance Commission:

The Constitution (Seventy third) Amendment had made provisions for the constitution of independent Finance and Election Commissions in the States and UTs to ensure independence in the functioning of these Commissions. Constituting common Finance and Election Commissions for more than one UT has just fulfilled the Constitutional requirement but not its purpose. It really raises a doubt if a common Finance Commission/Election Commission sitting in one UT could do justice to the people of another UT in terms of assessing their needs and financial requirements, with their very different nature of socio-economic and geographical background or conduct the election process. The functioning of a Finance Commission is a one-time activity spread over a year at the most. Hence, it is desirable to have a separate finance commission, consisting of experts with necessary ground knowledge exclusively for each UT. In so far as the election process (which can be recurring) is concerned, a senior officer of the UT administration can be designated as the Election Commissioner to conduct elections to the panchayats in the UT.

8.1.18 Nyaya Panchayat:

After electing a GP, a Nyaya Panchayat (NP) may also be constituted in every GP consisting of three to five persons to be elected by the GP from amongst their members. Sarpanch of the Nyaya Panchayat can be from the opposition party and the Pradhan of the GP may not have any role in the Nyaya Panchayat, as is in vogue in the UT of Andaman & Nicobar at present. The NP may take cognizance of suits for money due or contract not affecting any interest in immovable property, suits for recovery of movable property or for its value, suits for compensation for wrongfully taking or damaging movable property, suits for damage caused to standing crops by cattle trespass etc. The offences under the Indian Penal Code that can be tried by a NP, may be prescribed in the schedule to the Act/Regulation in the UT. There is a strong case for popularizing and strengthening this system in the UTs to ensure better and quicker delivery of justice at the local level.

8.2 Specific Recommendations in respect of Chandigarh, Lakshadweep and Puducherry :

8.2.1 Chandigarh:

The issue of merging the existing 12 GPs with the Municipal Corporation has to be resolved taking the rural population into confidence. As of now, the response of the people living in this area is for maintaining the status quo by giving more functions, functionaries and finances to their GPs. Even in the GPs which have already been merged with the Corporation, people do not seem satisfied with the merger. They feel neglected and express their discontent stating that their GPs were nearer to them and helped them in solving their social and economic problems in a better manner as compared to the distant Corporation. Therefore it is suggested that the merger should be thought of after providing adequate facilities in the GPs so as to bring them on par with the central areas of the Corporation. The Indian Institute for Human Settlements, Bengaluru could be consulted in developing a phased approach for development of these GPs and their ultimate merger with the City. Till then, the existing arrangement will have to be continued and necessary functions and powers have to be delegated to

the GPs along with functionaries to facilitate their functioning as responsible institutions of local self-governance.

8.2.2 Lakshadweep:

Livelihood opportunities are limited on this island due to regulated tourism and industrial activities in view of the existing fragile ecosystem. However, Lakshadweep has enormous coconut plantations. This resource could not find much use on the island. Non-polluting industrial base utilizing coir for making various products including artifacts, by involving micro, small and medium enterprises, can be provided through GPs. Another area which needs strengthening is the role of PRIs in encouraging entrepreneurship for economic development. The activities of self-help groups can be networked and marketing outlets provided at appropriate places. Panchayats have to play a key role in this regard. The 'Kudumbashree' model of Kerala, if adopted, can strengthen the micro enterprises in Lakshadweep. Being a matrilineal and small society, women enjoy considerable freedom in this island which can be tapped for women empowerment.

8.2.3 Puducherry:

The highest priority in this UT is to conduct the elections to the local governments without any further delay, duly complying with the orders of the higher courts in this regard. This UT has an elected legislature with each member getting elected from a very small territorial constituency. Having too many ERs in a small territory does have an adverse effect in planning and implementation of development programmes. It is therefore desirable to have direct elections only at the level of the GP (in addition to the UT Assembly) and the intermediate Commune Panchayat may consist of only indirectly elected members namely the Presidents of the GPs coming within the Commune, the MLAs elected from the jurisdiction of a Commune Panchayat and the lone MP representing this UT in the Lok Sabha. The Members of the Commune Panchayat can elect their Chairperson as well as a Vice-Chairperson from among the members. The office of the President of the Commune Panchayats may also be

reserved for women on a rotation basis. Since the reservation of seats in the GPs and in the Legislative Assembly is being made in accordance with the Constitutional provisions, the Commune Panchayats will automatically have representatives from the categories of women and the weaker sections.

ANNEXES

LIST OF 29 ITEMS IN THE ELEVENTH SCHEDULE

- 1 Agriculture including agricultural extension.
- 2 Land improvement, implementation of land reforms, land consolidation and soil conservation
- 3 Minor irrigation, water management and watershed development
- 4 Animal Husbandry, dairying and poultry
- 5 Fisheries
- 6 Social forestry and farm forestry
- 7 Minor Forest Produce
- 8 Small Scale industries including food-processing industries
- 9 Khadi, village and cottage industries
- 10 Rural Housing
- 11 Drinking Water
- 12 Fuel and Fodder
- 13 Roads, culverts, bridges, ferries, waterways and other means of communication
- 14 Rural electrification including distribution of electricity
- 15 Non-conventional energy sources
- 16 Poverty alleviation programmes
- 17 Education including primary and secondary schools
- 18 Technical training and vocational education
- 19 Adult and non-formal education
- 20 Libraries
- 21 Cultural activities
- 22 Markets and fairs
- 23 Health and Sanitation including hospitals, primary health centres and dispensaries
- 24 Family Welfare
- 25 Women and Child Development
- 26 Social Welfare including welfare of the handicapped and mentally retarded
- 27 Welfare of the weaker sections and in particular of the SCs and STs
- 28 Public Distribution System
- 29 Maintenance of community assets

Brief Description of Provisions under the Part IX of the Constitution of India

❑ Mandatory Constitutional Provisions

- ✓ three tiered structure for Panchayats
- ✓ elections every five years through State Election Commissions
- ✓ direct elections to seats at all three tiers and indirect elections to chairpersons of Block and District Panchayats
- ✓ reservation of seats and office positions for SCs/STs & women
 - not less than 1/3rd seats reserved for women
- ✓ State Finance Commission every five years and placement of ATRs on recommendations before legislature
- ✓ constitution of DPCs, participatory plans preparation and consolidation at District levels

❑ Discretionary Constitutional Provisions

- ✓ State legislatures to devolve powers, authority and responsibilities to Panchayats (29 subjects in Eleventh Schedule includes agriculture, family welfare, welfare of weaker sections, etc.)
- ✓ vesting powers with Gram Sabha
- ✓ vesting powers with PRIs to impose taxes
- ✓ earmarking funds for Panchayats
- ✓ strengthening and capacity building of PRIs
- ✓ promoting accountability through adoption of accounting and audit mechanisms
- ✓ reservation of seats for other backward class
- ✓ establishing intermediate tier of Panchayats in States/UTs with population less than 20 lakh

❑ Mandatory - cum - Discretionary Constitutional Provisions

- ✓ election to office of Chairperson of Village Panchayat, but mode of election direct or indirect as per State law
- ✓ rotation of reserved seats and offices for SC/ST/Women, after one or two terms as per State law
- ✓ State Election Commissioner, conditions of service as per State law
- ✓ no election to any Panchayat shall be called in question except by an election petition as per State law
- ✓ Constitution of SFC, as per the State law

ANNEXE- 1.3

S.No.	UT	Panchayati Raj Act/Legislation applicable before 73 rd Constitutional Amendment
1	Chandigarh	<ul style="list-style-type: none"> • The Gram Panchayat Act, 1952 • Punjab Panchayat Samitis and Zilla Parishad Act, 1961 (as extended to Union Territory, Chandigarh)
2	Daman & Diu	Daman & Diu Village Panchayat Regulations, 1962
3	Delhi	Delhi Panchayat Raj Act, 1954
4	Andaman & Nicobar Islands	The Andaman & Nicobar Island (Gram Panchayats) Regulation, 1961
5	Dadra and Nagar Haveli	Dadra and Nagar Haveli Panchayat Regulation 1965 as amended by the Dadra and Nagar Haveli Village Panchayat (Amendment) Regulation 1994
6	Puducherry	Pondicherry Village and Commune Panchayats Act, 1973
7	Lakshadweep	<p>The Lakshadweep (Administration) Regulation, 1988.</p> <p>The Lakshadweep Island Council Regulation, 1988</p>

Tabulated description regarding administration of UTs as governed by the provisions of the Constitution of India

Provision as defined in Part VIII of the Constitution	Description
Article 239 (1): Administration of Union territories	(1) every Union territory shall be administered by the President acting to such extent as he thinks fit, through an administrator to be appointed by him with such designation as he may specify (2) Notwithstanding anything contained in Part VI, the President may appoint the Governor of a State as the administrator of an adjoining Union territory, and where a Governor is so appointed, he shall exercise his functions as such Administrator independently of his Council of Ministers.
Article 239-A : Creation of local Legislatures or Council of Ministers or both for certain Union territories	Article 239-AA empowers Parliament to create a legislature and a Council of Ministers for the Union territory of Puducherry.
Article 239-AA : Special provisions with respect to Delhi	Article 239-AA deals with special provision for the National Capital Territory of Delhi (viz. creation of a legislative assembly / Council of Ministers for the National Capital Territory). The legislative assembly has been given powers to make laws with respect to any of the matters enumerated in the State List or in the Concurrent List as applicable to Union Territories except matters with respect to entries 1, 2 and 18 of the State List and Entries 64, 65 and 66 of that List in so far as they relate to the said Entries 1, 2 and 18.

<p>Article 239-AB : Provision in case of failure of constitutional machinery</p>	<p>Article 239-AB deals with the powers of the President in case of failure of the Constitutional machinery in the National Capital Territory (analogous to Article 356).</p>
<p>Article 239-B: Power of administrator to promulgate Ordinances during recess of Legislature</p>	<p>Article 239-B describes the power of administrator to promulgate ordinances during recess of legislature (analogous to the powers of the Governor in a State to promulgate ordinances).</p>
<p>Article 240: Power of President to make regulations for certain Union territories</p>	<p>“Power of President to make regulations for certain Union territories – (1) The President may make regulations for the peace, progress and good Government of the Union territory of – (a) the Andaman and Nicobar Islands; (b) Lakshadweep; (c) Dadra and Nagar Haveli; (d) Daman and Diu; (e) Puducherry”</p>
<p>Article 241: High Courts for Union territories</p>	<p>(1) Parliament may by law constitute a High Court for a Union territory or declare any court in any such territory to be a High Court for all or any of the purposes of this Constitution.</p>

No.M-11015/72/2016-PB
Government of India
Ministry of Panchayati Raj

Sardar Patel Bhawan,
New Delhi-110001
Dated: 15th July, 20 16
30/7

ORDER

Subject: Re-constitution of an Expert Committee to develop a Roadmap for Panchayati Raj Institutions (PRIs) in Union Territories (UTs).

In partial modification of Order of even number dated 11th March, 2016 (copy enclosed) regarding constitution of an Expert Committee to develop a Roadmap for Panchayati Raj Institutions (PRIs) in Union Territories (UTs), Shri D.K.Sharma, Joint Secretary in this Ministry is nominated as Member-Secretary in place of Smt. Rashmi Shukla Sharma, Former Additional Secretary, who has relinquished her charge on completion of her tenure.

The terms of reference and other conditions will remain the same.



(K.S. Panchpal)
Deputy Secretary to Govt. of India

To

Chairman/Members of the Expert Committee/ Dr. K. Jayalakshmi, Head,
Centre for Panchayati Raj, NIRD&PR (will represent Head, School of Local
Governance, NIRD&PR, Hyderabad).

Copy for kind information to:-

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PPS to Secretary (PR) / All Divisional Heads, MoPR.

Chairman & Members of the Expert Committee

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No. M-11015/72/2016-PB
Government of India
Ministry of Panchayati Raj

Sardar Patel Bhawan,
New Delhi-110001
Dated the 11th March 2016.

ORDER

Subject:- **Constitution of an Expert Committee to develop a future roadmap for Panchayati Raj Institutions (PRIs) in Union Territories (UTs).**

Panchayats, as constitutionally mandated local self governments, have been functioning since 1993. Considering that it is more than two decades since the Constitution (73rd Amendment) Act, 1992 came into effect, Ministry of Panchayati Raj has decided to constitute an Expert Committee to assess the functioning of Panchayats and level of decentralisation in Union Territories and to prepare a roadmap for the future, with the following Members:

1. Dr. S. S. Meenakshisundaram, Former Secretary, : Chairman
Ministry of Rural Development, Government of India
2. Joint Secretary(UT), Ministry of Home Affairs : Member
3. Head, School of Local Governance, NIRD&PR : Member
4. Dr. P. P. Balan, Director, KILA, Thrissur, Kerala : Member
5. Smt. Rashmi Shukla Sharma, Additional Secretary, : Member-Secretary
Ministry of Panchayati Raj

2. The Terms of Reference of the Committee will be as follows:

- (i) To assess the level of decentralisation and performance of Panchayats with respect to the provisions of the 73rd Constitutional Amendment; and
- (ii) To prepare a roadmap for future in harmony with the policies and priorities of the UTs.

3. The Committee may co-opt domain experts to assist in its functioning, if it is considered to be necessary.

4. The Committee will submit its report within three months from the date of its constitution.



(K. S. Panchpal)

Deputy Secretary to the Govt. of India
Tel.: 011-23746560

To

Chairman/Members of the Expert Committee/ Dr. K. Jayalakshmi, Head, Centre for Panchayati Raj, NIRD&PR (will represent Head, School of Local Governance, NIRD&PR, Hyderabad).

Copy for kind information to:-

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PPS to Secretary(PR)/ All Divisional Heads, MoPR.

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No. N-11019/58/2016-Governance

Government of India
Ministry of Panchayati Raj
(Governance Division)
(www.panchayat.gov.in)

11th Floor, Jeevan Prakash Building,
25, Kasturba Gandhi Marg,
New Delhi-110001
Dated: 09.09.2016

ORDER

Subject: Expert Committee to develop future roadmap for Panchayati Raj Institutions (PRIs) in Union Territories (UTs).

Reference this Ministry's OMs No. M-11015/72/2016-PB dated 11.03.2016 and 20.07.16 on the subject mentioned above.

2. The Terms of Reference of the Expert Committee as mentioned in para 2 of the abovementioned OM dated 11.03.2016 are revised as follows:

- (i) To assess the level of decentralization and performance of Panchayats with respect to the provisions of the 73rd Constitutional Amendment;
 - (ii) To prepare a roadmap for future in harmony with the policies and priorities of the UTs;
 - (iii) **To examine the possibility of having uniform regulations for functioning of Panchayati Raj System including constitution of 2-3 tiers of Panchayats, mode of elections, powers and functions of various tiers of Panchayats.**
3. The other conditions will remain the same.



(Puneet Sharma)

Under Secretary to the Government of India
Tel : 011-23753813

To

Chairman & Members of the Expert Committee (as per the list attached).

Copy to:

- i. PS to Hon'ble Minister (RD,PR & DWS)/ PS to Hon'ble MoS (PR & AFW)
- ii. Sr.PPS to SPR/ PSO to AS (AKG)

Issued
8/9/16
12/9/16

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No. N-11019/58/2016-Governance

Government of India
Ministry of Panchayati Raj
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Dated: 23.01.2017

To

Officials of the UT Administration (As per list enclosed)

Subject: Expert Committee to develop future roadmap for Panchayati Raj Institutions (PRIs) in Union Territories (UTs).

Madam/Sir,

This has reference to letter of even number dated 03.08.2016 and 21.10.2016 (*Annex-I & II*) requesting for status note on Panchayati Raj Institutions (PRIs) in the Union Territories (UTs) alongwith Panchayati Raj Act and informing that an Expert Committee has been constituted in the Ministry of Panchayati Raj to assess the level of decentralization and performance of Panchayats with respect to provisions of the 73rd Constitutional Amendment and prepare a roadmap for future in harmony with the policies and priorities of the UTs.

2. Ministry of Home Affairs (MHA) vide letter dated 09.01.2017 (*Annexe-III*) has suggested to include following authorities as members of the Expert Committee. The OMs regarding constitution of the Expert Committee and Terms of Reference are enclosed at *Annexe-IV & V* for kind reference :

S.No.	UT	Official
1.	Andaman & Nicobar Islands	Chief Secretary
2.	Chandigarh	Advisor to Administrator
3.	Daman & Diu and Dadra & Nagar Haveli	Development Commissioner
4.	Puducherry	Chief Secretary
5.	Lakshadweep	Development Commissioner

Enclosed : As above

Yours faithfully,

ok

Dvijendra Kumar Sharma
23/01/17

(Dvijendra Kumar Sharma)
Joint Secretary to the Government of India
Tel : 011-23753818

ISSUED
Shy/z
24/1/17

List of Officials of the UT Administration :

S.No.	Official / Address	S.No.	Official / Address
1	Chief Secretary to Government, Andaman & Nicobar Administration, Secretariat, Port Blair-744101.	5	Chief Secretary to Government, Chief Secretariat, Goubert Avenue, Puducherry-605001
2	Adviser to the Administrator, U.T. Chandigarh, Raj Bhawan, Chandigarh- 160019.	6	Development Commissioner, Union Territory of Lakshadweep, Kavaratti-682555.
3	Collector, District Diu, UT of Daman & Diu, Collectorate, Fort Road, Diu - 362520.	7	Collector, District Daman, Secretariat, Fort Area, UT of Daman & Diu, Moti Daman, Daman - 396220.
4	Development Commissioner, UT of Dadra & Nagar Haveli, Secretariat, Silvassa-396230		

Copy to :

(A) Lt. Governor/ Administrator of the UTs :

S.No.	Official / Address	S.No.	Official / Address
1	The Lt. Governor, Lt. Governor's Secretariat Rajniwas, Port Blair - 744101 Andaman & Nicobar Islands	4	The Administrator, Union Territory of Dadra & Nagar Haveli, Silvassa - 396230.
2	The Administrator, U.T. Chandigarh Raj Bhawan, Chandigarh-160019	5	The Administrator, Union Territory of Lakshadweep, Kavaratti-682555.
3	The Administrator, Union Territory of Daman & Diu, Daman - 396220.	6	The Lt. Governor, Raj Nivas, Puducherry-605001

(B) Chairman & other Members of the Expert Committee :

S.No.	Official / Address	S.No.	Official / Address
1	Dr. S.S. Meenakshisundaram, IAS (Retd). - (Chairman of the Expert Committee) Former Secretary to the Government of India, 1332, Double Road, Indira Nagar, Bengaluru-560038, Karnataka.	3	Dr. K. Jayalakshmi, Head, Centre for Panchayati Raj, National Institute of Rural Development & Panchayati Raj, Rajendranagar, Hyderabad-500030.
2	Shri Praveen Kumar Srivastava, Joint Secretary (UT), Ministry of Home Affairs, 172-C, North Block , New Delhi- 110001.	4	Dr. P.P. Balan, Director, Kerala Institute of Local Administration (KILA), Mulamkunnathukavu P.O., Thrissur-680581, Kerala.

(C) Sr.PPS to SPR/ PSO to AS (AKG)

ANNEXE- 3.1

Demographic profile of rural area in UT Chandigarh

Sr. no.	Name of Gram Panchayat	Total Household	Total Population	Male Population	Female Population	Share of women in total population (In %)	Share of SCs in total population (In %)	No. of Elected Panchayat Members
1	Behlana	2200	8281	4711	3570	43.11	12.78	9
2	Daria	3475	14470	8497	5973	41.27	10.98	13
3	Dhanas	1845	7094	4258	2836	39.97	15.01	10
4	Kaimbwala	1341	6050	3357	2693	44.51	26.52	10
5	Kishangarh	3716	15489	9202	6287	40.59	13.28	12
6	Khuda Alisher	1562	6831	3740	3091	45.24	25.83	12
7	Khuda Jassu	781	2919	1778	1141	39.08	14.93	14
8	Khuda Lahora	1652	6096	3644	2452	40.22	13.61	12
9	Mauli Jagran	2560	10786	6312	4474	41.47	18.10	14
10	Raipur Kalan	1213	4887	3081	1806	36.95	17.88	12
11	Raipur Khurd	1956	7492	4434	3058	40.81	9.18	12
12	Sarangpur	785	3468	2020	1448	41.75	21.39	12
Total		23086	93863	55034	38829	41.36	15.62	144

Source: Department of Rural Development and Panchayats, Chandigarh: 2011

Flow of funds to Gram Panchayats during 2015-16 (in Rs.)

S.No.	GP name	Grant-in-Aid	Sanitation Fund	Gram Panchayat (Own Resources)	Total
1.	Behlana	0	1400000	184000	1584000
2.	Daria	546400	3735000	100000	3835000
3.	Dhanas	0	1000000	100000	1100000
4.	Kaimbwala	0	950000	-	950000
5.	Kishangarh	0	1700000	300000	2000000
6.	Khuda Alisher	0	1200000	300000	1500000
7.	Khuda Jassu	145900	750000	-	750000
8.	Khuda Lahora	0	1100000	100000	1200000
9.	Mauli Jagran	0	800000	200000	1000000
10.	Raipur Khurd	299480	1500000	200000	1700000
11.	Raipur Kalan	0	850000	0	850000
12.	Sarangpur	1292400	550000	100000	650000
	Total	2284180	15535000	1584000	17119000

Source: Department of Rural Development and Panchayats, Chandigarh: 2016

ANNEXE-8.1

Honorarium & TA/DA to the Elected Representatives

Report of the Fourth Finance Commission indicates the following data pertaining to remuneration/honorarium provided to the representatives of the local bodies in UTs :

Zilla Panchayat :

(Amount in Rs. per month)

S.No	Designation	A&N Islands	Chandigarh	Dadra & Nagar Haveli	Daman & Diu	Lakshadweep	Puducherry
1.	Adiyaksh/ President/ Chairman	6250	4000	Nil*	Nil	5900	There are no elected panchayat representatives in the UT at present
2.	Up-Adiyaksh/ Vice-President/ Vice-Chairman	5000	3000		Nil	4600	
3.	Chairman of Committee	4375	-		Nil		
4.	Member of Zilla Parishad/ District Panchayat	3750	Nil**		Nil	Nil	

* President, Vice President and Members get meeting allowance @ Rs.500/- per meeting

** Members get sitting fees/meeting allowance @ Rs.200/- per meeting

Intermediate Panchayat (Panchayat Samiti):

(Amount in Rs. per month)

S.No	Designation	A&N Islands	Chandigarh	Dadra & Nagar Haveli	Daman & Diu	Lakshadweep	Puducherry
1.	Pramukh/ Chairman	5000	3000	NA	NA	NA	There are no elected panchayat representatives in the UT at present
2.	Up-Pramukh/ Vice-Chairman	3750	2000	NA	NA	NA	
3.	Chairman of Committee	3440	-	NA	NA	NA	
4.	Member of Panchayat Samiti	3125	Nil [#]	NA	NA	NA	

Members get sitting fees/meeting allowance @ Rs.100/- per meeting

Gram Panchayat:

(Amount in Rs. per month)

S.No	Designation	A&N Islands	Chandigarh	Dadra & Nagar Haveli	Daman & Diu	Lakshadweep	Puducherry
1.	Pradhan/ Chairperson	3250	Nil	Nil*	Nil	4600	There are no elected panchayat representatives in the UT at present
2.	Up-Pradhan/ Vice-Chairperson	3125			Nil	3300	
3.	Sarpanch	3125			Nil	NA	
4.	Up-Sarpanch	2750			Nil	NA	
5.	Members of Gram/Village panchayat	NA			NA	Nil	
6.	For Gram Panchayat	2250			Nil	-	

* Sarpanch, Up-Sarpanch and Members get meeting allowance @ Rs.3000 to Rs.5000 per meeting

REFERENCES

- Andaman and Nicobar Islands (Panchayats) Regulation , 1994
- The Punjab Panchayati Raj Act, 1994 (Punjab Act No.9 of 1994) as extended to U.T. of Chandigarh
- The Dadra and Nagar Haveli Panchayat Regulation,2012
- The Daman and Diu Panchayat Regulation, 2012
- Lakshadweep Panchayats Regulation, 1994
- Pondicherry Village and Commune Panchayats Act, 1973
- Report of the Fourth Finance Commission for Union Territories (Without Legislature)
- Fifteenth Report of The Second Administrative Reforms Commission (April 2009)
- District Census Handbook, Census of India 2011
- Constitution of India (Part IX) relating to Panchayats
- Official website of M/o Home Affairs
- Information provided by the UT Administration during the field visits of the Expert Committee
- Official website of the Administration of the Union Territories
- Status of Panchayati Raj in the States and Union Territories of India 2013 by Institute of Social Sciences.

Notes

Notes



Panchayati Raj

**Ministry of Panchayati Raj
Government of India**