



राजीव रत्न शाह  
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D.O.No.M-13011/1/2006-SP-Co.

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भारत सरकार

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April 24, 2006.

Dear

**Subject: Preparation of 11<sup>th</sup> Five Year Plan.**

I am writing to you to request you to initiate work on the preparation of the 11<sup>th</sup> Five Year Plan. The current year is the last year of the 10<sup>th</sup> Five Year Plan and the 11<sup>th</sup> Five Year Plan period will commence from 1<sup>st</sup> April, 2007. It is, therefore, appropriate that work on the preparation of 11<sup>th</sup> Five Year Plan is commenced at the earliest. The Planning Commission has already taken up the drafting of the Approach Paper to the 11<sup>th</sup> Five Year Plan. We expect the same to be approved soon by the full Planning Commission. Immediately thereafter, the Deputy Chairman will be writing to Chief Ministers of all States forwarding the draft of the Approach Paper before the same is taken up by the NDC for approval.

2. In the meantime, there are certain preliminary activities in connection with the preparation of the Plan that can be taken up.

3. The estimation of the resources available for the 11<sup>th</sup> Plan will be a major issue that needs to be seriously deliberated. All States have, by now, enacted the FRBM Legislation as recommended by the 12<sup>th</sup> Finance Commission. Definite year-wise targets for reducing the revenue deficit to zero and the fiscal deficit to 3% of GSDP by 2008-09 would also have been built into the FRBM Legislation. All this would mean that in the second half of the 11<sup>th</sup> Five Year Plan period, net borrowings cannot be greater than the Capital component of the Plan. As far as resources are concerned, major changes in the structure of commodity and services taxation are already under way. The majority of the States in the country have already moved over to a VAT at the State level. The Union Finance Minister, in his Budget speech, has also announced that April 1, 2010 would be the target date for the implementation of a National level Goods and Service Tax. The Union Government has also sought the views of the State Governments on the proposed 6<sup>th</sup> Pay Commission of the Central Government. State Governments will have to consciously deliberate on all the issues. They will have to factor the impact of these developments into the estimates of resources.

4. The timing is also opportune for the State Governments to undertake a detailed review of all existing programmes to assess the extent to which these programmes have achieved the objectives set for them. The changes and modifications required in existing programmes will have to be decided. A comprehensive zero based budgeting exercise will help the State Governments to decide on what the scope and shape of programmes and schemes should be in the 11<sup>th</sup> Five Year Plan period. I would request you to immediately initiate this process.

Contd...2/-

5. Such an exercise will also help in deciding what schemes should be terminated under plan and what part of such schemes that require to be continued should be transferred to the non-plan side as committed expenditure.

6. The Plan preparation exercise is essentially one of assessing the resources available and prioritizing their use, after having looked at the various needs that are to be fulfilled. Resources, being limited, have to be deployed in the most judicious and economically efficient manner. It is equally important to strengthen the institutional framework for the implementation of programmes/projects and for the delivery of services. Especially in the Social Services Sectors, it would not be possible to ensure effective and efficient delivery of services if planning were restricted to 'Plan' outlays alone. State Governments would have to consider how an integrated view of service delivery can be taken.

7. A major change in the environment, as compared to earlier Plans, is the increasing integration of India into the global economy. This process will throw up threats as well as opportunities. The 11<sup>th</sup> Plan should be used as an occasion to position your State to take the maximum possible advantage of the upside that globalization promises. All sectoral planning, especially for Human Resources Development, should be informed by this factor. The Plan should also identify a core set of investments that will be made even if an economic downturn causes a shortfall in resources.

8. Over the past 15 years, we have progressively moved away from a reliance solely on public investment as the prime mover of economic growth to increasingly providing a policy framework that is conducive to incentivising private economic activity. A major focus of the 11<sup>th</sup> Plan should be to generate innovative solutions by which the power of private enterprise and capital can be harnessed for economic and social development.

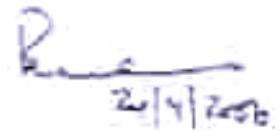
9. The 11<sup>th</sup> Five Year Plan will also be designed to provide a substantial thrust to planning at the grassroots level in order to actualize the vision of the Constitution 73<sup>rd</sup> and 74<sup>th</sup> Amendments. In this connection, the Ministry of Panchyati Raj had, in May 2005, set up an Expert Group under the chairmanship of Shri V. Ramachandran, former Vice Chairman, State Planning Board, Kerala, to study the processes of district planning and come up with recommendations relating thereto. This Expert Group has recently submitted its report and has also included therein a detailed time schedule for grassroots level planning as part of the preparatory work of the 11<sup>th</sup> Five Year Plan. I am enclosing a copy of the report of the Expert Group for your perusal and to initiate action in accordance with the recommendations of this Expert Group.

10. The welfare of the SCs and STs would continue to be a major objective of the 11<sup>th</sup> Plan. Detailed instructions have already been issued by the concerned ministries of the Government of India about the process of preparation of the Special Component Plan for Scheduled Castes and Tribal Sub-Plan for the STs and the content of these plans. These are policy instruments designed to ensure the fulfillment of the Constitutional guarantees and entitlements available for the SC and ST communities. The exercises connected with the preparation of the 11<sup>th</sup> Five Year Plan will have to take special efforts to ensure that meaningful plans are drawn up to ensure the all round economic and social development of the SCs and STs and other weaker sections in society. While doing so, the various plans and programmes should also build in the specific needs and address the concerns of women.

11. Many States have already prepared State level Human Development Reports (SHDRs). In fact, some States have come out with the second and third SHDRs. Other States that have not yet published their SHDRs are also in the process of preparation of the same. Many States have also recently taken up the preparation of district level HDRs under a project jointly sponsored by the Planning Commission and the UNDP. It would be appropriate if the 11<sup>th</sup> Plan preparation processes were to take a special note of the human development situation in the State, and the intra-State variations in human development levels, and try to design policies and programmes that build in the recommendations of the SHDRs and district HDRs.

12. We look forward to a constructive and fruitful dialogue between the Planning Commission and your State Government in the process of the preparation of the 11<sup>th</sup> Five Year Plan.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Rajeeva', with the date '20/4/2006' written below it.

(Rajeeva Ratna Shah)

**Encl.: As above**

**Chief Secretaries of States/UTs**

**PLANNING AT THE  
GRASSROOTS LEVEL**

**An Action Programme for the  
Eleventh Five Year Plan**

**Report of the Expert Group**

**March 2006  
New Delhi**



# *Preface*

The Constitution 73<sup>rd</sup> and 74<sup>th</sup> amendments, brought into effect in April 1992, envisage a very major reform of governance in the country. So great are the changes needed in attitudes; administrative, planning, financial and personnel systems; institutions and methods of working and so entrenched are existing mores in all these respects, that it is not surprising that very limited progress has been made in fourteen years. The formation of a separate Ministry of Panchayati Raj in June 2004 at the Centre was a clear indication of the determination of the Government of India to give a major push to this nation-wide reform. The Minister lost no time in organizing a series of Round Table Conferences to discuss all aspects of implementation of the reform with the State Governments in order to arrive at a consensus.

Following the Conferences, this Expert Group was appointed to recommend concrete steps for making planning at grass roots level a reality, since planning for economic development and social justice is a mandated function of Panchayats and other local governments in the Constitution.

The Group consists of members who have vast, life-long experience in this field and are deeply committed to the cause of Panchayati Raj and decentralization. They hold very strong views on many of the entrenched practices and would like them to be removed forthwith. In working as a Group, they have however shown great forbearance and have adopted a graduated approach to change. The Eleventh Five Year Plan is to start in April 2007. The Group has suggested in this Report a practicable action programme for local level planning in the Eleventh Plan. It has also suggested in detail the manner in which national programmes of importance in education, health, employment, poverty alleviation, housing and rural infrastructure could achieve their objectives better if centrality is given to Panchayats in working out details and in implementation. The ultimate objective is to make integrated local level planning for area development a reality by the end of the Eleventh Five Year Plan.

Given the commitment of the Ministry and its officers, it is obvious that this Report will not suffer the fate of several other reports for government, namely, a long life in shelves. Even so, we venture to suggest its immediate publication and wide distribution to the Planning Commission, Ministries of the Government of India, Members of Parliament, State Governments and others. We also suggest that the Report may be translated into local languages (using the State Institutions concerned) for wider circulation in the States among departments, elected representatives, local governments and the general public. We believe that a small amount spent on this will help in generating awareness and a larger discussion that will, in turn, help in taking concrete and determined steps towards decentralized planning and implementation overcoming the obstacles.

We have not written an Executive Summary as we consider that this brief Report should be read in full by all those who have to deal with it in one way or other.

New Delhi  
March 28, 2006

**V. Ramachandran**  
**Chairman**



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# Introduction

1.1 The Ministry of Panchayati Raj was set up as an independent Ministry in June 2004 to give an impetus to the strengthening of Panchayati Raj Institutions. A detailed consultation on the scope of the Ministry's work began in the Conference of Chief Ministers on Rural Poverty Alleviation and Prosperity through Panchayati Raj organized by the Government of India at Delhi on 29 and 30 June, 2004. Outlining the agenda through his inauguration address, the Prime Minister emphasized that effective and sustainable poverty alleviation could be achieved only by empowering Panchayati Raj institutions in the letter and spirit of the Constitution. Later, at a conference chaired by the Union Minister for Panchayati Raj, the steps taken by States toward devolution of powers to PRIs were reviewed. The conference concluded that a series of Round Tables of State Ministers of Panchayati Raj would be held, wherein the Union Ministry of Panchayati Raj would discuss in detail with State Ministers of Panchayat Raj various dimensions of devolution, with a view to arriving at a consensus on a time-bound road map for effective devolution. Consequently, the Ministry of Panchayati Raj convened Seven Round Tables of State Ministers of Panchayati Raj between July 2004 and December 2004. At the Round Tables, about 150 points for action, touching 18 dimensions of Panchayati Raj were formulated by consensus. The second Round Table at Mysore, held on 28 and 29 August 2004 considered the issue of decentralized planning and resolved that the Planning Commission be requested to ensure that the Eleventh Plan begins with and is founded on District Plans prepared in accordance with Part-IX and IXA of the Constitution.

## 1.2 Setting up of the Expert Group

This Expert Group was set up by the Ministry of Panchayati Raj vide its O.M. No. R-11017/17/2005 dated 10<sup>th</sup> May 2005 (as amended vide OM of even No. dated 14.6.2005) with the objective of studying and making recommendations on the following aspects of strengthening Panchayats in accordance with the recommendations of the Seven Round Tables:

- a. Formulation of District and Sub-District plans at all levels of Panchayats aimed at delivering basic minimum needs to citizens at the grassroots level,
- b. Strengthening the Planning Machinery at the district and sub-district levels for pursuing such formulation, including guidelines for the DPC to consolidate such plans,
- c. Ways and means of strengthening the delivery system for services and development initiatives through Panchayati Raj Institutions,
- d. Reviewing guidelines of Centrally Sponsored Schemes and Central Sector Programmes to ensure the centrality of participation by Panchayati Raj institutions from the drawing board to implementation of schemes including poverty alleviation, elementary education, rural health coverage etc.,

- e. Development of model guidelines for conferring original jurisdiction on Gram Sabhas as envisaged in PESA.

### 1.3 Composition of the Expert Group

The composition of the Expert Group is as follows:

|  |             |
|--|-------------|
| Shri V. Ramachandran, Former Vice-Chairman, State Planning Board, Kerala                     | Chairperson |
| Shri B.N. Yugandhar Member, Planning Commission  | Member      |
| Shri D. Bandyopadhyaya, Former Secretary, Government of India, Ministry of Rural Development | Member      |
| Smt.Nirmala Buch, Former Secretary, Government of India, Ministry of Rural Development,      | Member      |
| Smt.Devaki Jain, Development Economist,  | Member      |
| Dr. M. Govinda Rao Director, National Institute of Public Finance &Policy                    | Member      |

In September 2005, the services of Shri T.R. Raghunandan, Joint Secretary, Ministry of Panchayati Raj, were made available as Secretary to the Group, in addition to his other duties.

### 1.4 Strategy of the Group

- 1.4.1 The Group held seven meetings between July 2005 and February 2006 to discuss all dimensions of the terms of reference. The thrust was to suggest concrete steps that could be taken to establish and strengthen participatory planning during 2006-07, the last year of the Tenth Five-year plan and the period of the Eleventh Five year plan from 2007 to 2012, keeping in mind the provisions of Article 243G of the Constitution, which envisages Panchayats as local self-governments planning for economic development and social justice.
- 1.4.2 On the question of the centrality of Panchayats at the Village, Intermediate and District levels in planning and implementation of Centrally Sponsored Schemes that pertain to matters listed in the Eleventh Schedule of the Constitution, the Group decided that it would focus on making suggestions for reform of the guidelines of important selected Schemes which have a significant impact on development at the grassroots.
- 1.4.3 In order to ensure that the benefits of participatory planning accrue to all through an inclusive growth strategy, the Group outlined **five** preconditions that ought to inform the design of decentralization, the planning process from the grass-root level and the implementation of the plans.

These are:

- (i) a clear and unambiguous activity mapping for different levels of Panchayats based on the principle of subsidiarity;
- (ii) engagement of all stakeholders, particularly of historically discriminated and marginalized sections, including women in participatory planning implementation;
- (iii) devolution of adequate funds in an untied manner;
- (iv) streamlining and consolidation of schemes to ensure flexibility and a measure of autonomy;
- (v) assignment of significant revenue raising powers and building capacity of local governments to raise revenues from the sources assigned to them and
- (vi) maintenance of proper management and statistical information system to enable local governments to efficiently design and implement plans and raise resources and undertake evaluation of programmes.

## **1.5 Scheme of Chapterisation**

1.5.1 The Chapters in the Report have been sequenced in accordance with the Terms of Reference as follows:

1.5.2 Chapter 2: Overview of efforts at decentralized planning

This chapter traces the history of decentralized planning and the district sector budget and analyses the realities of current practices in district planning and implementation of schemes at the local level.

1.5.3 Chapter 3: Formulation of district, sub-district and village panchayat plans

This chapter suggests the modalities of preparation of perspective five year and annual plans at all levels of Panchayats in a District.

1.5.4 Chapter 4: Strengthening the system for planning from below:

It examines the status of District Planning Committees in States and looks at strengthening the planning machinery and the modalities of consolidation of Panchayats plans into the draft District development plan by the DPC, in accordance with Article 243 ZD of the Constitution.

1.5.5 Chapter 5: Strengthening delivery of services through Panchayats:

This chapter examines aspects of service delivery and in that context, focuses on improving the availability of functionaries to Panchayats, increasing the devolution of finances, promoting the raising of own resources and strengthening systems of accounting, audit and accountability. It also deals with the modalities of creating and maintaining an information system to enable local governments to better undertake planning and monitoring. The chapter also looks at capacity building of elected representatives and officials of Panchayats.

### **1.5.6 Chapter 6: Centrality of PRIs in the implementation of Centrally Sponsored and Central Sector Schemes:**

This chapter makes recommendations on the formulation, funding and implementation of Centrally Sponsored and Central Sector Schemes, in respect of certain core functions of Panchayats and selected national schemes.

### **1.5.7 Chapter 7: Development of model guidelines for implementation of Panchayats (Extension to Scheduled Areas) Act 1996 (PESA):**

This Chapter discusses the issues involved in the implementation of the provisions of PESA and suggests guidelines and safeguards for effective implementation of the Act in the Eleventh Plan.

# Overview of Efforts at Decentralized Planning

## 2.1 Background

- 2.1.1 Efforts at outlining decentralized planning of development commenced with the First Five Year Plan (1951-56), which recognized the need to break up the planning exercise into National, State, District and Local Community levels, but did not spell out how this was to be operationalised. Two new elements for the planning process were introduced in the Second Five Year Plan, namely, the establishment of the District Development Council and the drawing up of village plans and peoples' participation in planning through democratic decentralization. However, the attempt at decentralization of planning did not succeed as a proper enabling framework was not devised, both for planning and for integration of development activities at the micro level.
- 2.1.2 In 1957, as recommended by the Balwant Rai Committee, village, block and district level Panchayat institutions were established in many States. However, they were not assigned any meaningful role or resources and were not given any place in the planning framework. The Administrative Reforms Commission, in its Report of 1967, highlighted that district planning needed to be focused in those areas where local variations in the pattern and process of development were likely to yield quick results in terms of growth. It was emphasized that district authorities should be given a clear indication of the resources that would be made available so as to enable them to prepare purposeful plans at their level. In 1969, the Planning Commission communicated guidelines to the States for formulating district plans detailing the concept and methodology of drawing up such plans within the framework of annual, medium term and perspective plans.
- 2.1.3 The guidelines on district planning led to several States formulating district plans during the Fifth Five Year Plan. However, except in Maharashtra, Gujarat and Karnataka, these were not integrated into the annual plans of the States.
- 2.1.4 From the Fourth Five Year Plan (1972-73) to the beginning of the Ninth Plan, a central scheme was operated to assist States for strengthening their planning set-up at the State level. In 1982-83, this scheme was extended to the district level. At about the same time, the Reserve Bank of India directed the lead bank in each district to prepare a district credit plan. However, there was scarcely any link between district development plans and district credit plans.
- 2.1.5 A Working Group on Block level Planning headed by Prof. M.L. Dantwala (1978) identified the remoteness of planning agencies at the district level from the actual scene of action as the cause for mismatch of financial allocations with location specific needs. The Group recommended the Block as the appropriate sub-state planning level for proper appreciation

of the felt needs of the people. It also asserted that the block level provides the vital link between clusters of villages and the district level and thence to the region, State and National levels. The Planning Commission issued guidelines on formulation of Block level plans in tune with these recommendations.

- 2.1.6 Initiatives in strengthening Panchayati Raj closely paralleled those for district planning. Though Panchayati Raj Institutions got off to a good start in the early sixties, these hopes were short lived. With the possible exception of Maharashtra, Gujarat, Karnataka and West Bengal, elsewhere these institutions were either superseded or allowed very little freedom to operate, which inevitably led to their decline. In the period of plan holiday-between the third and fourth Plan, in many States, Panchayats were superseded. The Ashok Mehta Committee on Panchayati Raj recommended in its report (1978) that Panchayats ought to be strengthened into agencies capable of undertaking local planning.
- 2.1.7 Studies connected with the Planning Commission's report on district planning (by the Working Group on District Planning headed by C.H. Hanumantha Rao May 1984), brought out the fact that planning from below was undermined by different streams of funding the district plan. As States had to prepare their annual plans within the framework prescribed by the government of India, they, in turn, prescribed rigid guidelines, which left little scope for flexibility to District Development Councils in preparation of their annual plans. Substantial funds were also retained at the State level and schemes were formulated by sectoral departments without much consultation with the District Development Council. The Working Group recommended the following steps to achieve the objective of meaningful district planning:
- For good district planning, functions, powers and finances need to be decentralized. States should outline the sharing of functions with districts.
  - Each district plan must reflect the basic objectives of the national plan and the divisible plan outlay ought to be distributed to districts on the basis of population, area and level of development.
  - District Planning Bodies consisting of a Chairman, Member-Secretary and about fifty members, in which the Collector is the Chief Co-ordinator should be set up. The District Planning body should be assisted by a Chief Planning Officer assisted by Block level planning officers and technical experts from various disciplines.
- 2.1.8 The G.V.K. Rao Committee (1985) to review the administrative arrangements for rural development, recommended that the District Panchayat should be the principal agency to manage all development programmes at the district level. The Sarkaria Commission on Centre-State relations highlighted the need for participation of people's representatives in the planning and administrative machinery at the local level. A notable recommendation was the creation of a body akin to the Finance Commission at the State level for devolution or transfer of resources to the districts on an operational and objective basis.

The details of the history of attempts to promote decentralized planning from the first plan onwards to the mid-eighties is summarized in the table below:

### Decentralisation - Chronology of Attempts and Committee Reports

| Year               | Item  | Ideas and Concepts   |
|--------------------|---|--|
| First Plan, 51-56  | Community Development Blocks                      | To break up planning exercise into National, State, District and Local Community levels  |
| Second Plan, 56-61 | District Development Councils                     | Drawing up of village plans and popular participation in planning through the process of democratic decentralization   |
| 1957               | Balwant Rai Mehta Committee                       | Village, Block, District Panchayat institutions established  |
| 1967               | Administrative Reforms Commission                 | Resources to be given/ local variations accommodated, purposeful plan for Area.  |
| 1969               | Planning Commission                               | Formulated guidelines; detailed the concept of the district plan and methodology of drawing up such a plan in the framework of annual plans, medium term plans and perspective plans |
| 1978               | Prof. M.L. Dantwala                               | Block level planning to form a link between village and district level planning  |
| 1983-84            | Centrally Sponsored Scheme/ Reserve Bank of India | Strengthen district Plan/ District Credit Plan   |
| 1984               | Hanumantha Rao Committee                          | Decentralisation of function, powers and finances; Setting up of district planning bodies and district planning cells  |
| 1985               | G V K Rao Committee                               | Administrative arrangements for rural development; district panchayat to manage all development programmes   |



- 2.1.9 Panchayat involvement in rural development was enlarged during the Sixth and Seventh Plan period,. Greater involvement of Panchayats was institutionalized with the launching of the Jawahar Rozgar Yojana (JRY) in 1989-90, under which there was a substantial flow of funds to village Panchayats. In addition, Village Panchayats were required to prepare an inventory of assets and give details of the projects taken up under JRY. The works to be taken up were decided in the meetings of the Gram Sabha.
- 2.1.10 **Thus, over a period of four decades since the beginning of planned development, there were several suggestions and attempts at decentralized planning. The conditions required were also outlined and repeated. However, the increase in the number of ministries, departments and parastatals at the Centre and in the States and the vertical planning, preparation of programmes and methods of funding stood in the way of decentralized planning becoming a reality.**
- 2.1.11 The 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Constitution gave constitutional status to local self-governments and provided a new, more politically underpinned, universalized platform for decentralized planning from below. However, though it is now nearly 14 years since the amendments were made and there has been progress in implementing some of the mandated provisions such as conduct of elections, the concept of development planning from below has still not taken root, even in the few States in which there is relatively larger devolution of powers and provision of untied funds to local governments.

## **2.2 Recent Initiatives**

- 2.2.1 We have already referred to the initiative taken by the Ministry of Panchayati Raj to convene seven Round Table Meetings with the State Ministers in charge of Panchayati Raj and the points for action decided upon therein. The recommendations of the second Round Table regarding decentralized planning were briefly as follows:
- District Planning Committees ought to be constituted in every State, by the end of the current financial year (2004-05), in according with the procedure laid down in Article 243ZD (2),
  - All States ought to make provision, by law, outlining the functions and procedures of DPCs,
  - District planning ought to take into account the area's resource endowment, people's felt needs and their relative absorptive capacity,
  - Each level of Panchayat and Municipalities ought to prepare perspective Five Year Plan and Annual Plans as provided in the Constitution, which would be consolidated by the DPC,
  - The State must specify institutions, organizations and individuals to assist Panchayats, Municipalities and DPCs in preparing plans in accordance with Article 243ZD (3) (b),
  - States must indicate extent and type of available resources to each Panchayat level

and Municipalities as per Article 243ZD, in order to facilitate planning,

- States must, to the extent possible, provide resources as untied funds to Panchayats and Municipalities. Where grants are scheme specific, guidelines for implementation ought to be broad and simple,
- Central Government could consider establishing a mechanism to pool all Central Government and Finance Commission's resources, for channelling them to Panchayats,
- States must strengthen the finances of the PRIs so that planning at the District and Sub-District level is based on an indication of the resources available and those that would be made available for the activities devolved on them,
- States ought to consider incorporating a Panchayat sector in each departmental budget within their budget,
- The Planning Commission, in consultation with the Central Ministries concerned, could work out appropriate arrangements for incorporating a Panchayat sector in each departmental budget,
- A distinction must be maintained between administrative grants and development grants in allotting financial resources to PRIs,
- State Governments could consider incorporating in their State laws provisions for Standing Committees in Panchayats for planning and implementation of allotted subjects, with an earmarked budget. Standing Committees could handle implementation from conception to approval, calling of tenders, finalization of vendors; conducting supervision of on-going works and certifying issue of utilization certificates,
- In local planning, priority ought to be given for basic minimum needs; provision of services; facilitating Rural Business Hubs,
- The Planning Commission may ensure that the Eleventh Plan begins with and is founded on District Plans prepared in accordance with Part-IX and IXA of the Constitution.

2.2.2 Taking note of the fact that annual plan proposals were to be called from States in November 2005, this Expert Group recommended to the Planning Commission that certain important aspects relating to district planning may be included in the circular issued to the State Governments. Based on the recommendations of the Group, the Planning Commission wrote to the State Governments that the following points would be taken into consideration before approval of the Annual Plan proposals for 2006-07:

- (a) The District Planning Committees (DPC) should be constituted in accordance with the provisions of the Constitution by the time the Annual Plan Proposals are presented.
- (b) The composition of the District Planning Committees is to be decided by the law made in

this connection by the Legislature of the State. Taking into account the imperative need to increase the professional competence of the DPCs, whose main responsibility and function is to consider the gram Panchayat and block Panchayat development plans, as also the municipalities of districts, and to consolidate and prepare a draft development plan for the district as a whole, the DPC should be required to consult institutions and professionals, as may be specified for this purpose by the Governor under Article 243 ZD (3)(b).

- (c) At least in respect of items dealing with minimum needs as listed below, the Annual Plan proposals have to indicate the detailed activities of the different levels of Panchayats:
  - (i) Literacy (adult literacy) & elementary education
  - (ii) Primary health & sanitation
  - (iii) Rural Water Supply
  - (iv) Rural roads
  - (v) Housing for the poor(rural & urban)
  - (vi) Nutrition, children & women & crèches
  - (vii) Livelihood & employment guarantee
  - (viii) Rural electrification
- (d) As regards each of the items, the proposals have to indicate the funds, if any, received from (i) recommendations of the Twelfth Finance Commission, (ii) Backward Regions Grant Fund (BRGF), (iii) Centrally Sponsored Schemes, (iv) Different Development institutions at the Center and in the States like Scheduled Castes Commission, Women's Commission, etc., (v) Financial Institutions, (vi) Externally assisted schemes, and (vii) their own resources, if any.
- (e) The Annual Plan Proposals should also indicate the detailed deployment of funds received from the above different sources for a specific subject in each of the districts of the State.
- (f) The Annual Plan Proposals should indicate the criteria followed by the State Government for allocating the resources for the above items, district-wise. The State Government may also indicate how the district allocation will be distributed between the district, block and gram Panchayat levels taking into account the conditions in the State.
- (g) The detailed exercise in respect of items of minimum needs are suggested as a first step and they do not exclude the need for a similar exercise in respect of the entire set of items to be implemented through/by PRIs as part of the Plan.
- (h) In order to enable Panchayats at different levels to formulate and implement locally relevant schemes in respect of functions that have been devolved to them, the Annual Plan Proposals should work towards a target District Plan outlay of 30% of State Plan outlay and untied funds of 25% of the District Plan outlay.
- (i) Recognizing the importance of accounting & audit, dissemination & capacity building,

four per cent of the untied block grants should be earmarked for strengthening these activities. Earmarking may be done for these activities in the Annual Plan Proposals.

2.2.3 The inclusion of the above points in the annual plan circular of the Planning Commission for 2006-07, marked an important step towards district planning. In continuation of those measures, this Report aims at addressing the challenge and draws attention to the elements in the current scenario that need revision so as to make local planning a reality by the end of the Eleventh Plan.

## Formulation of District and Sub-District Plans at all Levels of Panchayats

- 3.1 The object of district planning is to arrive at an integrated, participatory coordinated idea of development of a local area. An essential step in this direction is to ensure that each Panchayat at any level or Municipality is treated as a planning unit and the 'district plan' is built up through consolidation and integration of these plans as well as by considering the development of the district as a whole. It is a two-way interactive exercise, the district being viewed as a convenient local area.
- 3.2 As now practised, the concept of district planning is considerably diluted by the fact that most department schemes envisage in their guidelines, separate and self-contained 'planning' processes. One way of curbing this tendency is to ensure that the word "plan" is used restrictively, to mean only that "plan" that is prepared at the level of each local government. Sectoral planning efforts ought to be termed as "programmes" ". Thus a "Plan" would be a composite whole which consists of several programmes in a mutual interdependent way. In Hindi, this would translate into one 'yojana' with several sectoral "karyakrams". It will emphasize mutual reinforcement of sectoral programmes. It will also ensure that resources are not wasted. Another important aspect is that it would entail a back-and-forth consultation as participants strive to temper and prioritize needs to fit the availability of resources. Lack of structure in this consultative process can delay planning indefinitely; yet too much hierarchy and rigidity can inhibit discussion and end up keeping essential participants out of the exercise. Avenues of consultation have to be open, but without too many steps before plan approval.
- 3.3 The Expert Group visualizes the process of decentralized planning as falling into a broad sequence of steps. The sequence of preparing the Eleventh Five year plan from grassroots upwards could be to undertake a decentralized envisioning and stocktaking exercise, followed by a planning exercise at each local body level and then the consolidation and integration exercise. The envisioning process, would look at how the main priorities are determined as also the participatory processes that enable all stakeholders to be involved. Issues such as the representative profile of Panchayat elected members are critical here – for instance, the fact that women are represented to more than 40 percent of the seats and SC & ST representation is in excess of the seats reserved for them would all have a huge impact on the visioning process. Indeed, Panchayati Raj represents the most potent means for women to lead governance, both in envisioning and implementation. Next would come the actual processes involved in the planning process at each level of Panchayat. Thirdly, comes the process involved in consolidation and integration of plans by the District

Planning Committee. This Chapter deals with the first two steps—decentralized envisioning and planning. Consolidation and integration of plans is dealt with in the next Chapter, along with the functions of the District Planning Committee.

### **3.4 Building a District Vision:**

- 3.4.1 The early part of the year 2006-07 should be devoted to preparing for each district a vision, through a participative process starting from the grassroots, as to what would be the perspective for development over the next 10 to 15 years. In basic terms, the articulation of a vision is best done in each planning unit, right down to the Gram Panchayat level, stating with respect to each area what the needs and potential are, what the attainable levels are and what the goals to be reached could be. A basic requirement is that the preparation of the vision is not conditioned by schemes and programmes. The vision would be primarily articulated in terms of goals and outcomes and would address basically, three aspects of development, namely, human development indicators, infrastructure development and development in the productive sector. The idea is that the envisioning process, being participative, would build a spirit of teamwork and hopefully break down the department-wise 'planning' process that is now dominant.
- 3.4.2 Building a vision for basic human development indicators would essentially cover health, education, women and child welfare, social justice and availability of basic minimum services. Each Panchayat could propose, in its envisioning exercise, that they will achieve the levels specified for each such aspect within a particular period of time. Building a stage by stage approach is not precluded - for instance, in districts that are below the national average in literacy, the first step would be to reach the average level and the next would be to attain the desirable level. Similar envisioning could be undertaken in respect of attainments regarding education, health, water supply and sanitation etc. Special attention has to be given to women and disadvantaged groups so as to enable them to take a lead in planning. The current means for inclusion of women in development planning and implementation as well as in allocation of funds is to offer a special women's component plan to ensure that part of sectoral funding is available and used for women. However, what is needed is that, equality has to be built into the envisioning process as a whole, by ensuring that women have an important role in the design of the entire Panchayat plan, rather than only in the womens' component. For example, in surveys involved in the planning process, it needs to be ensured that women's views are especially sought, including through focus group discussions. Women community leadership will need to be identified and included in committees that may be formed under various sectors, to ensure that women are included in planning for sectors other than social development, such as infrastructure, use of common lands, natural resources and employment. In ensuring meaningful participation of traditionally muted and excluded groups like dalits and women in the envisioning exercise, there is need for special capacity building for them. Networks of elected women members ought to be encouraged so that they can exert collective pressure as well as throw up leadership for a meaningful development of village and district plans with womens' views

embedded in them. Capacity building programmes ought to ensure womens' empowerment as a cross cutting theme so that womens' empowerment is understood by others and development priorities identified by women are respected. These processes can become part of the participatory exercises in building the district vision.

- 3.4.3 With respect to the vision for infrastructure, the targets aimed under Bharat Nirman could be adopted in the manner as applicable for each district. The vision for the productive sector would consider what is the potential of the district and what can be reached within the plan period, considering the natural and human resources available in the district. There ought to be a close look at all aspects of natural resources use such as food and agricultural production, land and its improvement, irrigation and attainment of water security etc. The vision should also cover the possible local response to the changes taking place as a result of national, state and private development efforts.
- 3.4.4 There are several districts in the country where the basic targets concerning human development indicators have been already achieved. In such districts, the concentration could be on the next level of envisioning, basically in infrastructure and economic development, modernization of traditional industry and technical development of peoples' skills.

### **3.5 Evolution of the District Vision through discussion in Panchayats and other local bodies:**

- 3.5.1 It is essential that the district vision is owned by all. This will require a high degree of participation in the preparation of the vision. The Ward and Gram Sabhas will have to be involved fully in the preparation of the district vision. One of the processes that is suggested in the exercise for planning, namely, undertaking participative citizen surveys is itself a good way of starting the process, through giving every citizen surveyed an opportunity to voice his or her needs and vision.
- 3.5.2 The district vision document should be given wide publicity. There are several means by which DPCs could ensure wide dissemination of the vision, one of them being to progressively cover all Intermediate Panchayats and Gram Panchayats on a block wise basis through a series of workshops for all Panchayat leaders for creating awareness. Copies and brief abstract of the same should also be made available to the people as a priced publication.

### **3.6 Undertaking a parallel stock taking exercise:**

- 3.6.1 Paralleling the envisioning process, a stock-taking exercise would need to be undertaken, comprising both an assessment of the human condition in the District, as also the availability of natural, social and financial resources and infrastructure. For doing this, data pertaining to these aspects of development already existing in different forms would need to be compiled, assessed and described in a simple fashion. Using a common manner of describing and displaying the results of stock taking would be useful. This Group has elsewhere made suggestions concerning the work of preparing and maintaining databases for planning. The data base prepared would be an invaluable resource for the stocktaking exercise. In

this connection, the concept of using development radars<sup>1</sup>, already used by the Planning Commission for preparing the National Human Development Report-2001, merits wider adoption. Development Radars are a pictorial depiction of the performance of a unit of planning in respect of various sectors such as health, education, poverty alleviation, drinking water, housing etc. These can be redrawn over a time sequence and the difference in attainment measured. Apart from aiding stocktaking and envisioning, DRs could even be used as a report card that can measure progress on the development parameters that comprise it. With the strides being made in electronic data compilation, if a listing of Panchayats with the constituent revenue villages is made available by States, development radars can be prepared for Gram Panchayats too. We strongly recommend that the preparation of Developmental Radars be taken up, on priority, as part of the stock taking exercise.

### **3.6.2 Developing HDR reports for States and Districts:**

Several States have prepared HDR reports, which have become the basis for the development planning exercise in them. It is suggested that HDR reports be prepared district wise, so that there is a common framework within which the envisioning exercise takes place in each district.

### **3.6.3 Other aspects of the Stock taking exercise would be as follows:**

- Determination of cumulative physical and financial achievement regarding the availability of government provided services, from data available with implementing officers,
- Verification of physical assets, both community and individual assets, undertaken at each Panchayat level,
- Determination of works spilling over from the earlier plan and the funds required for the completion of the same,
- In many areas of service delivery, the private sector has supplemented insufficient government provision and the stocktaking exercise has to take into account the extent of such supplementation.
- The credit plans of the district can be used as a starting point for taking stock of the resources that are available through credit for planning. This will need to be supplemented by taking stock of the growth of the self-help movement and microfinance.

### **3.6.4 Taking stock of the own revenue raising capability of Panchayats:**

Raising of local revenues by Panchayats remains neglected in stocktaking, planning and implementation. No serious effort has been made nationwide to implement the recommendations of the Eleventh and Twelfth Finance Commissions in this regard. In several States, while taxes are assigned to local bodies by law, collection is unsupervised and neglected in practice. Experience suggests that given encouragement and with adequate capacity building, panchayats are capable and enthusiastic about collection of taxes. There has to be a substantial emphasis in local planning processes to estimate local revenues, entailing categorization of taxable properties, setting of tax rates for different categories,

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<sup>1</sup> From the work undertaken by Dr. N.C. Saxena and Jayanthi Ravi.



measurement of properties and self-declaration of taxes. Developing a framework for assessment of own tax and non-tax revenues of Panchayats would be part of the stock-taking exercise. While local variation in legislative provisions relating to taxation may exist, it is useful to look at the policies and practices of States that have undertaken successful reform of taxation at the Panchayat level.

### **3.7 Intimating available order of resources for planning at local levels:**

It is necessary that an exercise is done to make known the resources that will be available for planning at all levels. Even if a complete indication of funds available is not possible, an indication of the order of resources that will be available from different sources such as CSSs, externally assisted schemes, if any, and state plan funds is possible. Details of funds flowing from bilateral projects and MP and MLA Local Area Development programmes should also be given so that an overall picture of resources is available and could be made public. Untied funds for local plans could be added wherever they are available. As regards the broad time frame within which these processes need to be undertaken, it is suggested that during 2006-07 itself it should be possible to indicate with reasonable precision the resources that will be available for planning at each level of Panchayat. Since the process will take a year to be completed, intimation need to go out from the Planning Commission and the State Governments early in 2006-07.

### **3.8 Some States, such as Kerala have issued detailed guidelines on local planning, including taking stock, which could be adapted and used by other States.**

3.8.1 After the envisioning and stock-taking exercise, the DPC will need to determine a strategy for the development of the district as a whole and accordingly provide guidelines to the Panchayat Raj Institutions and Municipalities for formulating their Plans. The objective is to ensure that all DPCs prepare and update at least once in five years synchronous with the Five year plans of the Centre, a five year plan for the development of the district, defining the goals of development in each sector and outlining the strategy to be followed for each sector based on local conditions. Such plans may also be prepared with taluk as a unit for the rural areas and a town/city as the unit for the urban areas.

3.8.2 The next part of this Chapter looks at the planning process at each level of Panchayat. Keeping in mind that the entire focus is on bottom up planning, the sequence followed is to first outline the process recommended at the Gram Panchayat level followed by higher levels.

### **3.9 Participative planning at the Gram Panchayat level.**

**3.9.1 Given below are suggestions on how the planning process could be taken up at the Gram Panchayat level so as to ensure full peoples' participation.**

#### **3.9.2 The Gram and Ward Sabhas**

For proper planning at Gram Panchayat level, Gram Sabhas have to function effectively. Their meetings would have to be representative of all people living in a Gram Panchayat. Several States have devised consultative mechanisms below the Gram Sabha, such as Ward Sabhas and Mahila Sabhas to ensure that every socio economic section is properly

represented in the Gram Sabha. Even so, the general picture is that meetings are few and far between and that attendance is low, especially of weaker and disadvantaged sections. The following steps are suggested to be carried out on a campaign mode to ensure good participation in Gram Sabhas and Ward Sabhas:

- Dates for meetings to be determined in advance by the Panchayats,
- Notices to be printed and distributed and adequate awareness created through display of fixed notices in public places particularly about the responsibilities of the Gram and Ward Sabhas in Plan formulation
- Special interest groups such as SHGs etc., to be contacted for attending the Ward and Gram Sabhas,
- Information to be given through NGOs, libraries, schools, anganwadis and co-operatives functioning in the area about Ward and Gram Sabhas,
- Campaigns through National Service Scheme and Nehru Yuvak Kendra (NYK) volunteers, NCC cadets and College students could be undertaken,
- House visits through squad work, particularly mobilized through the Ward member could be arranged.
- The Gram Panchayat nominating two facilitators one male and one female identified unanimously for each Ward Sabha. These facilitators could also be earmarked for special training at the Block/Municipal levels.
- Having a proper structure for the Gram and Ward Sabha with scope to break up into smaller groups for discussion.
- It would be useful to meticulously keep records of the meetings, such as attendance register with details; photographs, etc., where feasible.

### **3.9.3 Participative Citizen surveys.**

Information is a basic tool for planning, but information relevant to each area and its population is rarely available. A citizen survey leading to a data-base for each Gram Panchayat to know more about themselves, developed in a participative manner, is a desirable pre-requisite for participatory planning. The process of data collection on citizens could be so dealt with that Gram Panchayats see in it, their own empowerment. This also builds a climate of participation even before the actual planning process starts. A good design of data collection by the Gram Panchayat will result in:

- The Gram Panchayat will own the data it collects,
- A basic framework will be developed and local initiatives and add-ons encouraged,
- Data collection would involve the local elected representatives. Gram Panchayat members or their literate assistants could carry out the surveys,
- Data collection is a process, not an event. Data will be continuously refined,
- Gram Panchayats will begin to act on their findings even before the data is correlated.

### **3.9.4 A natural resources database**

Systems for collecting natural resources data are already available, often GIS supported. Data from an existing GIS system can be transferred into a series of static slides that can be given to the Gram Panchayat on a CD.

### **3.9.5 Taking Stock of Gram Panchayat level resources:**

While the importance of this exercise has been mentioned earlier, at the Gram Panchayat level this exercise would, specifically look at the following points:

- Increasing local resource mobilization through taxes, user charges and contributions.
- Innovative means of financing through cess, BOT, Community contribution and borrowings.
- Other efforts at promoting development through local action without significant outflow of funds from the local government. This could include tapping of funds from local philanthropists, NRIs, the Corporate sector and NGOs.

### **3.9.6 The use of IT in the maintenance of databases**

IT ought to be positioned as a tool that enhances the quality of decision making at the Gram Panchayat level. Several simple processes, such as giving a standard identity number to the family, could help in linking up one database with another, thus adding greater value to it.

### **3.9.7 Making commitments to the people on good governance:**

A housekeeping plan ought to also be part of the Planning Exercise. Each Panchayat may give details of how it is adequately equipped to handle the workload associated with decentralized planning and implementation. This will also take stock of devolution of adequate functionaries to them for better administration. Some of the priorities under the housekeeping plan would be as follows:

- Updating of records,
- Completion of Asset Register,
- Prescribing performance standards for institutions and officers,
- Steps to reduce waste and leakages,
- How procurement would be undertaken for the implementation of the plan,
- Other measures to improve the performance of obligatory functions mandated by law.

### **3.9.8 Matching of resources to the plan:**

Ideally speaking, each gram panchayat should be free to allocate resources in accordance with the assessed needs. However, at this stage of our development, the local planning exercise has to take into account the diversity of sources of funds. The attempts should be to put them to best possible use.

Therefore, once the order of resources for the plan are known, it is best to place them into a matrix that is divided into three categories, namely, purely untied funds, partly untied funds (where there is some flexibility in use) and tied funds. Such a matrix would give each Panchayat an idea of how it can slot its priorities into the conditionalities associated with funding. This would ensure that funds, which are inescapably tied should be first used and then untied funds are applied. Once needs are assessed at the Panchayat level, a process of linking each need to the source of funding can be adopted, through the steps detailed below:

- **Step 1: Classifying each need into a matrix.**

Discussions with people would throw up several needs, such as housing, sending children to schools, nutrition, roads, health care etc. Each of these will need to be classified under broad headings irrespective of the source of funds.

- **Step 2: Assigning specific purpose grants:**

Having classified the needs, the next step would be to identify the specific purpose grants that address such needs and match these resources to each need.

- **Step 3: Assigning part-untied funds:**

Part-untied funds are available for certain purposes and allow for a certain measure of convergence with other schemes. Examples are SGRY and funds from award of Central and State Finance Commission. These funds can be used for gap filling within limits.

- **Step 4: Assigning fully untied funds:**

The final step is the placement of fully untied funds. These are typically own sources of revenue, general or untied State Plan Grants, SFC grants. In this connection, it would also be very useful to consider the assignment of non-monetary contributions, such as voluntary labour, as fully or partly untied resources.

### **3.9.9 The adaptability to change of a Plan**

Several factors may call for a change in the Plan. One is the possible impact of general development and technological change on a given area and the need to adjust, respond and make use of the opportunity. There could also be a natural calamity which may necessitate leaving incomplete plans aside and concentrating on immediate relief and rehabilitation. Currently there is no formally designed mechanism that integrates a calamity relief operation, even in a slow acting calamity such as a drought, with the existing Panchayat plan. This leads to duplication of work and irregularities. Systems will have to be put in place for a calamity relief plan to act in concert with a local plan. There will also be a need for frequent monitoring of calamity relief programmes, including through an appropriate social audit mechanism too.

### **3.9.10 Sequencing and processes of planning at the Gram Panchayat level**

The planning exercise ought to lead to a five-year plan for the period corresponding with the national plan period, and annual plans that define and prioritise areas and schemes from such a plan. The longer term plans would capture the overall picture of the Panchayat and allow people to understand what planning and governmental funding could hold out for them. Once a five year plan is prepared, the annual plan can be drawn out from it.

Considering the size and availability of personnel of gram panchayats, it is obvious that they would need assistance and help in the preparation of projects and schemes, but the decision should be that of the gram sabha. Development Meets/Workshops at gram sabha level would be necessary leading to the emergence of a draft plan, with schemes and projects listed in priority.

### **3.10 General format of a Gram Panchayat level plan**

A basic point to be stressed is that everybody should be able to understand the plan, more so the people of the village and the Gram Panchayat members. The Gram Panchayat level plan could follow a broad and simple pattern<sup>1</sup>. Drawn from best practices, given below is a possible framework:

- The Vision
- Citizens' Profile
- Natural Resources & Infrastructure Profile
- The Financial Resources Profile
- The Anti Poverty Programme
- The Gender Justice Programme
- The Special Component and Tribal Programmes
- Programmes for Social Security
- Implementation
- Monitoring and Evaluation

### **3.11 The planning process at the Intermediate Panchayat:**

3.11.1 The process and format of the Intermediate Panchayat plan will be largely the same as that suggested for the Gram Panchayats. However, the actual components would be dependent on the Activity Mapping for the Block Panchayat and the vision envisaged by the Intermediate panchayat. An important role of this level of panchayat is to act as a facilitator in the various steps of planning at the gram panchayat level. The tasks of the Intermediate Panchayat as regards planning would be:

- Prepare five year and annual plans in accordance with activity mapping and covering inter village-panchayat issues, through a participatory process following the steps listed in the case of gram panchayats (as appropriate).

- Maintain multidisciplinary technical teams (which could include NGOs) for assisting Gram Panchayats in planning and implementation. This would especially synergize inter-tier coordination for watershed development and Rural Business Hub initiatives. There is urgent need to equip each Intermediate Panchayat with a planning support unit.
- Maintain and manage multi-panchayat cadres, such as teachers, engineers, watershed managers, social forestry supervisors, anganwadi supervisors, and intermediate level health supervisory workers.
- Feedback from Gram Panchayats regarding works outside their purview, such as inter-village road formation and multi panchayat irrigation structures could be included in Intermediate Panchayat Plans.

### **3.12 The Planning Process at the District level:**

- 3.12.1 In Chapter 4, we deal at length with the composition and functions of the constitutionally mandated District Planning Committees. Their task would include assistance in planning to different levels of panchayats as well as the integration of their draft plans.
- 3.12.2 As regards district Panchayats, the role would be one of preparing plans in accordance with activity mapping and overall coordination in planning, providing capacity building and technical support, to lower levels of panchayats. Quite often, districts are themselves highly uneven in development. The District Panchayat has the responsibility to provide for equitable development of backward regions within the district. This could be done through guidelines as well as differential allocation of resources to low levels of panchayats under special component plans and programmes in the earmarked fund. The district level, in preparing its plans will particularly need to take into account gender issues, tribal sub-plans and Special Component Plans for the development of SCs.
- 3.12.3 It is essential that the District Panchayat plan also looks into several issues that may lie outside activity mapping, but are critical to the overall development of the district as a whole. While all of them cannot obviously be tackled at the district level, the plan could cover measures that would help to promote them. We indicate below some of these issues that need to be addressed in the District Panchayat plan. These are particularly relevant to the district plans in the 200 backward districts where poverty is chronic.

#### **3.12.4 Agricultural Land related issues:**

Several land related regulatory issues often lie at the root of continuing and chronic poverty. These include backlogs in land survey, confirmation of grant of title to those who do not have title, identification of land alienated illegally, restoration of alienated land so identified through Gram Sabhas under powers vested in them under Provision of Panchayat (Extension to the Scheduled Area) Act 1996 (PESA) and in an analogous manner in non-Scheduled Areas and recognition of Community control over traditional Jhum/Podu areas and promotion of programmes of tree culture and husbandry, as a step towards self-sufficient and sustainable use of resources.

### **3.12.5 Forest land Related Issues**

These would include completing the process of conversion of forest villages into revenue villages and settlement of other old habitations, regularisation of pre-1980 occupations and resolution of other disputed claims over forest land in terms of Government of India directions, livelihood rehabilitation of those whose occupation cannot be regularized, identification of all occupied lands and preparation of maps authenticated by the Gram Sabha concerned, the Forest Department and the Revenue Department.

### **3.12.6 Credit and Usury related issues:**

These would include the following initiatives:

- assessing the debt liabilities of members of the Scheduled Castes and Scheduled Tribes and other weaker sections,
- revival and restructuring of the Large Area Multi-purpose Cooperative Societies (LAMPS) and Primary Agricultural Cooperative Societies (PACS) with the specific targets of providing all credit needs of the Scheduled Castes and Scheduled Tribes and weaker sections,
- providing special arrangements for provision of long-term loans for purchase of long-term loans for purchase of land by asset less poor and resource less families, who are dependent upon agriculture for their livelihoods.
- Providing effective support price operation for all items of agriculture and minor forest produce.
- Strengthening of the public distribution system, through a system of buffer stock within a village from out of local produce, supplementing the same from outside, to the extent of deficiency.

### **3.12.6 Livelihood Issues**

These would, in particular, deal with steps for effective implementation of the National Employment Guarantee Act, through assistance to the panchayats in the preparation of appropriate shelf of works for each area.

### **3.12.7 Primary Health Care and Nutrition Issues:**

These would include the following:

- Discontinuing commercial vending of liquor and other intoxicants in terms of the excise policy for tribal areas and institutionalize control of the Gram Sabha over the preparation and use of traditional drinks.
- Ensure functioning of health facilities as per national norms,
- Ensure that all sanctioned posts are mandatorily filled in by trained professionals/ para professionals, if necessary through local recruitment,
- Ensure universal full immunization of all children, guaranteed safe deliveries through

accredited health provides/skilled birth attendants and management/treatment of communicable diseases together with supply of essential drugs, up to health Sub Center level,

- Establish an identifiable and effective nutrition chain for all pregnant women and nursing mothers in rural areas all mal-nourished children and for all children studying in schools.

3.12.8 Reinforcing Administration and Planning through delegation of powers, setting up an effective grievance redressal system, and creation of necessary infrastructure, service conditions, and facilities for all personnel working in these areas would also need to be specifically addressed in the District Plan. The plan for provisioning of larger infrastructure would also be part of the Plan. The thrust areas of Bharat Nirman, such as connectivity of roads, and electrification of all villages and habitations together with electrification of all unelectrified below poverty line households could also be addressed in the District Plan through supplementation of plans of lower levels as well as through attention to inter-panchayat issues.

3.13 There is need to ensure close collaboration between levels of Panchayats, without converting the relationship into either a hierarchical or an effort-duplicating one. The principle of financial subsidiarity will need to be followed, by which even if a higher level of Panchayat, such as a District or Intermediate Panchayat sanctions a work of a value less than a prescribed floor limit, it transfers the money allocated for that work to the Gram Panchayat concerned for implementation. This will lead to a clear understanding and separation of who implements what, regardless of who sanctions it. In addition, just as district and intermediate levels of Panchayats would be mandated to delegate implementation of schemes below a certain outlay ceiling to the level below, it ought also be open to lower levels of Panchayats to recommend to the immediate higher level such schemes that ought to be undertaken at the higher level. In addition, there is a need to enable clustering of Gram Panchayats for the purpose of building a sufficient scale for efficient planning, This is particularly relevant for States that have a large number of very small and spread out Village Panchayats. Thus an enabling mechanism could be provided that allows Panchayats, either at the three levels or amongst the same level, to form collaborative arrangements with each other. This could be through a system of contracts and MOUs concerning the assignment of functions in planning to each level.

3.14 Some of the ground rules for planning at the intermediate level would include mandating prior consultation with Gram Panchayats. It is suggested that Intermediate and District Panchayats ought to hold meetings of all elected local government members of the levels of Panchayat within its jurisdiction and carry out a detailed consultation exercise. In the case of District Panchayats a meeting of all Village Panchayat Presidents along with all elected members of the District and Block Panchayats may be held, in order to ensure a structured consultation. West Bengal has developed a system, which may be considered for adoption with suitable modifications. Though an amendment to the Panchayati Raj



Act in 2003, each Intermediate Panchayat is to have a Block Sansad, consisting of all members of the Gram Panchayats pertaining to the Block and all members of that Panchayat Samiti. One half-yearly and one annual meeting of the Block Sansad are held every year. A 10 percent quorum is fixed. The Block Sansad has powers to guide and advise the Panchayat Samiti for all matters relating to development including preparation of annual plans and budget and implementation of development programmes for economic development and ensuring social justice. The deliberations, recommendations and observations passed in the meeting of the Block Sansad shall be considered in the meeting of the Panchayat Samiti within one month from the meeting of the Block Sansad. A similar system for District Panchayats is through the Zilla Sansad, which is comprised of Pradhans of all Gram Panchayats in the district, Sabhapatis (Presidents), Sahakari Sabhapatis (Vice Presidents) and Karmadhyakshas (Standing Committee Chairpersons) of all Panchayat Samitis and all members of the Zilla Parishad.

- 3.15 At the District and Intermediate Panchayat level, it is also essential that there is detailed consultation with other key stakeholders such as farmers, traders, industrialists, the labour, the poor and the academics and professionals, through well publicized consultations.

### 3.16 Time Table for Plan Finalisation:

It is suggested that a time-table be followed by States starting from 2006-07 to prepare for and draw up the Eleventh Five Year Plan. The following schedule is suggested for completing various phases in the Planning process. The dates are suggestive and States may make changes within the over-all time frame in accordance with local needs. The object should be that by the beginning of the Eleventh plan, a district vision document, draft Five Year Plan for 2007-12 as also an annual plan for 2007-08 would be ready for implementation.

| Sl.No. | Activity  | Activity to be completed (Period or by the Date ) |
|--------|---|---|
| 1      | State Level Workshop for all Chairpersons, vice-chairpersons and member convenors of all DPCs.  | May 2006  |
| 2      | First meeting of District Planning Committee to discuss the guidelines and constituting Sectoral Sub Committees for preparation of District Vision and perspective plan | June 2006   |
| 3      | Formulation of District Vision  | By July 2006                                      |
| 4      | Approval of District Vision by DPC and sending the same to all LB's   | July 2006.  |

|    |   |                        |
|----|---|------------------------|
| 5  | District Level Workshops  | August 2006            |
| 6  | Block Level Workshop  | August 2006            |
| 7  | Meeting of Local Bodies to discuss the guidelines and constituting Working Groups                               | September 2006.        |
| 8  | Formulation of Local Bodies Vision  | September 2006         |
| 9  | Approval in the General Body meeting of LBs   | October 2006           |
| 10 | Conducting Grama Sabha/Ward Sabha   | October November 2006  |
| 11 | Development Seminars  | November December 2006 |
| 12 | Preparation of Final Local Bodies' Five Year Plans by Working Groups  | January 2007           |
| 13 | Consolidation of Final Local Bodies' Five Year Plans  | January 2007           |
| 14 | Submission of Local Bodies Five Year Plans to DPC   | January 2007           |
| 15 | Discussion with representatives of Local Bodies and approval by DPCs  | February 2007          |
| 16 | Approval by DPCs  | March 2007             |
| 17 | Bringing out Development perspective of the District and Local Bodies' Five Year Plans and Annual Plan 2007-08. | March 2007             |

<sup>1</sup> The only state that now has a system of detailed Gram Panchayat level plans is Kerala, where the plan follows a broad pattern of first stating out the human development condition, the resources available and then chapters relating the action points pertaining to each department.

# Strengthening the System for Planning from below

## 4.1 District Planning Committees

Planning for economic development and social justice is a mandated function of local governments and the District Planning Committees (DPC) have a crucial role to play in the process. Under Article 243ZD of the Constitution of India, a District Planning Committee shall be constituted at the district level in every State to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district. The Constitution therefore enjoins upon the DPCs two specific responsibilities. In preparing the draft development plan, the DPC shall have regard to matters of common interest between the Panchayats and the Municipalities including spatial planning, sharing of water and other physical and natural resources, the integrated development of infrastructure and environmental conservation and the extent and type of available resources, both financial or otherwise. The DPC in this endeavour, is also mandated to consult such institutions and organizations as may be specified. In order that the plans at different levels are prepared as envisaged in the previous chapter, there is need to strengthen the system comprising the machinery of planning and the process of consolidation of plans at the district level.

- 4.2 There is often confusion as to whether the DPC is to be established as a separate and permanent office or whether it denotes only a meeting that is periodically called and which can be serviced by a part-time secretariat. There is a feeling that the DPC ought not to emerge as yet another layer of bureaucracy to vet people's plans. At the same time, the fact that the DPC is held intermittently and without permanent support undermines its effectiveness as a constitutional institution and a coordinating mentor. On balance, the group feels that the DPC merits the status of a permanent institution, with adequate Secretariat to service it at the District level. It could also be provided the means of drawing experts to assist it whenever required.

## 4.3 Status of DPCs at Present:

- 4.3.1 All States and Union Territories except Meghalaya, Mizoram, Nagaland, J&K and NCT of Delhi are required to set up District Planning Committees in accordance with Article 243ZD of the Constitution of India. Bihar, Chhattisgarh, Goa, Haryana, Himachal Pradesh, Karnataka, Kerala, Madhya Pradesh, Orissa, Rajasthan, Sikkim, Tamil Nadu, West Bengal and the Union Territories of Andaman and Nicobar, Dadra and Nagar Haveli, Daman & Diu and Lakshadweep have constituted District Planning Committees in all districts. Manipur has constituted DPCs in four Valley districts. District Planning Committees have not been constituted in Jharkhand and Pondicherry where elections to Panchayats are yet to be held. Uttar Pradesh has enacted legislation for District Planning Committees but is

yet to issue the notification constituting these bodies. Uttaranchal, which inherited the UP Panchayati Raj Act, has also not notified or constituted the DPCs. Maharashtra, has not constituted DPCs in accordance with Article 243ZD of the Constitution, All three - Uttar Pradesh, Uttaranchal and Maharashtra - have District Planning and Development Councils headed by a Minister, including nominated members from Panchayats and Municipalities. Andhra Pradesh has issued an Ordinance in September, 2005 for the constitution of DPCs pending the passage of the relevant bill in the Legislative Assembly. Punjab has enacted legislation on the constitution of DPCs in October, 2005. The Union Territory of Chandigarh has informed that since it comprises just one District, the planning function can be carried out at the territorial level.

#### 4.3.2 The current status of DPCs in States is as follows:

**Table: 4.1**

| Sl. No. | States/UTs        | Status of constitution of DPCs  |
|---------|-------------------|---|
| 1.      | Andhra Pradesh    | Not yet constituted.  |
| 2.      | Arunachal Pradesh | Not yet constituted.  |
| 3.      | Assam             | Not yet constituted.  |
| 4.      | Bihar             | Constituted in all 38 districts. Chairman ZP is the Chairman of DPCs. |
| 5.      | Chhattisgarh      | Constituted. Minister is Chairpersons of DPC                          |
| 6.      | Goa               | Constituted. President of ZP is the Chairperson of DPC                |
| 7.      | Gujarat           | Not yet constituted.  |
| 8.      | Haryana           | Constituted in all 19 Districts.                                      |
| 9.      | Himachal Pradesh  | Constituted in 12 districts. Minister is Chairperson of DPC.          |
| 10.     | Karnataka         | Yes. In all Districts. President, ZP is Chairman of DPC.              |
| 11.     | Jharkhand         | Panchayat Elections yet to be held.                                   |
| 12.     | Kerala            | Yes, Chairman of District Panchayat (DP) is Chairman of DPC.          |
| 13.     | Madhya Pradesh    | Yes. District in-charge Ministers are Chairpersons.                   |
| 14.     | Maharashtra       | Not yet constituted.  |
| 15.     | Manipur           | Yes in 4 districts. Adhyaksha, DP is Chairperson                      |

| Sl. No. | States/UTs    | Status of constitution of DPCs  |
|---------|---------------|---|
| 16.     | Orissa        | 26 Districts. Minister is Chairperson of DPC.                             |
| 17.     | Punjab        | Not yet constituted.  |
| 18.     | Rajasthan     | Yes. Chairman of DP is Chairman of DPC                                    |
| 19.     | Sikkim        | Yes.  |
| 20.     | Tamil Nadu    | Yes. Chairperson, DP is Chairperson                                       |
| 21.     | Tripura       | Not yet constituted.  |
| 22.     | Uttar Pradesh | DPCs are not notified or constituted, even though legal provision exists. |
| 23.     | Uttaranchal   | DPCs are not notified or constituted, even though legal provision exists. |
| 24.     | West Bengal   | Yes. Chairperson, DP is Chairperson of DPC.                               |
| 25.     | A&N Islands   | Yes. Chairperson of DP is Chairman of DPC.                                |
| 26.     | Chandigarh    | Not yet constituted.  |
| 27.     | D&N Haveli    | Yes. Chairman, DP is Chairman of DPC                                      |
| 28.     | Daman & Diu   | Yes. Chairman, DP is Chairman of DPC                                      |
| 29.     | Lakshadweep   | Yes. Collector cum Dev. Commissioner is Chairperson.                      |
| 30.     | Pondicherry   | Panchayat Elections yet to be held.                                       |

4.3.3 An analysis of the functioning of DPCs and the formulation and implementation of 'district plans' in 14 States reveals the following:

- In most States DPCs are yet to function as envisaged in the Constitution. They neither consolidate nor prepare draft district developmental plans.
- Very few States are preparing district plans even though some of them allocate funds to the district sector
- In several States, where there is no separation of the budget into District and State sectors, allocation of funds to Panchayats does not match the legislative devolution of functions to them.
- Funds given to Panchayats are tied down to schemes, thus limiting the scope for determining and addressing local priorities through a planning exercise. In this regard, CSSs pertaining to functions devolved to Panchayats now constitute the largest element of such tied funds.

- Actual provision in State budgets also differs from the gross outlays communicated. Some States do not provide matching funds to Centrally Sponsored Schemes, reducing the actual flow of funds for such Schemes to local governments.
- ‘Planning’ is of poor quality and is generally a mere collection of schemes and works, many of the works suggested by elected panchayat members themselves is an ad-hoc manner. Integration of Gram and Taluk Panchayat plans into the District plan, even when done, also tends to be mere summation and not a synergistic integration. This is further distorted by placing funds with MPs and MLAs, whose utilization falls outside the pale of any planning.
- Since the so-called planning exercise follows certain chain of events at the State level as regards finalisation of budgets and plans, its quality suffers seriously for lack of sufficient time. Thus detailed guidelines regarding consultation, consideration and decision making at different levels remain largely on paper and the planning process does not stir meaningful debate in Panchayats.
- In the absence of a well functioning District Planning machinery, taking decisions on the priorities of a district is often left to officials, guided by district development committees, which consist largely of elected representatives of legislatures and Members of Parliament and some nominated members, sometimes including elected representatives of Panchayats.

4.4 It is clear that the steps taken to operationalise the provisions of Article 243 ZD by the States have been far from satisfactory. While several aspects of how the shortcomings ought to be dealt with are described in other Chapters, we here make recommendations aimed at ensuring that the DPC becomes the fulcrum of the planning effort in the district, and has the capacity to undertake the tasks expected of it.

#### **4.5 Establishment of DPCs in accordance with Article 243 ZD of the Constitution:**

4.5.1 The first step is to ensure that DPCs are set up in all States in accordance with Article 243 ZD of the Constitution. In spite of the resolutions of the Second Round Table to set up DPCs as mandated by the Constitution and efforts by the Ministry of Panchayati Raj to persuade all States, some States are still dragging their feet in this regard. The Ministry of Panchayati Raj addressed all Secretaries of Panchayati Raj in States on 30<sup>th</sup> May, 2005 requesting them to constitute DPCs in their respective States if the same had not been constituted. Their attention was also drawn to the meeting of the Committee of Chief Secretaries and Secretaries of Panchayati Raj in the States/Union Territories held on 11<sup>th</sup> April, 2005 wherein the Ministry of Panchayati Raj had communicated that the States that had not constituted DPCs in accordance with Article 243ZD of the Constitution should do so before 31<sup>st</sup> October, 2005. However, this was not achieved. The steps taken by this Expert Group and the circular issued by the Planning Commission to all States regarding formulation of the Annual plans of States has already been referred to (Chapter 2).

4.5.2 While the circular marks an important step forward and would give an impetus to the endeavour to establish and strengthen District Planning Committees, it is suggested that detailed instructions need to be issued to all States and Central Ministries prior to Eleventh plan discussions on the following points:

- CSS guidelines that entrust the task of district level planning and implementation to parallel bodies, such as DRDAs and District Health Societies, need to be modified to incorporate the District Planning Committee in the process of District level planning.
- The Planning Commission could inform States that the DPC would be the sole body that is entrusted with the task of consolidating plans at the district level.
- The Planning Commission could specify a time frame within which States will need to issue detailed instructions covering the manner in which the DPC would perform its functions.

#### **4.6 Support to DPCs**

4.6.1 The need to provide professional support to the DPC cannot be overstated. Though several States have provided staff from the State level on deputation to District Panchayats for the purpose of undertaking planning, such Staff are overburdened and ill equipped. There is a need to create, preferably within the District Panchayat, a separate cell to service the District Planning Committee. The Cell could have five separate and distinct sections, namely, dealing with Municipal Plans, District Panchayat Plans, Intermediate Panchayat Plans, Village Panchayat Plans and one for maintenance of data and undertake research, with the necessary support in terms of IT and qualified research assistants.

- There must be a full time professionally qualified District Planning Officer to head the District Planning Unit. If such persons are unavailable in the government, appointments of professionals on contract or outsourcing are options to be considered and acted upon.
- Institutional support through universities and research institutions, both at the District and State level, could be identified for assisting the DPC in planning, monitoring and evaluation.
- The Planning Commission should continue to provide the required support for district planning as was done earlier, except that this would now be provided to the DPC.

#### **4.6.2 Experts to support the District Planning Committee:**

The aim of drawing experts is to assist the local governments concerned (Panchayats and Urban Local Bodies) in both forming a vision and designing strategies to attain that vision. Advice of the experts would be based on experience, expertise and the field position, as revealed from ground data. Special efforts ought to be made by States to ensure that the best talent and the most motivated are invited to participate as experts. The following points are recommended to guide the drawing of experts to support the DPC:

- Experts could be assigned to work either individually or in teams. They could be

taken on a part time basis, an assignment basis or full time, if the need arises.

- It is for the State to determine the number of experts that can be drawn to assist the DPC. This could depend upon the extent of devolution in each State.
- Though ideally they are best drawn locally, experts can be drawn even from outside the jurisdiction of the district, if required. Care must be taken to ensure that participation is voluntary, above partisan politics and able to respect different points of view.
- With growing urbanization of smaller and intermediate sized towns, there is need to especially draw in experts on municipal matters and the urban rural interphase to assist the DPC in planning for local resource sharing, area planning, solid waste and sewage disposal and other such matters which call for close coordination between Panchayats and Municipalities.

4.6.3 The DPC could also constitute a few sectoral sub-committees for both the envisioning and the consolidation processes. The task of sectoral Sub Committees is to go into the details of each development sector assigned, such as proper quantification and description of service available in the sector, whether these meet the norms prescribed, the gaps that need to be filled and track data availability, in consultation with local Bodies, public and private organizations before finalizing the vision of that Sector. Once the Sectoral Vision document is prepared, it shall be submitted to the DPC. Sectoral sub-committees could also give suggestions for innovative plans and integrated projects, which local governments may accept if they so desire.

#### **4.7 Assisting Panchayats in Planning:**

4.7.1 One of the primary tasks of the DPC would be to build capacity for decentralized planning in the district. A major impediment to proper planning is the lack of personnel providing planning support and availability of good and comprehensible information at the Intermediate and Gram Panchayat levels.

4.7.2 Provision of support for planning at the Intermediate Panchayat level:

It is strongly recommended that each Intermediate Panchayat be provided a planning and data unit, which could also be integrated into the larger concept of having a Resource Centre at each Intermediate Panchayat level, to provide a basket of pooled services, such as for engineering, agriculture, watershed development, women and child care, public health etc., which Gram Panchayats can draw upon for support in planning and implementation.

#### **4.8 A generic set of guidelines for the DPCs.**

4.8.1 The DPC should be entrusted with anchoring the preparation of the vision document, the maintenance of databases, training of planners, evaluation of outcomes, internal monitoring of performance and independent evaluation of outcomes.. Guidelines for planning would need to cover both public participation and technical scrutiny. The



guidelines will need to cover the visioning exercise, listing of needs through participation and the technical examination. The end product will therefore contain well prepared projects/schemes with technical details and estimates of expenditure (projectisation) so that local bodies are able to adopt and implement them. The plan as prepared by the local body concerned would have clear targets, describing both outputs and outcomes and would have matched the plan to all available resources, which would mean, in addition to the devolved funds, whether they be plan or non-plan, own funds, beneficiary contribution, community contribution and institutional finance. Some States have issued detailed and meaningful guidelines for the functioning of DPCs and they could be used as models for adoption.

#### **4.8.2 Consolidation of Panchayat and local body Plans by District Planning Committee**

In the realization of the district vision, district plans will need to put together resources channelised from all sources including district segments to the State Plan, CSSs, Special Programmes such as Employment Guarantee, Sarva Shiksha Abhiyaan, Rural Health Mission, Grants-in-aid for specific purposes from Finance Commission, Bharat Nirman etc. Therefore consolidation is a task that goes much beyond compilation and connotes a degree of value addition through integration of local plans. There are several aspects of integration of plans that have to be considered in the preparation of the draft development plan. The different dimensions of integration have been discussed very succinctly in the planning guidelines for local bodies in Kerala as detailed below and could be adapted for general use:

- **Spatial integration:**

This would mean integration of schemes such as roads that run through one or more Panchayats. Such kinds of Multi Panchayat infrastructure projects could be taken up with proportionate contributions from the Panchayats concerned dovetailed into the funding available from above and entrusted to one local government for execution.

- **Sectoral integration:**

This relates to the integration that takes place within a sector. For instance, an integrated approach to agricultural development would require the integration of several schemes relating to agriculture, such as horticulture, drip irrigation, high yielding varieties and integrated pest management.

- **Cross-sectoral integration:**

To ensure maximum impact from different interventions, it is necessary to design approaches that draw resources from various schemes. For instance, a good approach to public health would require inputs from water and sanitation allocations and health programme allocations. Again, a typical watershed management programme would comprise of soil conservation, water harvesting, micro irrigation, bio-mass

generation, fisheries, animal husbandry, agro processing and micro enterprise components, all properly sequenced.

- **Vertical integration:**

This is based on the precept that District and Intermediate Panchayats ought to perform activities which have the advantages of scale and which cannot be done by the lower tiers of local government. This will require that Block Panchayats have a clear idea as to what the draft plans of Village Panchayats will contain, Similarly the District Panchayats would need to consider the approved plans of Village and Block Panchayats before finalizing theirs.

- **Integration of resources:**

There are several schemes both Centrally sponsored and State sponsored which Panchayats can utilize, integrate into local plans and to which they can contribute additional resources. This would comprise of two aspects, as below:

- **Integration with State Plans:**

There are several State Plans, which as implemented can be strengthened by increased allocation from Panchayat funds. In some cases a component having a complementary nature could be added to the State Plan Scheme. For instance, the drawing of electric wires to villages could be complemented by the Panchayat taking up the wiring of BPL houses.

- **Integration of Centrally Sponsored Schemes with local plans:**

It is important that in the interest of efficient use of resources, there ought to be only one development plan for the local government prepared through a common planning process and not a set of separate plans prepared in accordance with the guidelines of each programme. Thus once priorities and works are identified and prioritized through a single planning process, components pertaining to a particular sector could be taken up through schemes, including CSSs while still keeping within the guidelines of those schemes.

- **Integration with local resources:**

Planning can provide for local investments to be catalysed through local resources or initiatives. For example, village knowledge centers and Rural business Hubs could be catalysed by Panchayats. This is also possible by extending the concept of Pura to encompass the concept of rural business hubs. By this, we do not mean that Panchayats ought to run industry locally, but that it catalogs local skills and natural resource endowments and facilitate the development of business linkages.

#### **4.8.3 Rural Urban Integration:**

Integration of urban-rural plans, which is particularly important in the light of increasing urbanization, is an area where the District Planning Committee could contribute a great

deal. The DPC should work out mechanisms of joint programmes to be financed by State government institutions and joint contributions by urban and rural local bodies.

#### **4.9 Issue of detailed guidelines by each State Government regarding preparation of draft district plan:**

Each State government may issue guidelines regarding the components of a draft district plan, which will need to be sent to the State level for approval. The focus of these guidelines is to be on the planning process as detailed in this Report rather than the nature, structure and details of the plans themselves.

#### **4.10 Maintenance and use of data for preparation of the Vision document and planning:**

There is a need for collection and computerization of habitation wise information on a large number of parameters<sup>1</sup>. Data available from several sources, either computerized or otherwise, will need to be integrated. Such data is available through the census, BPL census and other censuses conducted by the Department of Animal Husbandry, Department of Statistics, Education and health Departments. Much of this data can be compiled on a village wise basis. Alongside, more general data such as State or District level economic data at a Glance, Inter-state, District and Block level Socio Economic Indicators and State and District Income details could be collected. Line departments publications, reports of task forces and working groups, may suggest various approaches and reforms in the sectors assigned to them. Planning Department and Line Departments often bring out evaluation reports of different schemes, which can go into a database for planning.

In this connection it is noted that in keeping with the need to prepare detailed databases at the Block level, the National Sample Survey should be taken to all blocks in the country in the Eleventh plan period.

#### **4.11 Capacity Building for Planning:**

4.11.1 The DPC could be given a coordinating role in capacity building efforts at the district level. Capacity building would go beyond training to encompass provisioning of staff and providing a framework for outsourcing of technical support. Even as volunteers and experts are brought into the district planning effort, there will be a need for familiarizing them with the processes involved with participatory planning from below. The following principles are essential to a training strategy:

- Training cannot be envisaged as a single one-time intervention and must be periodically repeated as a longer and continuous process of transformation and development.
- The focus of training is not upon a one way information flow alone. It is a process involving both trainers and participants in a common inter-learning situation. Trainers should be objective and non-judgmental in outlook and ought to evoke and stimulate thinking.

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<sup>1</sup> Several States have provided matrices for the same. Karnataka's samanya mahithi, comprises of more than 350 parameters tracked for each habitation and enabled to be sorted on the basis of Gram Panchayats.

- Training cannot provide ready-made answers but must provide space and time for ‘trainees’ to reflect on and analyze their situation and seek solutions to their problems.
- Learning occurs best in an non-threatening environment which encourages people to be active.
- Participants come to the training programme with significant pre-knowledge, experience and native wisdom, which needs to be recognized and its full potential realized.
- Training Content will need to cover the background and ethos of participatory planning, the operational processes involved as also issues relating to gender and disadvantaged sections of society.
- Building of awareness regarding human rights, rights of women, children, disabled, dalits and tribes, right to information and regarding responsibilities as citizens of a pluralistic, democratic society is an essential part of training.
- Persons to be covered will include all elected Panchayat Representatives and office bearers at each level of Panchayat. It will also need to cover all Panchayat secretaries, other staff field staff of line departments and Accounts and Auditing staff. Training should also be in mixed groups to promote greater interaction and cross learning. Emphasis needs to be placed on the attitudes and skills necessary to interact and work with other peoples organizations like Cooperatives, NGOs, Self-Help Groups and Users’ Associations.

4.11.2 Training could be a mix of face-to-face and distance learning, through either satellite or video-conferencing. Both means would require the creation of a pool of resource persons, through a cascading process. Four levels of cascading could be considered, namely, the National, State, District and Block levels. Care will need to be taken to specially identify people with the right mindset, commitment and drive as Trainers and Resource persons. They could also be specially identified, screened and drawn from Panchayat members themselves (or ex-members) and NGOs, or could be government servants.

4.11.3 In the case of Distance training using Satellite or video-conferencing, care must be taken to ensure a full utilization of the interactivity provided by the system. A mix of satellite technology and participatory training techniques, which allows for training to reach out to large number of people cost effectively, in a short period of time would be ideal.

4.11.4 The training of Panchayat members and Staff can be complemented by a large scale community mobilization programme, through the performance of kala jatha natak and evocative songs on a variety of themes, which form the subject of planning for development and social justice.

4.11.5 Even after training of all stakeholders, there would be need to provide a speedy channel of clarification and information to those involved in the implementation of the programme. While in the long term, IT would provide this interactive mechanism, a more immediate

approach is to set up telephone help lines. Timings of the helpline must be convenient and wide publicity needs to be given to the helpline telephone numbers in all communications of the government.

- 4.11.6 Training of the magnitude envisaged will require the development of a variety of print material, which ought to be easy on the eye, preferably well illustrated. Print material could be of Reference handbooks for Panchayat members, staff and other stakeholders, which is best arranged in the form of answers to frequently asked questions. Charts, wall newspapers and posters can be displayed in Panchayat offices and other public places.
- 4.11.7 Training Programme Management can be decentralized and adapted for local needs. A core team of full time managers of training can be located at the State level, preferably at the SIRD. Separate groups could oversee specific aspects of programme management could also be set up, to look at curricula, monitoring, evaluation and documentation
- 4.11.8 Many line departments still adopt systems of hierarchical technical guidance, which have to be modified and simplified, Creating a pool of technically competent staff or other agencies at the Intermediate Panchayat level is an essential part of capacity creation for decentralized planning.

#### **4.12 DPC's Role in the national evaluation and monitoring mechanism:**

- 4.12.1 Monitoring progress in planning and implementation has been attempted only down to the district level. With increasing computerization and connectivity, it is time that block level monitoring be adopted. Since there are about 6100 Intermediate Panchayats in the country, keeping track of the progress of planning at that level is practicable at the National level. At the district level, this task can be entrusted to the DPC, which could function as part of a national planning network, at the apex of which will be the Planning Commission. Participatory monitoring at the local level is best undertaken through a system of peer reviews, through which Panchayats undertake monitoring of each other and rank themselves through a transparent system. Several states have experimented with peer reviews in individual programmes, but this idea needs to be broad based to cover all local participatory evaluation. The system of peer reviews could also be undertaken at higher levels of planning so that eventually all second stage monitoring is based on the data thrown up through such reviews.
- 4.12.2 Training itself will require monitoring and periodic evaluation. The quality of facilitation provided to Panchayats, particularly Gram Panchayats, in undertaking their responsibilities, will need to be evaluated. It will specifically have to be assessed how training has enabled more effective community participation, with reference to the conduct of Gram Sabhas, Ward Sabhas and Social Audit; how it has affected the functioning of standing committees in the Panchayats; how it has catalyzed partnering amongst functionaries, Panchayat elected representatives and people, how it has addressed gender issues and other aspects of social justice and how it has facilitated effective organization of planning and implementation by Panchayats.

# Ways and Means of Strengthening the Delivery System for Services and Development Initiatives through Panchayati Raj Institutions

- 5.1 Article 243G of the Constitution provides for devolution to empower Panchayati Raj Institutions (PRIs) to function as institutions of self-government for the twin purposes of (i) making plans for economic development and social justice for their respective areas as regards subjects devolved to them and ii) implementing these plans subject to such conditions as the State may, by law, specify. For effective service delivery by Panchayats, there is need to define the scope and ambit of such devolution. In several States, the incompleteness and ineffectiveness of devolution is manifested by merely stating loosely in the legislation the functions that are devolved to Panchayats without a more exact assignment of activities relating to the devolved functions to each level of Panchayats. In addition, funds relating to the devolved activities continue to be with line departments. In the absence of fiscal devolution to match functional devolution, employees with State departments oppose their being placed in or made accountable to Panchayats.
- 5.2 Such incomplete devolution places upon Panchayats the burden of having to perform several service delivery and economic development functions without adequate finances and staff support. Incomplete devolution induces in the Panchayats habits of sidestepping their responsibilities and becoming yet another petitioner to higher departmental authorities – hardly the kind of role that one would expect a local self-government to play.
- 5.3 **The critical steps that need to be taken to ensure that Panchayats become effective in service delivery are:**
- Ensuring that clearly demarcated roles are assigned to Panchayats, through activity mapping,
  - Confining centrally sponsored and state schemes to a small number of important programmes to achieve declared national and state goals,
  - Undertaking a well structured process of fiscal devolution that matches the fund availability at each level of Panchayat with the functions assigned to it,
  - Providing capacity to the Panchayats, in the widest sense of the term to perform their responsibilities effectively,

- Ensuring benchmarking of services so that Panchayats can be clearly judged in terms of outcomes,
- Putting in place systems of accountability so that citizens, the ultimate recipient of services from Panchayats, are enabled to hold them to account for any inadequacies in service delivery,
- Spreading Public spiritedness on the part of all concerned.

#### **5.4 Role clarity for Panchayats:**

##### **5.4.1 Activity Mapping:**

Activity mapping is the key to the effective devolution of functions to Panchayats. The first Round Table of State Ministers of Panchayati Raj held at Kolkata in July 2004 resolved that activities related to the devolved functions ought to be identified with a view to attributing each of them to the appropriate tier of the 3-tier system, through the application of the principle of subsidiarity. It also resolved that with a view to promoting a measure of irrevocability of devolved functions, devolution may be routed through legislative measures or, alternatively, by providing a strong framework for devolution through executive orders. Though the Ministry of Panchayati Raj agreed that it could furnish technical assistance and expertise to State Govts./UT Administrations to accomplish activity mapping and also suggested that the model as evolved in the Ministry of Rural Development in the Report of the Task Force on Devolution of Powers and Functions upon Panchayati Raj Institutions 2001, could be used for guidance, it is seen that very few States took concrete steps in this direction within the time-frame indicated.

5.4.2 In some States, while the preliminary work has been completed in terms of the assignment of functions to the three levels of Panchayats, the matter is pending at the stage of being considered and finalized by the Government. Since Activity Mapping is the trigger for the devolution of finances and functionaries, States have to expedite operationalising the same. We suggest that the stage of activity mapping may be specifically reviewed by the Planning Commission when draft State plans are discussed. In Chapter 6, we have also suggested the institution of a Panchayati Raj Incentive Scheme, in which a key element would be the completion of activity mapping by the State Government.

#### **5.5 Devolution of Funds to match Activity Mapping:**

5.5.1 The Kolkata Round Table also resolved that devolution of finances to the three tiers of the Panchayati Raj System should be patterned on activity mapping. The essential steps in this direction are for State Governments to undertake a detailed analysis of their annual budgets both non-plan and plan, with a view to separating out the allocations that would need to be transferred to Panchayats in accordance with the activities devolved to them. This exercise would require a reworking of the formats for the preparation of State budgets to provide for a 'Panchayat Sector' which can be structured as an annex to

the budget. The Panchayat sector budget would then give details of the fund transfers that would go to Panchayats. To make it easier to trace the funds down to each Panchayat level, a 'link document' could be provided, which further assigns these allocations to the Panchayats in each district. We recommend that in the first instance, the link document could provide district-wise details of the allocations that are budgeted by the State for the 3-tiers of Panchayats in the district. However, within the district itself, a further district link document could be provided, which separates out the allocations made to each Panchayat within the district. Such a disaggregation of the budget would give a clear idea of funds allocated to each Panchayat from the State budget. Such a system has been in vogue in some States that have gone ahead substantially on Panchayati Raj and could be adopted by all States.

#### **5.5.2 Mode of release of funds to Panchayats:**

Stating out financial allocations to Panchayats in the manner outlined above is only part of the story. For fiscal devolution to work, it must be ensured that these funds are released to Panchayats through routes that are clearly known. As a rule it should be ensured that funds pass through as few channels as possible in reaching the Panchayats. We give below certain do's and don'ts for running such a system effectively:

- Funds pertaining to the same sector could be released to Panchayats through one route alone. Different line items and schemes ought not to have different means of release. This change will give clarity regarding release of funds to Panchayats.
- Fund release need not be from each State level department to Panchayats. The Panchayat sector budget is best operated by one department, say the Finance Department, which can release these funds to Panchayats in a periodic fashion, preferably once a month, through a composite order, listing out the line items in respect of which funds are released.
- It must be ensured that each Panchayat has a fund repository, a 'Panchayat fund', as mandated by Article 243H of the Constitution, into which the funds transferred from the State budget will be deposited.
- A computerized treasury system would allow for easy placing of funds into Panchayat accounts and tracking of Panchayat transactions. However, for the tracking process to be complete it is also essential that Panchayat accounts are computerized, compatibly with treasury computerization. This will ensure that there is no problem of reconciliation of accounts and balances between the two accounts, a phenomenon that results in several downstream problems, particularly delays in completion and certification of Panchayat accounts.
- The practice of Central Ministries releasing funds for Centrally Sponsored Schemes (CSSs) directly to separate project implementing agencies set up in the districts or State level should be given up and funds transferred to State Consolidated funds from where they pass down directly to each level of Panchayat.



### **5.5.3 Transferring funds to Panchayats without delay or diversion:**

Though the Constitution establishes the Panchayats at the District, Intermediate and Village levels as institutions of local self government and authorizes States to enact laws through which these bodies were to be endowed with powers so as to enable them to functions as such institutions, bodies that became parallel to the Panchayat set-up such as DRDAs have continued as recipients of funds from the Central Government. Far from withering away, the practice of sending money directly to a district or state level project implementing agency is now also followed by other Central Ministries like Education and Health in relation to the schemes administered by them. Setting up such parallel bodies goes against the letter and spirit of the 73<sup>rd</sup> Amendment. They particularly undermine Panchayats empowered under the law to undertake several functions, considerably weakens the Central Government's persuasion of States to move ahead on empowering Panchayats and acts as a strong disincentive to States which want to go ahead on empowering Panchayats.

States have demanded that funds ought to be released by the Central Government to Panchayats only through the Consolidated Funds of the States. Vide Office Memorandums (OMs) dated 13/1/2003 and 6/02/2003, the Ministry of Finance, Government of India intimated Central Ministries that in the meeting of Chief Ministries held on 18/10/2002 at New Delhi under the Chairmanship of the Prime Minister, there was a consensus that henceforth all releases under CSSs should be made through the Consolidated Fund of the States and not directly to the project implementing agencies set up by the Central Ministries. It was also agreed that as a pre-condition, the States would pass on the funds to the end users within a stipulated time of three weeks and inform the administrative Central Ministry concerned in the Government of India of having done so. Accordingly, all Central Ministries were advised by Ministry of Finance to re-classify their budgetary provisions so that the funds from Centrally Sponsored Schemes would go as grants-in-aid to State Governments. However, these OMs were withdrawn by the Ministry of Finance vide OM dated 11/06/2003.

In order to put in place a mechanism of transfer of funds pertaining to Centrally Sponsored Schemes to PRIs that is quick, transparent, easy to track and not subject to diversion, action ought to be taken to operationalise the decision of the NDC that funds for CSSs will be credited to the Consolidated Funds of States, on the guarantee that States will pass on the funds to Panchayati Raj Institutions within a stipulated time. It may be noted that such a system has been mandated for sending Twelfth Finance Commission grants to Panchayats. A credible and transparent monitoring mechanism will have to be put in place to ensure that the stipulated limit for transfer of funds to PRIs is guaranteed. The basic prerequisite for routing these funds through State Consolidated funds to Panchayats is introduction of foolproof treasury arrangements under which money meant for them cannot be held back to meet State overdraft needs when cheques are presented for

encashment. This can be done by providing that CSS fund instalments are sent to a dedicated Panchayats' account in the treasury, over which State Finance departments do not exercise release restrictions.

In most States, the operations of District Panchayats and Intermediate Panchayats are already carried out through fund accounts under Public Account opened in treasuries. These fund accounts of each District and Intermediate Panchayat can be split into three distinct accounts, namely,

- Fund-I, which accounts for all receipts and expenditure of Central Plan & Centrally Sponsored Schemes including their State share, non-plan Central Grants and grants under Finance Commission's recommendations.
- Fund-II, which accounts for all receipts and expenditure in respect of all State Plan schemes, other than matching share of Central Plan and Centrally Sponsored Schemes and all non-plan assistance received from State Government.
- Fund-III, which accounts for all receipts and expenditure in respect of own funds of the Panchayat concerned under Tax or Non-Tax Revenue, Earnest Money and Security Deposits.

Separating the three "funds" in the Public Accounts of District and Intermediate Panchayats is possible when State treasuries are computerized as is happening all over the country. If computerization with budget control is introduced, treasury cheques issued by panchayats can be routinely encashed by them within the provided line item. This can be a win-win game for all participants, since up to the date of drawal, such funds will prop up the ways and means position of the States, when today they are being kept out of State treasuries in toto. This is a strong incentive for States to introduce these arrangements.

Since the total number of District and Intermediate Panchayats in the country are just 6800, it is practically possible to set up a monitoring mechanism at the Central level to track and ensure that funds have been transferred to each such District and Intermediate Panchayat, in a particular state. The monitoring mechanism and authority would have a permanent data base of all PRIs at the intermediate and district level.

#### **5.5.4 Transfer of funds to Village Panchayats.**

With respect to Village Panchayats, given the constraints of connectivity and the fact that all Gram Panchayats may not have convenient access to Treasuries, to put in place a system of treasury transfer of funds to them. However, it is possible to put in place a two-tier system, based on bank accounts. Each State could maintain a database of bank accounts of all Village Panchayats, a task that is already being undertaken by several of them for sending Twelfth Finance Commission devolutions to all Panchayats within the stipulated time of 15 days. Once such a database is created, funds can be directly transferred to them through the core banking system wherever available. In case these facilities are not available,

telegraphic transfers or other modes of electronic transfers could also be adopted. In the long term, with the spread of the core banking system to cover more bank branches, even such transfers of funds from account to account might become notional – Panchayats could be assigned ‘Special Drawing Rights’ (SDRs) from the single line account concerned, which enables them to make payments on account of the scheme concerned to the limit prescribed in the SDR. This system, which is in effect to have a single operating account with multiple operators, could put an end to the entire issue of inter-account reconciliation, which is the bane of multiple-tier accounting that is now such an essential feature of fiscal transfers to Panchayats.

## **5.6 Effectively providing capacity to Panchayats to perform activities entrusted to them:**

- 5.6.1 An important aspect of provision of capacity is the devolution of staff to Panchayats, or enabling them to secure their own staff. Logic dictates that for Panchayats to function effectively, they should ultimately be vested with powers to recruit their staff and exercise control over them. However, government itself has a large number of staff that would be rendered surplus in case local bodies are given full powers to recruit their own cadres of officials. Purely as a transitional measure, it will be necessary to fill up all PRI posts, barring those at lower levels, through deputation of government employees to them. However, these transitional arrangements cannot be allowed to become permanent, because as long as officials do not belong to a local body and have the option to revert to his original cadre, true control cannot be there. The creation of local cadres through administrative and legislative measures is essential so that Panchayats can function effectively, execute schemes and are accountable to the people. As stated by elected representatives in several discussions, it would also reduce staff costs.
- 5.6.2 Unfortunately, it is not easy to find lasting solutions without tackling the issue of how to manage the transition. Movement of staff to Panchayats is also likely to meet with resistance as the two groups that matter, namely, the elected representatives of PRIs and the officials who work under them, harbour persistent misgivings about each other. However, it is illogical for officials to accept on the one hand that as civil servants they are accountable to the State legislature, which is also an elected representative body, but then express misgivings about coming under the control of elected representatives at the PRI level.
- 5.6.3 While moving from a system of deputation to one of local cadres, the compartmentalization of Government into departments could also be re-examined, so that this is maintained only to the extent required to undertake specialized departmental responsibilities. There is an opportunity for facilitating cross-departmental movement of staff. Since with full devolution, Panchayats will end up handling functions related to a large number of departments, inter-departmental movement of general purpose staff should be encouraged so as to address local staff shortages. A framework for lateral movement of staff is detailed in the table overleaf:

| Level                  | Work description | Propensity for convergence  |
|------------------------|------------------|---|
| Group D                | General purpose  | These staff ought to be a common pool for all departments. General qualifications could be prescribed for recruitment and could be shared between departments within the district   |
| Group C ministerial    |                  |   |
| Junior Technical level | Specific Purpose | Technical staff will have to be recruited in a department specific manner as they are to perform departmental technical activities.   |
| Senior Technical Staff |                  | These persons could either rise from the junior technical staff or be directly recruited in a department specific manner. However, they would also have the opportunity to rise to occupy largely administrative positions within the department concerned. |
| Policy making staff    | General Purpose  | When persons have gained enough experience at the departmental level, they graduate further to the position of becoming policy makers, where again there is convergence between departments.  |

Thus except for technical staff, convergence is easily possible. Even in the case of specialized cadres, lateral movement should be encouraged. Since policy making staff are not required in great numbers at the decentralized administration level, convergence at that level is largely not relevant in the PRI context. However, the applicability of the convergence principle to the Group 'D' and the Group 'C' ministerial levels would be of great benefit at the PRI level. Appropriate mechanisms should be put into place at the earliest to ensure that such convergence and cross-departmental movement is possible.

- 5.6.4 One fear is that decentralized recruitment into local cadres limits exposure and thereby restricts the possibility of enriching experience elsewhere. In order to tackle this, we suggest that arrangements can be made for staff to be exchanged through a process of deputations between Districts, thus ensuring that staff gets opportunities to appreciate newer ideas and learn from new experiences. We also suggest that while creating local cadres, a system of transfers that ensure a prescribed mandatory level of cross-district experience should be introduced.
- 5.6.5 A major issue concerning district level recruitments and cadres is that since these cadres are smaller, opportunities of growth through promotions tend to be restricted. While

designing local cadres, we must ensure that opportunities are provided for the good to rise to higher levels. Doing so through time bound and routine promotions reduces the incentive to perform well. The system must allow stars to rise, provided that they do so through adherence to excellence. The idea would be to have an independent board that works in a similar manner as the Public Enterprises Recruitment Board of the Government of India. We recommend that above certain levels, posts can be reserved only for direct recruitment, with the option for those within or outside the government to apply for recruitment. Such a system would allow those with the necessary ability currently occupying a lower level in the hierarchy, to climb faster. Such a system will also expose in-house staff to the pressure of competition with outsiders for higher jobs on a sustained basis.

#### **5.6.6 Decentralising Technical Guidance:**

With greater devolution of functions, powers and responsibilities to PRIs, departmental processes ought to local officials to deal with local needs. However, many departments still rely on hierarchical technical guidance guided by rigid rules. Greater transparency through Panchayati Raj requires corresponding transparency and simplification of internal processes. This could be better achieved through rewriting technical scrutiny rules to make them more transparent, simple and provide for situations where projects are taken up with peoples' participation. Since people are increasingly contributing in greater proportion to such projects, they must be given the right to decide what should be done, how to do it and at what cost. In addition, securing technical guidance ought to be broadbased, so as to go beyond line departments. Panchayats at all levels ought to be provided the leeway to secure the services of qualified technical personnel to undertake their works.

#### **5.6.7 Strengthening the supervisory powers of Gram Panchayats over local staff:**

In the ultimate analysis, all officials in the rural sector work in one or the other Gram Panchayat jurisdiction. There are some field level functionaries whose work touches the lives of almost every person in the village more than the rest, such as Teachers, Doctors, ANMs, Anganwadi Workers, Agricultural Assistants, Veterinary Doctors and Electricity department linemen. These functionaries, whose work is vital at the Gram Panchayat. The attendance of such field level workers should be monitored by Gram Panchayats, regardless of which tier to which they answer. During the Eleventh Plan, all States may progressively ensure that salaries to such departmental functionaries are paid through Gram Panchayats. Till such time, it may be provided that such officials need to get attendance certificates issued by the Gram Panchayat concerned before they can draw their salaries. Where officials have jurisdictions larger than that of an individual Grama Panchayat, the Intermediate Panchayat could monitors attendance. In addition, at the Gram Panchayat level, there ought to be sufficient full time staff, consisting at the minimum of a full time secretary, an accountant and at least two assistants, one for field work and one for office work. These could be provided either through re-deployment or Gram Panchayats could be given powers to recruit such staff on contract basis. Currently, though almost 40 percent of Panchayat members are women, there are hardly any women posted to executive jobs, such as secretaries

of Gram Panchayats, in most States. This imbalance results in gender insensitivity in the preparation of decentralized plans and their execution and needs to be corrected through an emphasis in recruitment of women to such posts. The Group recommends that all aspects of this important question of 'functionaries' may be taken up by the Ministry of Panchayati Raj for detailed discussions with the States so that certain common approaches regarding the transition may be evolved. The implementation of such measures could be one of the parameters in the Incentive Scheme.

#### **5.6.8 Eschewing restrictive administrative instructions:**

Even in States that have gone far on empowering Panchayats, over time, administrative instructions progressively restricting the independence of elected PRI office-bearers and members in decision-making are adopted. Similarly, with corporate practice, we can have a system where the local body itself can vote on the essential expenditure limits given to office bearers and members, provided that the expenditure incurred on this behalf is disclosed in the Annual Report.

#### **5.6.9 Ensuring smooth coordination between departments:**

A high degree of coordination between departments to ensure effective convergence of government activities is required for a well functioning Panchayati Raj System. However, at the district level too, departments still tend to work in isolation. Some departments such as those dealing with watershed development, created their own systems for convergence, by having in-house agriculture, forest, horticulture and soil conservation staff. However, duplication of skills is not a solution for coordination and convergence. We suggest that departments ought to converge around scheme related and untied fund outcomes. Broadly, the system could revolve around Standing Committees of the ZP assisted by departmental officials.

#### **5.6.10 ICT for better monitoring of service delivery through Panchayats:**

ICT is also going to become increasingly important in the context of greater transparency in government processes, greater openness to the public, greater streamlining of procurement procedures, taking analytical decisions, helping the DPC to plan better, informing elected representatives of works taken up and undertaking evaluation studies. Computerisation of Panchayats will involve considerable creation and maintenance of updated databases. While initial steps in this direction could be centralized, by computerizing large volumes of data available, for the system to be sustainable, those who must use the data must feel that they own it. Therefore, ultimately, data collecting and updating ought to be at the lowest level possible. Each Panchayat will need to be provided support for data collection and storage for what comes within its sphere and to make use of this data for their own benefit and efficiency. This will involve improving monitoring systems, maintaining and updating baseline data and disclosure of information under the Right to Information Act. Disclosure of information would particularly focus on beneficiary lists and information on plans and schemes, including the publication of social audit reports, and estimates and inspection reports of works.

Improving internal housekeeping systems is another aspect calling for rapid reform. This would entail the computerisation of Panchayat accounts, maintenance of correspondence, minutes of meetings, notices to members and correspondence to higher authorities, computerisation of routine civic activities such as issue of bills and computerisation of cash books, social audit formats and reports. Evolution of the above independent processes could then result in their eventual networking with other computerization initiatives. Linking PRI accounts computerization systems with treasury computerization will help in easier disbursements of money, tracking of expenditure and reconciliation of vouchers, leading to greater control and monitoring of expenditure. This will also involve re-designing procedures and rewriting manuals and instructions appropriately. **We suggest that these objectives have to be met within a specified time frame, say over the next three years.**

## 5.7 Fiscal Information System for Panchayats

- 5.7.1 State governments have hardly put in efforts to compile the information system to aid the planning process. Even the State Finance Commissions in most States have not compiled economic, demographic and fiscal information at the local body level and have often made their recommendations without recourse to any analysis of expenditures, standards of services or revenue collections.
- 5.7.2 An information system for grass root level planning has to be put in place for urban and rural local bodies at village, block and district levels. Remote sensing satellites would provide information on natural resources, forest cover, minerals, cropping pattern, water bodies etc. Such data will have to be supplemented by information available from the census, economic census, district industries centres, urban local bodies, state statistical bureaus and similar other agencies. It would be desirable to have a statistical department adequately equipped to compile the information system at the district level.
- 5.7.3 The most important and difficult information to compile is on fiscal variables. The Eleventh Finance Commission expressed serious concern about the non-availability of data on local body finances. In order to strengthen preparation of database on Panchayat finances, it recommended computerization and networking through V-SAT and recommended high level coordination at the level of Chief Secretaries of States. The C&AG's office was asked to design standard formats for data collection, so as to ensure inter-state comparability. To achieve these objectives, the Commission recommended a grant of Rs 200 crore, of which Rs 197 crore was for rural local bodies. However, the situation had hardly improved when the Twelfth Finance Commission reviewed the situation. It reported that of the Rs 200 crore allocated, only Rs 93 crore was utilized. Noting that the data collected was quite poor in quality, it reiterated that an appropriate system be put in place at the grass-root level to facilitate realistic assessment of the needs of the panchayats and municipalities for basic civic and developmental functions. It remarked that the "absence of data necessary for a rational determination of the gap between the cost of service delivery and the capacity to raise resources makes the task of recommending measures for achieving equalisation of services almost impossible." **It therefore recommended that rural and urban local bodies**

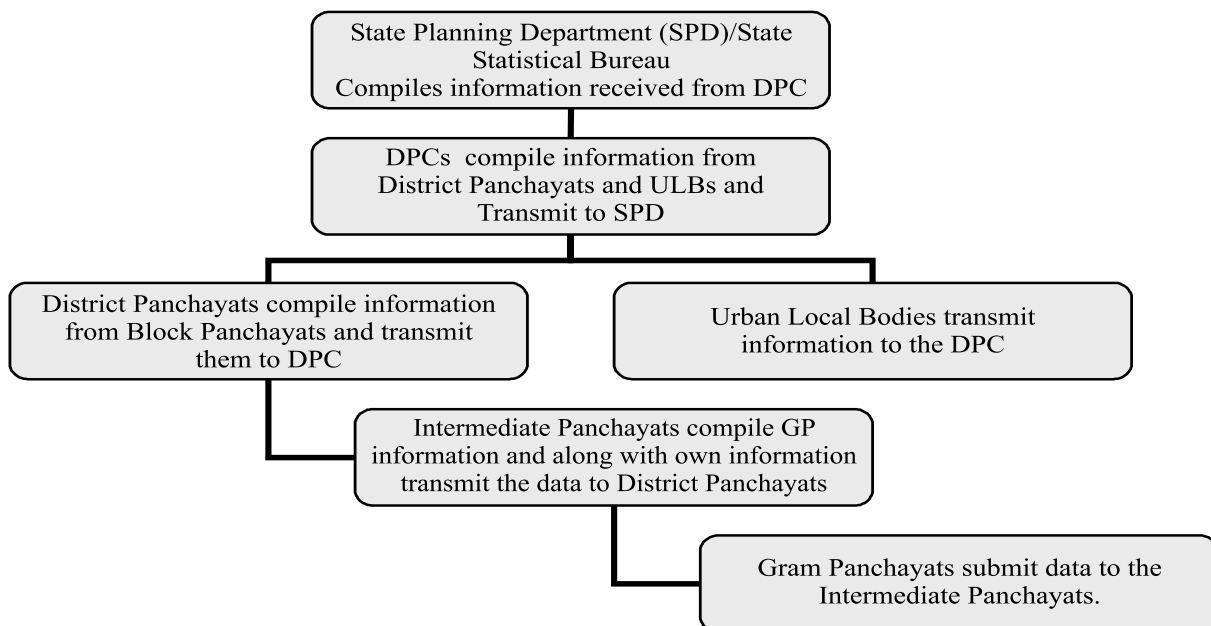
should give high priority to expenditure on creation of data base and maintenance of accounts through the use of modern technology and management systems.

#### 5.7.4 Strategy for Building Information System

The first task therefore is to design a common accounting system for three levels of Panchayats and urban local bodies, adopting the accounting system designed by the Comptroller and Auditor General as a standard. The second task is to set up a system of collecting information right from the village Panchayat level. Gram panchayats will need to maintain their accounts in the standard formats and detailed data on various items of revenues, transfers under various heads and different items of expenditures will need to be regularly transmitted to the Intermediate Panchayats for compilation and forward to the District Panchayats, along with their own financial information. The District Planning Office under the District Panchayat should have a well equipped statistical cell, which could also be entrusted with the task of compiling data from Urban Local Bodies. Data could be sent to a data repository at the State level. The Fiscal Cell recommended to be set up at the State level by the Twelfth Finance Commission could be entrusted the task of maintaining data. This data could also be integrated with the data on natural resources, economic, social, and demographic data. Apart from giving raw data in the public domain, the State Statistical Bureau could also compile and publish detailed data. The details of the information and data flow are given in the following chart.

The Planning Commission should earmark necessary funds for the purpose. Once formats are finalized, the entire exercise can be conducted within a month. In the process, it should be possible to get the last three years' information, which should form the basis of building the information system for future.

#### Statistical Information System for Decentralised Planning





## **5.8 Laying down standards for benchmarking quality of services:**

To ensure effective service delivery, Panchayats' performance has to be closely monitored. The best way of doing this is to fully involve PRIs at all levels in the monitoring process. This can be done through the development of yardsticks for monitoring through discussion at the Panchayat level. The development of indicators can itself become a very good capacity building exercise. Another way of encouraging such self assessment of performance is to consolidate data relevant to a particular indicator and compare it with the best possible status, as well as the minimum actual level of achievement in the development block. Ranking so done between panchayats provides a development database of the area. Preparing development radars, using information pictorially for easy understanding, can assist in this process. It may also be worthwhile for Panchayats to lay down certain fully accepted quality standards concerning service delivery and give wide publicity to them by way of citizens' charters, followed by periodic checks to ensure conformity.

## **5.9 Strengthening accountability of Panchayats to people:**

5.9.1 The basic ingredients of an accountability framework for Panchayats are:

- A Panchayat Raj Act and rules relating to conduct of business by panchayats, such as how often and how meetings are to be conducted, records maintained and disclosed,
- State Panchayat Raj legislation empowering Gram Sabhas to approve plans, select beneficiaries, monitor plan implementation, approve payment and conduct social audit.
- A framework for social audit,
- A clear structure of budgeting of the Panchayats.
- Legislative provisions for a right to information and a structure to govern periodic disclosure of information,
- Legislative provisions for an ombudsman-like authority.

5.9.2 In order to enforce accountability, the following have to be ensured so that there is no room for alibi:

- A minimum staffing pattern particularly at the Village level.
- An administrative mechanism for providing adequate technical assistance and support to the panchayats.
- Legislative or administrative provisions which permit Panchayats to form networks or associations to undertake tasks that are beyond the individual jurisdiction of each, but still fall within their functional mandate,
- Legislative or administrative provisions for scaling down, which enable Panchayats to forge links and provide support to local citizens associations and user groups,
- A well functioning system of Standing committees operating at every Panchayat level, which ensures that decisions are committee based,

- Comprehensive databases that can be used by panchayats for their own functioning and decision-making.
- A working plan for training village panchayat members, functionaries and departments (as already detailed).

Several of these points have been dealt with earlier in this chapter and the following recommendations are made only in respect of those not dealt with so far.

### **5.9.3 A grievance redressal mechanism; the local body Ombudsman:**

With increased devolution to Panchayats, there is a need for an institution for independent complaint investigation and grievance redressal against decisions of Panchayats. Establishing an Ombudsman system can provide a convenient and relatively low-cost mechanism to deal with such complaints. The work of the Ombudsman would be essentially investigative in character looking at both reasonableness of a decision as also due process being disregarded in rendering a service or deciding on a claim. The Ombudsman could look at matters relating to internal administration. The Ombudsman could consist of both Judicial and Administrative Officers of appropriate seniority. In States where the institution of Lok-Ayukta has been established, it could function as the local body Ombudsman. A critical test of success of the Ombudsman would be the speed with which appeals are heard and disposed. Such speed can be attained by combining relatively simple procedures of an executive authority with the advantages of an independent judicial system. For this reason we suggest that time limits may be imposed for completing the Ombudsman's investigation into a complaint.

### **5.9.4 Putting in place baseline standards on accounting and auditing,**

As already mentioned, the C&AG recommended certain standardised formats for PRI accounts. States may be persuaded to universally adopt them. Auditing of Panchayats will also need to be closely monitored and it is recommended that States can establish a separate Public Accounts Committee as recommended by the Eleventh Finance Commission for monitoring the completion of audits of accounts and examining action taken on audit observations and reports.

### **5.9.5 Social Audit:**

Institutionalising a system of social audit is essential for improving local service delivery. An effective system of social audit will have to be based on two precepts, first, that service standards are made public through citizens' charters and second, that periodic suo moto disclosure is made on attainment of service delivery standards by Panchayats. Social audit processes are also important to ensure effectiveness. Some do's and don'ts in this regard are suggested below:

- Social audit ought not to be individually prescribed for each scheme implemented by Panchayats. A multiplicity of social audits separately prescribed for each scheme undermines the importance of the process.

- Adequate publicity will need to be given for social audit,
- It may be a good idea to provide nodal officers to assist Panchayats in the proper conduct of social audit. However, care must be taken to ensure that such support does not give the impression that the Panchayat can sidestep its own accountability.
- Social audit “action taken reports” have to be time bound and placed in the public domain. It is a good idea to precede a social audit with the action taken on the previous social audit.
- Opportunity has to be given to people to inspect the records of the Panchayat, particularly their documentation on property lists, tax assessments and tax collected, measurement books and muster rolls.
- It would be a good idea for a higher level of Panchayat, such as the intermediate panchayat, to provide details of the comparative performance of all Panchayats falling within its jurisdiction, so that people can get an idea of where their Panchayat stands in respect of each service delivered.

A system of social audit at the intermediate and district Panchayat levels is also required.

## Centrality of PRIS in the implementation of Centrally Sponsored and Central Sector Schemes

- 6.1 From a national point of view the Government of India takes up several programmes dealing with matters that are to be delegated to local governments. Centrally Sponsored Schemes are the dominant instrument through which these are delivered. It has been urged by many for several years now that there are several shortcomings in the design and implementation of Centrally Sponsored Schemes (CSS) and Schemes for which Additional Central Assistance (ACA) is allocated. The most important of them are:
- There are just too many of them – around 230, according to one account<sup>1</sup>,
  - There is no consistent approach to institutional mechanisms for implementation even in schemes that are related and address the same broad objective,
  - Most are independently planned and implemented, and operate self-contained fund flow and monitoring systems, leaving little scope for convergence with other schemes at local levels.
  - The emphasis on financial performance edges out the importance of outcomes.
- 6.2 Decision-makers have been faced with a dilemma. On the one hand, there is the concern that unless funds are tied to schemes with conditionalities, expenditure at the local level might not be in the direction of desired and accepted national priorities. On the other hand, there is the problem that the immense diversities at the local level are not taken into account and local governments are not given space to attempt integrated area development taking local conditions into account. The Expert Group considered these points and concluded that two questions, namely, whether general purpose or specific purpose grants better serve national priorities and the extent of untying, clubbing, or rationalization required, would fall outside its terms of reference. The High Powered Committee chaired by Shri Arvind Verma, constituted by the Planning Commission to look into the issue of rationalization of CSSs would be better placed to examine these questions. The Expert Group decided to focus attention and make suggestions on CSSs and other transfers of a related nature on selected national programmes that touch upon what is acknowledged to be the core functions of Panchayats.
- 6.3 Before examining and recommending specific changes in the guidelines of prioritized schemes, the following general recommendations are made with respect to ensuring the centrality of Panchayats in planning and implementation of Central programmes:

<sup>1</sup> Report of the Task Force of Officials in Charge of States to examine the Centrally Sponsored Schemes, dated 14-12-2004.

- Currently, Central fiscal transfers assume many forms and go by several names. For instance, while most CSSs are operated by Line Ministries of the Central Government, others are borne on the State plan side as “Additional Central Assistance”. Funds are also operated through Central corporate entities, such as Central SC&ST Development Corporations and Tribal Federations. It is recommended that all Centrally funded programmes and schemes that fall in the domain of States and Local Governments may be referred to by a common terminology as in earlier years. The term “Centrally Sponsored” is simple and well established enough to be used to describe all such transfers.
- Each Ministry operating CSSs pertaining to matters listed in the Eleventh Schedule of the Constitution ought to undertake an activity mapping exercise on the roles assigned to levels of government, including Panchayats, in the activities of that Ministry. This exercise should follow the principles of subsidiarity, by which tasks are placed at that level where it is best performed. CSS guidelines will need to be realigned in accordance with the Activity Mapping undertaken by the Ministries.
- Scheme guidelines ought to specify clear lines of administrative approval and sanction on the basis of Activity Mapping. Thus powers for approval, administrative sanction, review and monitoring of CSSs will need to vest with local governments as appropriate, at different levels. This would include laying down processes that ensure democratic decision-making with respect to planning and implementation.
- The role of line departments in supporting Panchayats ought to be spelt out. While Panchayats are given clear-cut roles in planning and implementation of schemes, methods of providing technical support by line departments have to be laid down.
- There has to be a clear statement by each Central Ministry dealing with the core functions of Panchayats, such as Ministries of HRD (Both Departments of Education and Women and Child Welfare), Rural Development and Agriculture that all line department functionaries at the grassroot level, function under the control of Panchayats.
- A large number of different parallel bodies have been set up under various schemes to undertake the same tasks as Panchayats and compete with them for performing these functions. The justification that parallel bodies are required to exist as recipients of funds is no longer tenable as Panchayats are entitled to hold their own funds in accordance with Article 243H. But it is argued that they are needed for sectoral focus and attainment of targets. To the extent they are considered inevitable, parallel bodies ought to be brought under Panchayats to assist them.
- The Planning methodology in the CSS guidelines ought to be strictly in alignment with those prescribed in Article 243 ZD of the Constitution. Stand-alone planning methodologies prescribed in CSS guidelines, which have very little connection with

other initiatives and schemes have to be modified to enable the preparation of integrated village plans by Panchayats at all levels so as to ensure easy consolidation by the DPC into the Draft Developmental Plan of the District.

- As part of efforts to deepen peoples' participation in the implementation of CSSs, there has been a tendency for line departments to create stand-alone committees or groupings of stakeholders to oversee implementation, certify completion, monitoring, maintain assets created, distribute benefits etc. Their creation and promotion takes precedence over the devolution of functions and powers to Panchayats. While strengthening and promotion of such autonomous social groups is required for augmenting social capital and deepening democracy and for greater involvement of concerned stake-holders, setting them up as substitutes for Panchayats has to be discouraged. Panchayats are local governments performing a range of governance and development functions and are accountable to the entire population of a Panchayat. Besides, both for financial and social accountability, it is important that these bodies are made to function within the ambit of the Panchayati Raj system. Panchayats and these bodies have to learn to work together for common good instead of functioning as rivals.
- In ensuring a harmonious relationship between the Panchayat and such groups, it is best to conceive these groups as sub-systems and as a further step in democratic decentralization. They could draw their powers and resources from Panchayats, either by positioning themselves as Standing Committees of the Panchayats or as sub-committees of the Gram Sabha, performing specific tasks that are delegated to them. Either way, the design elements should ensure synergy, harmony, sustainability and financial accountability of such arrangements:
- The obligation to make voluntary disclosure of all information ought to be made an integral part of CSS guidelines. Arrangements will also need to be made for reviewing whether these obligations have indeed been met by the Panchayats concerned

6.3.1 We would urge that these changes be made during 2006-07 so that they are operational during the Eleventh Five year plan. The Planning Commission, taking into account the recommendations of the Arvind Verma Committee report also, could oversee this process of transformation and realignment of Centrally Sponsored Schemes. The Eleventh plan would then be based on a far simpler system of CSSs in which local governments are active participants and are involved in working towards national goals.

#### **6.4 Prioritisation of Schemes for reform:**

6.4.1 We now consider specific Central programmes that impinge upon the core functions of Panchayats. In his budget speech for 2006-07, the Union Finance Minister stated that the bulk of the resources would go to eight flagship programmes, namely, Sarva Shiksha Abhiyan, Mid-day Meal Scheme, Drinking Water Mission, Total Sanitation Campaign, National

Rural Health Mission, Integrated Child Development Services, National Rural Employment Guarantee Programme and Jawaharlal Nehru Urban Renewal Mission. Except for, the Urban Renewal Mission, these schemes fall within the core functions of Panchayats. They have been allocated substantially higher funds during 2006-07:

(Rs. Crores)

| Sl no | Scheme   | Ministry/<br>Department  | Allocation<br>in 2005-06 | Allocation<br>in 2006-07 |
|-------|--|--|--------------------------|--------------------------|
| 1     | Sarva Shiksha<br>Abhiyan   | Department of<br>Elementary<br>Education                           | 7156                     | 10041                    |
| 2     | Mid-day Meal<br>Scheme   | Department of<br>Elementary<br>Education                           | 3010                     | 4813                     |
| 3     | Drinking Water<br>Mission  | Department of<br>Drinking Water<br>Supply                          | 3645                     | 4680                     |
| 4     | Total Sanitation<br>Campaign   | Department of<br>Drinking Water<br>Supply                          | 630                      | 720                      |
| 5     | National Rural<br>Health Mission   | Ministry of<br>Health  | 6553                     | 8207                     |
| 6     | Integrated<br>Child<br>Development<br>Services                             | Ministry of<br>HRD,<br>Department of<br>Women and<br>Child Welfare | 3315                     | 4087                     |
| 7     | National Rural<br>Employment<br>Guarantee<br>Scheme<br>(including<br>SGRY) | Ministry of<br>Rural<br>Development                                | 10000                    | 14300                    |
|       | <b>Total</b>   |  | <b>34309</b>             | <b>46848</b>             |

6.4.2 The Expert Group felt that along with these flagship programmes, a few more Central Programmes could be considered as important from the point of view of giving a clear and precise role to Panchayats in planning and implementation. These also include relevant programmes under 'Bharat Nirman<sup>2</sup>', aimed at rapid improvement of rural infrastructure:

| Ministry/Department     | Name of the Scheme                            | Budget Estimates 2005-06 (Rs. crs) |
|-------------------------|---|------------------------------------|
| Rural Development       | Swarnajayanti Grameen Swarozgar Yojana (SGSY) | 960.00                             |
| Rural development       | Rural Housing, Indira Awas Yojana (IAY)       | 2775.00                            |
| Rural development       | Pradhan Mantri Gram Sadak Yojana (PMGSY)      | 4235.00                            |
| Elementary Education    | Adult Education                               | 290.00                             |
| Power                   | Rajiv Gandhi Grameen Vidyutikaran Yojana      | 1100.00                            |
| Non Conventional Energy | Remote Village Electrification Programme      | 155.00                             |

6.4.3 For our analysis, we have clubbed together both flagship and the other schemes that address the same broad objective, as follows:

| Sl | Category                    | Scheme   |
|----|-----------------------------|--|
| 1  | Poverty Alleviation Schemes | • National Rural Employment Guarantee Scheme (NREGA)                                 |
|    |                             | • Swarna Jayanthi Gram Swarozgar Yojana (SGSY)                                       |
| 2  | Education Schemes           | • Sarva Shiksha Abhiyan,   |
|    |                             | • Midday Meals Programme,  |
|    |                             | • Adult Literacy   |
| 3  | Water and Sanitation        | • Drinking Water Mission   |
|    |                             | • Total Sanitation Campaign  |
| 4  | Health                      | • National Rural Health Mission  |
| 5  | Women and Child Development | • Integrated Child Development Services (ICDS)                                       |
| 6  | Rural Housing               | • Indira Awas Yojana   |
| 7  | Rural Roads                 | • Pradhan Mantri Gram Sadak Yojana   |
| 8  | Rural Electrification       | • Rajiv Gandhi Grameen vidyutikaran Yojana.<br>Programmes of non-conventional energy |

<sup>2</sup> An omnibus programme aimed at six thrust areas of rural infrastructure, namely, rural roads, drinking water, housing, power, telecommunication & irrigation.



## **6.5 Panchayats and Central Poverty alleviation programmes:**

- 6.5.1 Given the multidimensional character of poverty, approaches to its elimination need to be equally multidimensional and need to be aimed at aiding Panchayats to better identify the poor, design programmes to meet individual and family requirements and identify and implement priority investments from their own budgets for improving delivery of services benefiting the poor.
- 6.5.2 Programmes directed towards improving livelihoods for the poor fall into two categories; those aimed at providing assured wage employment and those that provide loans and subsidies to poor individuals or their groups for entrepreneurship. The National Rural Employment Guarantee Act gives the legislative framework for providing guaranteed unskilled manual labour to rural poor. The Act designates Panchayats as the principal planning and implementation authorities and contains provisions detailing the specific roles of the three Panchayat levels. At least 50 % of the works are to take place at the Gram Panchayat level. It also designates officers to perform statutory duties. The legislation thus constitutes an activity mapping, with legal sanction, for providing a guarantee for wage employment. On the self-employment side, SGSY takes the approach of forming and supporting self-help groups and providing them loans and subsidies for entrepreneurship preferences. The Group feels that rather than modifying the individual guidelines of either Scheme, there is a need to foster greater convergence between the two, so as to sustainably reduce poverty. It is felt that this convergence can be best achieved through a village poverty reduction programme, which ought to be part of the village level planning exercise.

### **6.5.3 The Village Poverty Reduction Programme:**

The basic foundation of the village poverty reduction programme is a proper identification of the poor on a Panchayat wise basis. We have already described the process of conducting a peoples' survey in Chapter 4. The identification of the poor has to be treated as a continuing process that periodically tracks the situation of the poor, without the overriding concern of dividing people into clear poor and non-poor categories. These surveys ought to be carried out by the Panchayat, with the total involvement of the people in Gram and Ward Sabhas, including SHGs and other Community based organisations. Such surveys could be updated on a half yearly basis and thus provide a continuous flow of information on needs and situation of each family. When these are consolidated, a clear picture of the public services required for the poor will emerge, which will go into the service provision side of the Panchayat plan. On the livelihood side, an equally clear picture will emerge as to the likely demand for providing wage employment, as well as self-employment, thus helping for better planning for the same. The following points may be specifically considered in the further process of convergence between wage employment and livelihood programmes:

- There is need to prepare family wise livelihood plans, based on the surveys, to identify the basket of needs of each family.

- There is a need to ensure an upgradation of skills to improve earning capacity. This can be done in two ways, either by providing skills and tools to wage earners to improve productivity, or provide them skills to move out of wage employment into small livelihoods.
- 40 percent of NREGA funding is available for procurement of material. This can be linked to SGSY, so that wherever possible, such procurement is also undertaken from SGSY groups,
- There is a need for greater coordination and convergence between NREG and SGSY on the one hand, with programmes for poverty reduction undertaken in States through State plans or externally aided efforts.
- Monitoring systems of NREGA and SGSY will have to be closely related, particularly at the outcome assessment level, so as to get a total picture of their combined effect on poverty.
- There is a need to integrate the NREG shelf of works into the Panchayat plan. However, the fact that wage employment has become demand driven under the Act would have a big impact on village level planning, which will now need to adapt itself quickly to fluctuations in demand for labour.

## **6.6 Education programmes:**

- 6.6.1 The major schemes of the Department of Elementary education are the Sarva Shiksha Abhiyan, the National Programme of Nutritional Support to Primary Education (The midday meal scheme) and the National Literacy Mission including adult education, post literacy programmes and continuing education programmes,
- 6.6.2 The Sarva Shiksha Abhiyan (SSA) is a time bound mission aimed at universalisation of elementary education and bridging of gender and social gaps by 2010. It aims at providing better educational facilities, particularly in respect of opening of new schools, construction of school buildings, appointment of teachers and provision of free text books. SSA covers 598 Districts (of 602 in the country) in 34 States/ UTs. The importance of the Scheme can be gauged from the fact that budget allocations have steadily increased, from Rs. 5,079 crores in 2004-05 to Rs. 7,156 crs (2005-06) and Rs. 10,041 crores in 2006-07. The Scheme addresses the educational needs of about 20 crore children in 11 lakh habitations, 8.84 lakh existing primary and upper primary schools and non-formal education centres including Education Guarantee Schemes and Alternative Innovative Education centres. The SSA programme framework emphasizes deep community ownership in implementation, through School Management Committees, Village and Urban Slum level Education Committees, Parents' Teachers' Associations, Mother Teacher Associations, Tribal Autonomous Councils and other grass root level structures in the management of elementary schools. This participatory approach is to be captured in a village education programme, prepared in consultation with Gram Panchayats also and would form the basis of District Elementary Education Programme. However, the implementation framework

positions Gram Panchayats as one of the many participants in the process, along with individuals, self-help groups, representatives of NGOs etc. At best, the linkage between the local School Management Committee and the Panchayat is expected to be through making the Sarpanch a member of such a committee. There is no linkage with the Standing Committees in Panchayats. No role is envisaged for the Intermediate and District Panchayat in implementation, as parallel structures in the form of societies have been created at these levels. The consolidation of the 'District education plan' into the Draft developmental plan of the district is not envisaged.

6.6.3 The stated objectives of the programme can be more efficiently and sustainably achieved if an organic relationship can be fostered between community based organizations and Gram Panchayats through a clearer institutional design that leveraged the strengths of each. For instance, it is essential that Gram Panchayats oversee the process of household and school survey for collection of data by District and Block Team, because there is already extensive data available at this level, such as BPL data, NREGA registered families, all of which can be dovetailed so as to create a very powerful database that will enrich village level planning. Specific changes would need to be made regarding the following aspects:

- The Gram Panchayat ought to be central to the micro-planning exercise prescribed in the implementation framework. The task can be specially handled by the Gram Panchayat Standing Committee that deals with education. The village education programme will become part of the integrated plan of the Gram Panchayat concerned.
- There could be further decentralization to deal with SSA on a school wise basis to village level education committees, but they must have a clear relationship with the Panchayat. These could function as sub-committees of the Gram Sabha, and can report to the Standing Committee concerned of the Gram Panchayat.
- Such Standing Committees of Gram Panchayats need not consist solely of Gram Panchayat members. Members of the Grama Sabha, such as mothers of children studying in schools can be coopted into these committees as required.
- The guidelines should ensure that the accounts of the VECs are captured into the accounting system of the Gram Panchayat. Thus SSA would become a line item in the budget of the Gram Panchayat, even if expenditure is actually incurred at the Standing Committee/sub-committee level. The frequency of reporting of accounts can be prescribed by the Education Department.
- There is no need for parallel bodies at the district and intermediate levels. The subject can be regularly monitored by a Standing Committee of the Panchayat concerned.
- There is a strong case for streamlining of fund flows. Thus funds can be sent from the State level institution directly to the Panchayat level concerned, which has been shown to be feasible. In the case of SSA this would predominantly mean the Gram Panchayat.

- Monitoring reports prepared at each Panchayat level will need to be placed in the public domain, where it can be accessed by all, including the monitoring agencies of the Education Department, such as District Institute for Education Training (DIETs).

#### **6.6.4 The Midday Meals Programme:**

The Mid-day meal scheme has been universalized at the primary level and is aimed at improving the nutritional status of about 12 crore children. It also aims to provide nutritional support to students of primary stage in drought affected areas during summer vacation. It is more of a nutrition programme delivered at the School. The Scheme is implemented in full in 20 States and all 7 UTs and partially implemented in 8 States- Assam, Bihar, Goa, J & K, Punjab, Jharkhand, U.P. and West Bengal. The institutional framework for the Scheme provides for a three-tier programme management structure, consisting of a nodal department in the State Government/ UT administration, nodal responsibility at the district level through the collector and management at the local level.

The changes we would recommend in the scheme guidelines follow the broad contours of the suggestions in respect of SSA. In States which have devolved the function of primary education either by legislation or executive order on Panchayats, the responsibility of implementation and supervision of the programme will have to be assigned to Panchayats at all levels through Activity Mapping. The Standing Committees of Village Panchayats, which have been assigned the task of supervising education related issues can be entrusted the task of monitoring, reviewing and taking other necessary steps for the smooth implementation of the Scheme. Considering the daily importance of the programme, it shall be open to create a sub-committee of the Gram Sabha to exclusively implement the Scheme. Local Education Committees and mother committees may be positioned as sub-committees of the Gram Panchayats or of the Gram Sabha, subject to all the accountability processes that Panchayats work under, such as Grama Sabha and Social audits. It is open to have even 100 percent of these sub-committees of the Gram Sabha constituted of mothers of children studying in Schools. This scheme is critically dependent on smooth fund flow, for effective implementation. Therefore direct transfer of funds to Gram Panchayats is desirable.

#### **6.6.5 The National Literacy Mission:**

The Total Literacy Campaign aims at area specific, time bound, participative approaches to tackle illiteracy. There are 3 components of the programme, namely, the main campaign as such, the post literacy programme and the continuing education programme. The programme covers 596 out of 600 Districts – 142 under Total Literacy Campaigns, 182 under post literacy programme and 272 under continuing education programme. The implementation of the Scheme is through Zilla Saksharata Samities (District level Literacy Committees). While there has been significant decline in absolute number of non literates from 328.88 m in 1991 to 304 m in 2001, there are still 270 mill adult illiterates in India (30 % of the world's illiterates). However the allocation provided under the Scheme has

been declining and currently it is only proposed at Rs. 245 crores for 2006-07. We learn that the scheme is now proposed to be restructured.

The involvement of Panchayats through clear demarcation of their roles would give the literacy mission a significant boost. An activity mapping framework for devolution of literacy Mission activities to Panchayats, could position the District Panchayat as the monitoring level, the Intermediate Panchayat to provide overarching logistic support and Gram Panchayats should be the actual implementers. A proposed pattern is given below:

#### **Distribution of Functions**

| <b>District Panchayat</b>   | <b>Intermediate Panchayat</b>  | <b>Village Panchayat</b>  |
|---|--|---|
| Supervise, guide and support services for implementation of Literacy Mission projects<br>Monitor functioning of the Scheme in the district<br>Promote people's participation in programmes through involvement of local leadership. | Supervise project staff of adult education department, including literacy centre and continuing education workers<br>Assist officers concerned with the programme in procurement and distribution of material and other supplies connected with literacy.<br>Manage a demand driven fund for infrastructure at the Gram Panchayat level.<br>Run the logistic support to facilitate implementation of the programme | Select and assist literacy centre workers<br>Survey and identify illiterates,<br>Site selection, location and construction of Literacy and continuing education centers, Ensure community participation through organizing regular meetings, monitoring the implementation of the programme,<br>Involve Gram Panchayat members in the functioning of Literacy centers, particularly in ensuring attendance in the center and availability of facilities.<br>Engage with NGOs and other activists working and independently operating literacy and continuing education centers. |

It is suggested that there ought to be integration of the Zilla Saksharata Samitis with the district panchayats. The expertise and volunteers available with the Samiti should be made available at all levels of Panchayats and should be aimed at making literacy one of the line items in the budget of the Panchayat at the appropriate level. Further suggestions concerning the scheme are as follows:

- At the GP level, there could be a separate committee for literacy, as a Standing Committee of the GP. There could be co-option of Citizens and stakeholders into the GP Standing or sub-Committee.

- The monitoring of attainment of literacy indicators should be taken down to the level of the Intermediate Panchayats, from the District Panchayat level.
- In order to ensure closer coordination between efforts at literacy in urban and rural areas, the DPC could be used for monitoring and evaluation.
- There must also be a special emphasis on a fast track literacy programme for elected GP members, wherever required.
- Training regarding how Panchayat members can facilitate literacy could be introduced into PRI training modules.

## **6.7 Drinking Water and Sanitation Programmes:**

6.7.1 The main programmes of the Central Government relating to drinking water supply are the Accelerated Rural Water Supply Programme (ARWSP) and Swajaldhara. ARWSP is aimed at ensuring a minimum availability of 40 Litres of water per capita per day (LPCD) to all rural people. Swajaldhara is a demand driven approach to augmenting water supply, with a high degree of local participation. Citizens are to provide 10 percent of the capital cost and ensure that they meet 100 percent of the maintenance cost in implementing the programme. ARWSP is now part of the Bharat Nirman approach, with a time bound strategy of tackling all habitations that are deficient in water supply. In both schemes, there is a clear thrust on putting Panchayats in the forefront of implementation of drinking water schemes. The Department of Drinking Water Supply has adopted an MOU based approach, by which States are persuaded to assign Panchayats the entire gamut of drinking water and sanitation interventions in rural areas. There is also a built in disincentive as State governments that do not sign the MOU before commencement of the Eleventh Plan, could be ineligible for receiving any fund under ARWSP in the that plan period. This Group felt that the approach in respect of drinking water supply is on desirable lines and did not require any major change. The following suggestions are made with a view to further fine-tune the implementation framework:

- The Twelfth Finance Commission has recommended that local body grants for Panchayats could be preferably used for village water supply and sanitation. Implicit in these recommendations is the expectation that States would promptly undertake activity mapping with respect to water and sanitation and hand over such projects to Panchayats. There is a need to synchronize the MOU approach of the Ministry of Drinking Water Supply with the recommendations of the Finance Commission. It is therefore desirable that States are persuaded to sign the MOU as early as possible instead of waiting till the end of the Tenth Plan.
- Both ARWSP and Swajaldhara are to be primarily implemented at the Gram Panchayat level. Wherever Part IX of the Constitution applies, Village Water and Sanitation Committees (VWSCs) cannot be positioned as alternatives to Gram Panchayats. The VWSCs can be assigned special responsibilities in this regard, by conceiving them as Standing Committees of the Gram Panchayats. Through the Standing Committee

model, VWSCs would draw their powers and resources from Panchayats. The autonomy of VWSCs could be well-protected, even while being accountable to Panchayats. This would strengthen both and create synergies, paving the way for a symbiotic relationship.

- The approval of special projects for problem habitations ought to be decentralized to the District Panchayat level. Block grants for this purpose may be given to each district, based on the comprehensive water quality surveys mandated by the Department of Drinking Water Supply.
- The funding for both ARWSP and Swajaldhara will need to be closely dovetailed with the use of local body grants recommended by the Twelfth Finance Commission.
- The ARWSP and Swajal Dhara guidelines have entrusted the main implementation role at the district level to the District Panchayats. In view of this, it must needs to be ensured that para-statals such as Jal Nigams, Water Supply Boards etc. do not become the repository of the funds.
- The District Panchayat can engage the technical support of boards or corporations if necessary. Technical support agencies are transparent in their functioning and place the pros and cons of technological choices for water supply before the Panchayat for their decision.
- There are problems relating to sustainability, particularly as habitations considered to be fully covered are now slipping into the partly covered or uncovered status on account of water contamination and drying up of sources. Sustainability has two components, namely, financial sustainability and source sustainability. With respect to financial sustainability, it may not be possible for all Panchayats, including VWSCs, to fund their entire costs of maintaining supply, because these vary widely across regions and configurations of water supply (piped, surface water or borewell, requirement for treatment of contamination etc.). Therefore, there is a need to consider an equalization funding, so that people living in areas of hardship do not have to pay unsustainable tariffs for basic drinking water supply.
- With respect to source sustainability, there is an increasing problem caused by competing demands for limited sources of water. One would need to plan for treating water resources holistically, through a Gram Panchayat based convergent action plan for water source sustainability. This is more fully discussed later on in this report.
- With respect to 'public contribution', such contribution could also be made by the Panchayat through taxes assigned to Gram Panchayats. This will prevent the adoption of shortcuts, where contractors pay the 'public contribution' in return for the contract being assigned to them. Collection of contribution through taxes help to broad base the contribution, make it more equitable, prevent contractor capture and builds genuine peoples' ownership.

- Construction of water supply projects could be undertaken through community contracting, for which several models are available. Such documentation on options for community contracting may be widely disseminated so that procurement decisions are also taken at the Gram Panchayat level.

### **6.7.2 Total Sanitation Campaign:**

The Total Sanitation Campaign aims at providing subsidized individual and community latrines, so as to completely eliminate open-air defecation. The programme has now added solid waste management as another component of the programme. Along with water supply, TSC is a programme that is clearly part of the core responsibility of every Panchayat, particularly the Gram Panchayat. The guidelines of the TSC give leeway to the States to decide on the extent of involvement of Panchayats in the programme. This creates a wide variation in the modalities of implementation of the scheme in different States, even in those where the subject of water supply has been devolved upon Panchayats. In many States, the implementation of the scheme is still kept outside the Panchayats, with the primary role given to the PHE department and NGOs/SHGs. This happens in spite of the fact that in most State Panchayati Raj Acts, the function of maintaining cleanliness in villages is the primary responsibility of the Gram Panchayat. While the achievement can be impressive in terms of latrines constructed, unless there is public mobilization, awareness and a fairly deterrent social sanction against open-air defecation, the programme objectives could still remain unfulfilled and there is likely to be slipping back. A high involvement of Panchayats in the programme is therefore essential. The following are our suggestions:

- The Department of Drinking Water Supply needs to be proactive in the devolution of total sanitation to Panchayats, just as they have taken action in ensuring the centrality of Panchayats in the implementation of drinking water schemes. An MOU based approach similar to that adopted for water supply, specifying a clear road map on the devolution of functions relating to sanitation to Panchayats is recommended.
- An activity mapping for sanitation could be that the broad planning is undertaken by the District Panchayat where the Intermediate Panchayat could be the provider of technical support and engineers for the programme. The Gram Panchayat could undertake public awareness and mobilization as also disburse funds. The actual construction of toilets can be undertaken by the people.
- Funds ought to be placed with the Gram Panchayats for implementing this programme. Payment to beneficiaries on the completion of the works must also be undertaken at this level.
- The Nirmal Gram Puraskar, given to Panchayats that have achieved total elimination of open-air defecation is an innovative way of motivating Panchayats to compete acceptable yardsticks. However, a much greater effect in terms of involvement of Panchayats can be achieved in case such awards are determined through a combination of external quality monitors and peer reviews by teams of Panchayats elected representatives themselves.



## 6.8 Public Health

6.8.1 The National Rural Health Mission (NRHM - 2005-2012) has been launched to improve availability of and access to quality health care and public health services, including women's health, child health, water, sanitation & hygiene, immunization, and nutrition by rural people, through making necessary changes in the mechanism of health delivery. The goals of the mission are to reduce Infant Mortality Rate (IMR) and Maternal Mortality Ratio (MMR) and prevent and control communicable and non-communicable diseases. The Mission consists of several components as follows:

- Provide an honorary Accredited Social Health Activist (ASHA) for each village and large habitation for promoting universal immunization, referral and escort services for RCH, construction of household toilets, and other healthcare delivery programmes,
- strengthen Primary Health Centres by providing drugs and equipment,
- strengthen Community Health Centres (CHCs) as first referral centers,
- Prepare a District Health Plan by amalgamating field responses,
- converge sanitation and hygiene under NRHM
- strengthen disease control programmes and prevention
- foster public-private partnership for public health goals,
- support new health financing mechanisms, and
- reorient health/medical education to support rural health issues

6.8.2 The implementation strategy of NRHM places Panchayats at the forefront. The programme proposes to train and enhance capacity of Panchayats to own, control and manage public health services and promote access to improved healthcare at household level through the female health activist (ASHA). Under the programme, each State would sign a Memorandum of Understanding with Government of India, committing among other things, to devolve funds, functionaries and programmes for health, to PRIs. The District Health Mission to be led by the Zila Parishad and will control, guide and manage all public health institutions in the district. The ASHA is chosen by and accountable to the Gram Panchayat to act as the interface between the community and the public health system. The Village Health Committee of the Panchayat will prepare a health 'plan' for each village, facilitated by the ASHA, Anganwadi worker, ANM, functionaries of other Departments, and Self Help Group members. Each sub-centre is to be strengthened by providing an untied fund of Rs. 10,000, operated from a joint Bank Account of the ANM & Sarpanch, in consultation with the Village Health Committee. Panchayats are also involved in Rogi Kalyan Samitis for good hospital management.

6.8.3 The Scheme also makes a provision of training to members of PRIs in health issues. The programme also envisages making available health related databases to all stakeholders,

including Panchayats at all levels. The District is the core unit of planning, budgeting and implementation. An inter-sectoral District Health Plan is to be prepared by the District Health Mission, including drinking water, sanitation & hygiene and nutrition and taking into account Village Health Plans, State and National priorities for Health, Water Supply, Sanitation and Nutrition. All vertical Health and Family Welfare Programmes at District and State level are to merge into one common “District Health Mission” at the District level.

6.8.4 Considering the high degree of involvement of Panchayats envisaged in the guidelines, we do not recommend any major changes. However, the implementation of the mission would need to be closely watched to ensure that the involvement of Panchayats is in keeping with the spirit of the programme. A few modifications to the scheme guidelines are recommended as follows:

- The only way to keep health providers accountable in a more systematic way is to make compensation dependent on better service. This could be done by providing Gram Panchayats a population based bulk fund for exercising choices on health care. They could be empowered to negotiate for provision of health care services from an appropriate authority, whether government or private. If this approach is not scaleable at the Gram Panchayat level, then they could also join together to form associations or groups that could commonly negotiate with the appropriate provider to provide medical care.
- Special attention will need to be given to meeting the challenge of better public health. Convergence between programmes in this regard is easier said than done, particularly if budget streams for different programmes continue to be separate. Most non-clinical “public health” aspects that directly improve health status are not within the scope of the Ministry of Health or of Family Welfare. Many public health interventions are relatively uncomplicated and fall within the domain of Panchayats. We recommend that the enabling provision under NRHM for dovetailing of CSSs be proactively pursued. A public health fund could be created at the Gram Panchayat level, for better provisioning of services relating to public health, which have a significant impact on communicable diseases, frailty and nutritional deficiencies. This would provide cross-programme flexibility in expenditure choices regarding health. Different Panchayats located in different areas should have a good local mix of what calls for traditional public health interventions and what requires curative care facilities.
- There is need to combine training on health care and public health. This can be achieved by converging the training funds available under NRHM with those available under Total Sanitation Campaign and ICDS to run one closely coordinated programme that shares resource persons, logistics and feedback systems. An integrated training programme of this nature for Panchayat members, particularly members of the Standing Committees, would be efficient and cost effective. Training content preparation should therefore involve all Ministries concerned, as also SIRDs, NGOs and CBOs across the country and training must be scaled up to all Gram Panchayat members at the earliest.

- Each of the triumvirate of programmes that deal with health and public health, namely, Water and Sanitation, NRHM and ICDS provide for village level standing committees. Creating a multiplicity of such committees ought to be avoided and it would be better if these are integrated into one committee, which looks into all these aspects.
- For the effective delivery of health care, data must be shared with Panchayats and Gram Panchayats positioned as the primary repository of data. This can be done easily by disaggregating PHC data (as also other available data) on a Gram Panchayat wise basis and disseminating it to Panchayats<sup>3</sup>. Gram Panchayats could further enrich this by collecting data regarding the general health of their citizens. Data collection and analysis could also be assigned in accordance with activity mapping to the levels of government, including Panchayats.

## 6.9 Women and Child Welfare:

6.9.1 ICDS promotes integrated child development through converging basic services for improved child care, early stimulation and learning, improved enrolment and retention, health and nutrition, and water and environmental sanitation. The Scheme aims to improve the nutritional and health status of pre-school children, pregnant women and nursing mothers through providing a package of services including supplementary nutrition, pre-school education, immunization, health check-up, referral services and nutrition & health education, with particular focus on the vulnerable and poor. In addition, the Scheme envisages effective convergence of inter-sectoral services in the anganwadi centres. From a coverage of 33 blocks in 1975-76, the programme has been expanded to cover 4200 Operational ICDS Projects in the Country. Budgets have also correspondingly increased.

6.9.2 An activity mapping for devolution of ICDS to the Panchayats could assign to each level of Panchayat clearly demarcated roles and responsibilities.

The District Panchayat can plan, coordinate and monitor general outcomes. The Intermediate level would essentially manage the cadre and procure and supply consumables and the Village Panchayat undertake day-to-day management of the Anganwadi and monitor individual outcomes. Details of the activity mapping suggested for the three levels of Panchayats relating to ICDS are as follows:

| District Panchayat  | Intermediate Panchayat   | Village Panchayat  |
|---|--|--|
| Supervise, guide and support Services (ICDS) for implementation of ICDS projects. | Supervise project staff of women and child welfare department, including Anganwadi workers | Select and assist Anganwadi workers  |
| Monitor functioning of the Scheme in the district.                                | Assist officers concerned with the programme in  | Identify beneficiaries, particularly child labour working in hazardous and other occupations, (not |

<sup>3</sup> Even granting that a lot of essential data is not captured, database systems in the health sector are relatively better organized. PHCs, for instance, have better data as compared to field offices of other departments.

| District Panchayat  | Intermediate Panchayat   | Village Panchayat  |
|---|--|--|
| <p>Promote people's participation in programmes through involvement of local leadership.</p> <p>Coordinate with the regulatory authority concerned (usually the District Collector) for elimination of child labour (not directly associated with ICDS, but an important activity).</p> | <p>procurement and distribution of nutrition material and other medical supplies.</p> <p>Manage a demand driven fund for infrastructure at the Gram Panchayat level.</p> <p>Run the logistic support to facilitate implementation of the programme</p> | <p>directly associated with ICDS, but an important activity)</p> <p>Site election and location of Anganwadi centers, Construction of Anganwadi buildings as also providing Water supply, toilets, fuel etc.</p> <p>Ensure community participation through organizing regular meetings, run campaigns for immunization, monitoring child health etc.</p> <p>Involve women GP members in supervising the functioning of Anganwadi centres particularly while ensuring attendance in the center, maintenance of cleanliness and hygiene, supplementary nutrition in terms of dietary schedule and timings, proper child care and meeting of educational needs, regular health check up and immunization</p> <p>Assist in the distribution of nutrition and conduct of regular health check-up</p> |

6.9.3 This engagement will require close coordination between the three levels of Panchayats, which can be achieved through the Health Standing Committees specially constituted at all levels of Panchayats. West Bengal has a well functioning system in this regard.

6.9.4 As seen from States that have done so, placing day-to-day management of Anganwadis with the Village Panchayats promotes the involvement of the community for improving their child related indicators and can drive several initiatives in a campaign mode<sup>4</sup>. When

<sup>4</sup> West Bengal, where the Standing Committee of the Gram Panchayat and the Ward Sabha actually monitor weight charts of babies.

the Gram Panchayat sees the programme as their own, they begin to share the workload of the Anganwadi worker, as also provide basic facilities (toilets, drinking water, smokeless chulhas) at the Anganwadi as a high priority for this from their own funds, SGRY, Finance Commission Devolutions and Untied Grants. This involvement can be deepened further by institutionalizing community participation through Mothers committees, which are not positioned as substitutes of Panchayats.

## **6.10 Housing**

6.10.1 The Indira Awas Yojana (IAY) is the sole programme that deals with housing for the poor from the Government of India. This programme gives a 100 percent subsidy, capped at Rs. 25,000 per unit for providing houses to families below the poverty line. Beneficiaries are to construct the house and payments are made directly to the beneficiary, on the completion of certain milestones in construction. The guidelines of IAY in its present form are both Panchayat-friendly and beneficiary friendly. However, it must be ensured that the selection of the beneficiaries and the coordination with them is with the Panchayats and not with the DRDAs. States have a variety of programmes for housing, each with its own ceilings and subsidies. This often results in duplication and misuse of funds. Panchayats need to be empowered to pool the resources for housing and adopt a single scheme with a narrow band of parameters.

## **6.11 Rural Roads:**

6.11.1 The Pradhan Mantri Gram Sadak Yojana primarily aims to provide all weather access to unconnected habitations of upto 500 population (with relaxations for hill, desert and tribal areas) by 2007. Once this goal is achieved in a district, the Scheme permits upgradation of existing roads to prescribed standards, with priority given to through routes of the Rural Core Network, which carry more traffic. The Scheme mandates the development of master plans and a core network at the block and district level, approved by the Intermediate and District Panchayat respectively. The District Panchayat is also to prepare the annual proposals in consultation with Intermediate Panchayats and Gram Panchayats, in accordance with the district's fund allocation under the Scheme. Road alignments are to be undertaken in consultation with the Gram Panchayat. Executing Agencies are to be designated to implement the programme. It is open for States to designate the District Panchayat as the implementing agency. Executing Agencies are to create Project Implementation Units (PIUs) for each district or group of districts to implement the programme. Regarding maintenance, the guidelines stipulate that all PMGSY roads are under five-year defect liability of the contractor and maintained by him under a contract for the said period. Funds for the maintenance contract are provided from the state budget. In case of rural through routes, a further five years' Zonal Contract is to be entered into at the end of the initial five-year period.

6.11.2 State Governments are to take steps to build capacity in the District Panchayats and shall endeavour to devolve the funds and functionaries to these Panchayats to enable them to manage the maintenance contracts for rural roads. However, the guidelines also stipulate

that till such time as District Panchayats take over maintenance functions, the Project Implementation Units will continue to be responsible for administration of post-construction and zonal maintenance contracts. Roadside tree planting can be taken up by Panchayats from their own funds. The programme guidelines also state that building good roads is not an end in itself and efforts to converge this objective with that of improving indicators of education, health, rural incomes etc. ought to be aimed for and monitored by Panchayats.

6.11.3 The Group considered the guidelines and felt that there was a need to work towards a phased and meaningful entrustment of responsibility to Panchayats as envisaged. We make the following recommendations in this regard:

- At present the guidelines leave open-ended the issue of devolution of responsibilities to Panchayats in respect of roads. As PMGSY aims at facilitating provision of essential public services through rural road connectivity, it is necessary that Panchayats fully participate in planning and implementation. The guidelines should therefore provide that States undertake time bound activity mapping, devolving responsibility to each level of Panchayats – namely major district Roads (MDRs) to the District Panchayats, Other District Roads (ODRs) to Intermediate Panchayats and Village Roads (VRs) and village link roads to Gram Panchayats.
- As the periods of maintenance contracts expire, action could be taken by State Governments to transfer these roads to the appropriate level of Panchayat along with funds and functionaries, in accordance with activity mapping. The State ought to also place earmarked engineering staff at the disposal of Panchayats, empanel experts for technical support, provide e-tendering and e-procurement support and undertake capacity building for panchayat representatives and staff, for construction, maintenance and accounts maintenance. This approach could be similar to the MOU based approach adopted by the Department of Drinking Water Supply for the phased transfer of water supply projects and assets to Panchayats for maintenance.
- In many States though levels of Panchayats are assigned responsibilities with respect to Other District Roads and Village Roads, a plethora of agencies and line departments undertake their formation and repairs. Several general purpose Panchayat funds also end up being used for roads, such as SGRY, scarcity relief funds and Finance Commission Grants devolved by States. Consequently, it is difficult, if not impossible, to precisely identify funds spent on maintenance and construction of ODRs and VRs. The overlapping of responsibilities and fragmentation of funds between agencies for road maintenance and development causes inefficiency, confusion and waste. The numerous fund sources for road related expenditure need to be rationalized, by mandating States to create a Road fund at the district level as a non-lapsable fund repository, into which all such funds can be credited. This would mirror the GOI having just one scheme for village roads, namely, the PMGSY. Tolls and fees collected for roads and bridges could also be deposited in the road fund.

- Another way to avoid duplication of expenditure on maintenance is to ensure that progress of such works is regularly recorded and updated into the core network plan for every quarter by District Panchayat. Every Panchayat ought to be made responsible for disclosing information, regarding road works that pertain to its jurisdiction. Review of progress and expenditure ought to be part of the social audit process, which may include certification of expenditure, besides regular audit.
- Outside technical support as also representatives from other Panchayat levels can be co-opted into an existing Standing Committee of the Panchayat, such as the Works Standing Committee of the District Panchayat, for this purpose.
- To continue the strict adherence to norms and strengthen accountability, the Ministry of Rural Development and NRRDA could continue to standardize technical parameters and quality norms, prepare guidelines for technical support agency empanelment, prepare standard tendering formats, ensure timely fund flow to Panchayats, monitor quality against technical parameters through designated national quality monitors, physical progress and expenditure. prescribe modalities of suo-moto information disclosure by Panchayats in accordance with Right to Information legislation, document and disseminate innovative practices and monitor preparation and updating of district core network plans.
- The guidelines of PMGSY show an interesting feature –at every step of preparing the core network and the block and district level plan, they prescribe that MPs and MLAs have to be specially consulted, even after clearance of the same by the District Panchayat. The repeated guidelines give the impression that MPs and MLAs constitute another level of clearance of projects. Under Article 243C (3) (c) & (d) the State may by law provide for the representation of MPs and MLAs respectively in District and Intermediate Panchayats. Most States have indeed made such provisions. Under these circumstances, further consultation and clearance from MPs and MLAs over and above the District Panchayat is unnecessary and we recommend that these stipulations may be dropped.

## **6.12 Electricity programmes and Panchayats:**

6.12.1 The **Rajiv Gandhi Grameen Vidhyutikaran Yojana (RGGVY)** is the major rural electrification scheme of the Ministry of Power, which aims at providing electricity in all villages and habitations in four years and provides access to electricity to all rural households. This programme is one of the major components of Bharat Nirman. The approach is to strengthen the electricity distribution infrastructure by establishing Rural Electricity Distribution Backbone (REDB) with at least a 33/11KV sub-station, Village Electrification Infrastructure (VEI) with at least a Distribution Transformer in each village or hamlet, and stand-alone grids with generation where grid supply is not feasible. In remote villages the objectives of the RGGVY are proposed to be met through renewable energy and the programme is managed at the central level by the Ministry of Non-conventional Energy Sources (MNES).

6.12.2 RGGVY envisages a 90% capital expenditure subsidy provided through the Rural Electrification Corporation Limited (REC), the nodal agency for implementation of the scheme. Electrification of un-electrified BPL households is proposed to be 100% subsidized at Rs.1500/- per connection in all rural habitations. The Scheme envisages the management of Rural Distribution through franchisees and the guidelines stipulate that Panchayats will be involved with franchising. The services of Central Public Sector Undertakings (CPSU) are available to the States for assisting them in the execution of Rural Electrification projects.

6.12.3 Though rural electrification is one of the matters that may be devolved to Panchayats under the Eleventh Schedule, not much has been done in this direction so far. The framework and operation of the power generation and distribution business is a technically complex one and therefore involves a much higher degree of capacity building as compared to other sectors that are devolved to Panchayats. Therefore, the best strategy would be to open opportunities for Panchayats to engage in generation, distribution and management of power. We suggest four levels of such engagement between Panchayats and stakeholders in the Electricity sector such as State Electricity Boards and Electricity Supply Companies (SEB/ESCOMs) as described below:

- In States where piped water supply and streetlights are maintained by Panchayats, electricity bills constitute a major chunk of Gram Panchayat level expenditure. However, most connections to water supply and streetlights owned and maintained by Gram Panchayats are not metered and deductions towards electricity bills are made from funds going to Panchayats. This is causing tension and it is recommended that the Ministry of Power insist that wherever Panchayats are entrusted with the responsibility of water supply and streetlights, these installations ought to be metered and billed on the basis of actual electricity consumed. This will create a climate for further collaboration and reform.
- Panchayats could become franchisees for distribution of power in rural areas, on the same terms and conditions as cooperative societies and Gram Vidyut Pratinidhis (private franchisees) and undertake billing and collection of electricity dues, ledger maintenance and receive a commission for the same. ESCOMS/SEBs could provide training. Panchayats could also receive complaints and forward them for quick redressal, identify idle inventory and with proper guidance, exercise vigilance against theft. It would be open for the SEB/ESCOMs to offer to the Gram Panchayats incentives for undertaking these activities.
- There could be a progressive deepening of the collaborative relationship between the SEB/ESCOMs and Gram Panchayats by a whole or part transfer or leasing of distribution assets to Gram Panchayats, which could, even through association with a mutually agreed private entrepreneur, undertake asset maintenance and management and distribution of power, along with the work of billing and collection. Experiments and innovations are desirable.



- Finally, Panchayats could engage in distributed generation of power and distributing it in their area, either as a local vertically integrated stand-alone system or integrate with the grid. Panchayats could enter into agreements with private third parties to set up generation and distribution entities locally. Examples of such systems are already in place. For instance, in Tamilnadu, several Gram Panchayats generate electricity through Biomass gasification and other renewable sources. The power is being used first for their own streetlights and water supply requirements. Nagaland (even though it is a Schedule VI area) has frameworks where there is active involvement of the local community in local power generation and distribution. These good practices need to be scaled up.

6.12.4 In order to carry such reforms forward, coordinated action between the ministries of Panchayati Raj and Power would be required, so that both SEB/ESCOMs and Panchayats are facilitated to consider such engagement. Certain initiatives, including changes in the guidelines of RGGVY would be necessary and are recommended as follows:

- Under Section 14(8) of the Electricity Act 2003, every State has to issue a notification defining 'rural areas', so as to de-license the business of generation and distribution of power in rural areas. This will simplify procedures and boost local initiatives in power generation and distribution by Panchayats. It is learnt that already 19 States have issued these notifications on the persuasion of the Ministries of Power and Panchayati Raj. The issue of notifications by the remaining states should be expedited.
- The guidelines of RGGVY state that project funding would cover "decentralized generation cum-distribution *from conventional sources* for villages where grid connectivity is either *not feasible or not cost effective, provided it is not covered under the programme of the MNES for remote village electrification programme*. This would mean that villages covered by the grid cannot be supported under the Scheme for decentralized distributed generation (DDG) using renewables. This is an unreasonable stipulation. First, it retards the growth of renewable energy, by restricting it to only remote villages. Second, it renders ineligible a large number of Gram Panchayats located in areas covered by the grid for receiving funds under RGGVY to establish renewable energy based plants. The compartmentalization of renewable energy and grid power under RGGVY ought to be done away with and funding under the Scheme provided for renewable energy based generation even in grid covered areas.

### **6.13 Planning for efficient Water use through building convergence between drinking water, agriculture and watershed development programmes:**

6.13.1 Meeting the competing needs for water in rural areas is perhaps the biggest local priority for most areas in the country. Yet, local approaches to water use are spread across several programmes that deal with drinking water and water for agriculture separately. There have been efforts at in situ water conservation and watershed development primarily through programmes of the Ministry of Rural Development and the Ministry of Agriculture. The

Ministry of Water Resources also promotes ground water recharge and since Budget 2004-05 a scheme for restoration of tanks is in operation. They together address a part of the problem. Of late, State Governments and NGOs have shown that water conservation can be successfully organized through local communities and some State Governments have also taken up such projects on a larger scale. We see a strong case for a unified approach to water at the local level, where the emphasis is on water conservation and efficient use, regardless of end use.

6.13.2 A unique opportunity is now available to anchor a convergent approach towards water conservation through the NREGA. Schedule 1 of the Act lists out eight items of priority, of which the first seven focus on water harvesting, water and soil conservation and land improvement. Water conservation works taken up in the village can quickly create sustainable stakeholder interest not only by providing labour in construction, but also resulting in immediately visible benefits which have a snowballing beneficial effect on agricultural productivity, rural drinking water and sanitation. Water conservation works generally entail a high labour component, which make them especially suitable for inclusion in an Employment Guarantee Scheme. This would facilitate the integration of multiple programmes aimed at water and land conservation through programmes such as Integrated Watershed Development Programme, Drought Prone Areas Programme and Desert Development Programme. The guidelines of DDP and DPAP have already been brought under one framework, namely, Haryali. However, there is a need to harmonise the guidelines on the institutional modalities concerning water supply across programmes relating to drinking water supply and watershed development, so that they can facilitate the integration into a larger and more effective programme for water conservation and use. We recommend that this harmonization may be taken up as a matter of priority and completed before the beginning of the Eleventh Plan.

#### **6.14 Using cross cutting funds such as the Backward Regions Grant Fund:**

6.14.1 Cross cutting funds or 'semi-untied' funds such as the RSVY and its recent successor, the Backward Regions Grant Fund provide an element of flexibility so that local priorities could be better addressed through convergence with specific purpose grants. Panchayats can have freedom to allocate such semi-untied funds for topping up partly funded priorities. Broad guidelines regarding scheme content and procedure could be laid down by the Centre. These could normally cover:

- the formula for allocation to various levels of Panchayats in accordance with the activity mapping,
- eligibility conditions for selecting beneficiaries,
- a positive and negative list of permissible items of expenditure
- a range of unit costs,
- a range of permissible subsidies,

- salary structures for functionaries who are brought under Panchayats through the operation of the fund,
- foodgrain and wage entitlements
- any special reservations in terms of beneficiaries (like SCs, STs and women) or sectors (like afforestation works).

6.14.2 These funds could also include an allocation that is aimed at funding the strengthening of existing PRI structures for meaningful participation, with components for training and capacity building, collection of benchmark data, preparation of operation manuals and setting up of project facilitation teams to assist PRIs in plan formulation. Establishing procedures for enforcing local accountability and setting up of DPCs also could be part of the mandate of this allocation. Such allocation would stimulate conformity of individual schematic guidelines and disparate planning mechanisms mandated by different schemes, with the methodology of the DPC already dealt with in detail in Chapter 4.

### **6.15 Providing incentives for devolution to Panchayats:**

6.15.1 We have had to repeatedly point out in this Report that the process of devolution to Panchayats is grossly incomplete and that it requires proactive facilitation by the Central government. State Governments will need to move further on the path of devolving functions, funds and functionaries and fully conform to the provisions of Part IX of the Constitution. The creation of a Panchayat Empowerment and Accountability Incentive scheme was under discussion in the group and it is learnt that the Ministry of Panchayati Raj has also approved it since. The group is of the view that this is an important instrument for the achievement of empowerment of Panchayats. An incentive based grant to States, linked to their movement along a Panchayat empowerment index, with milestones identified in advance would provide an effective mechanism for the Government of India to support States to devolve more functions, functionaries and finances to the Panchayats, encourage and facilitate States to restructure the system of self-government at the panchayat level, motivate and assist Panchayats to use their newly enlarged responsibilities in a focused and productive fashion and ensure that Panchayats achieve standards that meet norms set out for public accountability under various legislations such as those relating to Right to Information, Social Audit, and Fiscal Responsibility.

6.14.2 At the present stage of evolution of Panchayati Raj, the recommendations jointly agreed with regard to these at the seven Round Tables of the State Ministers of Panchayati Raj represent the crucial areas of Panchayati Raj reform. Milestones for reform can be identified, benchmarks standardized and releases made in accordance with the progress achieved by States against milestones and bench marks in the identified parameters of reform. Some of the reform areas that can be considered as milestones, triggering the release of incentive grants are:

- a. Signing of Memorandum of Agreement with Union Govt. detailing completion of Activity Mapping of functions to be devolved to Panchayats and issue of government orders for the

- transfer of funds in accordance with devolved functions and activity mapping,
- b. Appointing DPC's and activating them as per Article 243ZD of the Constitution,
  - c. Deputing functionaries to the administrative control of Panchayats, so as to enable them to carry out the functions assigned to them through Activity Mapping and progressively empowering PRIs to appoint their own functionaries.
  - d. Putting in place a financial accountability system, which, inter-alia, addresses the following issues:
    - i. Transferring funds in the state budget directly to the Panchayat accounts for the functions devolved to them and putting in place a transparent mechanism to transfer funds, monitor their use and make public information on funds allotted to Panchayats
    - ii. Ensure prompt accounting, audit and public disclosure of accounts in accordance with prescribed standards,
    - iii. Assigning taxing powers to Panchayats along with a mechanism to empower collection of taxes due,
    - iv. Ensuring streamlined flow of funds given by the 12<sup>th</sup> FC, along with proper and effective utilization of such grants by Panchayats.
  - e. Regular appointment of State Finance Commissions and extent and promptness of action taken on their Reports; and
  - f. Extent of provision of untied funds.

# Development of Model Guidelines for Conferring Original Jurisdiction on Gram Sabhas as Envisaged In Pesa

## 7.1 Background:

- 7.1.1 The bulk of the tribal population lives in Fifth and Sixth Schedule Areas. These are described in the Constitution as Scheduled Areas and Tribal Areas, respectively. Article 243M (4)(b) in Part IX of the Constitution provides that Parliament may, by law, extend the provisions of Part IX to these Areas subject to such exceptions and modifications as may be specified in such law. In response to the long-standing demands for extending the provisions of Part IX to the Scheduled Areas so as to enable self-governance for tribal people consonant with their customary law, social and religious practices and traditional management practices of community resources, the Government appointed a Committee of Experts, (the Bhuria Committee) in 1994. This Committee, in its report submitted in January, 2005, proposed a legal framework suited to participatory democracy particularly at the grassroots level. It was contemplated that the institutions proposed to be constituted at the District level and the lower levels should reflect the time tested customary practices of local governance and community organization practiced by tribal people.
- 7.1.2 Based on the Report of this Committee, the Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA) was passed and came into effect on 24<sup>th</sup> December, 1996 in respect of Fifth Schedule Areas. No law has been passed for extending Panchayati Raj to Sixth Schedule Areas.

## 7.2 Basic Features of PESA

- 7.2.1 PESA extends Part IX of the Constitution to Fifth Schedule Areas, subject to certain exceptions and modifications. The Act defines a village as ordinarily consisting of a habitation or a group of habitations or a hamlet or a group of hamlets comprising a community and managing its affairs in accordance with traditions and customs. It stipulates that every village will have a Gram Sabha, which will be competent to safeguard and preserve the traditions and customs of the people, their cultural identity, community resources and customary mode of dispute resolution. With respect to the manner of reservation of seats at each Panchayat level the Act stipulates that reservation for the Scheduled Tribes shall not be less than half of the total number of seats and that all seats of Chairpersons of Panchayats at all levels will be reserved for the Scheduled Tribes. It has also been provided that State Government would nominate persons belonging to such Scheduled Tribes as have no representation in the Panchayat at the intermediate

level or the Panchayat at the district level, not exceeding one-tenth of the total members to be elected in that Panchayat.

7.2.2 Broadly, the following are the functions, powers and responsibilities spelt out in the Act in respect of Gram Sabha and Panchayats:

(i) Mandatory executive functions and responsibilities:

The Gram Sabha will approve plans, programmes and projects before they are taken up for implementation by the Panchayat at the village level, it would identify beneficiaries of poverty alleviation and other programmes and issue certification of utilization of funds by the Panchayat at the village level for the above programmes. Planning and management of minor water bodies will be done by the Panchayats.

(ii) Mandatory consultation:

Before acquiring land in Vth Schedule Areas for development projects and before resettling rehabilitated persons affected by such projects, Gram Sabha or the Panchayat at the appropriate level shall be consulted.

(iii) Mandatory recommendations:

The recommendation of the Gram Sabha or the Panchayat at the appropriate level is mandatory prior to grant of prospecting license or mining lease for minor minerals. Similarly, prior recommendation is required for grant of concession for the exploitation of minor minerals by auction.

(iv) A duty has been cast upon State Legislatures to ensure that Panchayats at the appropriate level and the Gram Sabha are endowed specifically with such powers and authority as enable them to function as institutions of self government. These are:

(a) power to enforce prohibition;

(b) ownership of minor forest produce;

(c) power to prevent alienation of land;

(d) power to manage village markets;

(e) power to exercise control over money lending;

(f) power to exercise control over institutions and functionaries in all social sectors;  
and

(g) power to control local plans and resources for such plans including tribal sub-plans.

(v) The Act prohibits Panchayats at the higher level to assume the powers and authority of any Panchayat at the lower level.

(vi) The Act provides that any provision of any law which is inconsistent with its provisions shall cease to be in force at the expiry of one year from the date on which the Act receives the assent of the President. (24.12.1996).

### 7.3 PESA in States

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

7.3.2 While all States have enacted requisite compliance legislations by amending the respective Panchayati Raj Acts, certain gaps continue to exist. Further, most States are also yet to amend the subject laws and rules, such as those relating to money lending, forest, mining and excise. Though the provisions in such laws, that are inconsistent with those in PESA are legally invalid after December 12, 1997, they continue to be followed by departments and their functionaries for want of clear instructions and guidelines. Vital issues such as the ownership of minor forest produce, planning and management of minor water bodies and prevention of alienation of tribal lands, duly recognized in PESA as the traditional rights of tribals living in Scheduled Areas, have still not received the attention warranted and the necessary correctives remain unapplied. Powers statutorily devolved upon the Gram Sabha and Panchayats are not matched by the concomitant transfer of funds and functionaries resulting in the non-exercise of such powers. In some States, provision has been made for representation of MPs and MLAs in elected Panchayats. In addition they also provide for MPs and MLAs to nominate their representatives in Panchayats! Apart from such practices being undemocratic, several such nominees are non-tribals, which is unconscionable!!

7.3.3 States have, over the years, been repeatedly urged to expedite this process and the matter has been discussed a number of times at the meetings of the Ministers of Panchayati Raj as also in the meetings of the Performance Review Committees. In view of inadequate response from the State Governments, the Ministry of Rural Development had commissioned research studies on implementation of provisions of PESA in some States as also regarding the evaluation of the status of PESA in different States.

### 7.4 PESA & Central Government

7.4.1 PESA derives its constitutional basis from Article 243 (m) (4) (b) and the Fifth Schedule. This Schedule provides an enabling framework for preventing the exploitation of tribal and for providing peace and good governance in the Schedule Areas. Notwithstanding the fact that the PESA casts direct responsibility only on State Legislatures in terms of limiting their legislative competence by disabling them to make any law which would be inconsistent with the features referred to in the Act and also enjoins upon the State Legislatures to endow the Panchayats and Gram Sabha with certain specific powers (which have been enumerated above), PESA is a Central legislation and is a logical extension of the Fifth Schedule. **A duty is cast upon the Central Government to see that the provisions are strictly implemented.**

7.4.2 As in the case of State Laws, a critical issue in the implementation of PESA is to harmonize its provisions with those of the Central legislations concerned and also recast relevant

policies and schemes of Central Ministries/Departments. According to available information, no integrative exercise has yet taken place to examine the relevance of different Central Laws to Schedule V Areas and to harmonize them with the aims and objectives of PESA. Such an exercise is overdue. Among the laws which warrant particular attention are the following:

- (a) The Land Acquisition Act, 1894
- (b) Mines and Minerals (Development and Regulation) Act, 1957
- (c) The Indian Forest Act, 1927
- (d) The Forest Conservation Act, 1980
- (e) The Indian Registration Act.

7.4.3 In so far as Policies and CSSs/Central Schemes are concerned, policies pertaining to wastelands, water resources and extraction of minerals from lands in Schedule V Areas do not seem to reflect the intent and purpose of PESA. These policies, as interpreted and implemented, have given rise, on occasions, to confrontations between the tribal people and the administration. The National Policy on Resettlement and Rehabilitation of Project Affected Persons, 2003, National Water Policy, 2002, National Minerals Policy, 2003, National Forest Policy, 1988, Wild Life Conservation Strategy 2002 and National Draft Environment Policy, 2004 would require detailed examination from the viewpoint of ensuring compliance to the provisions of PESA.

## 7.5 Ministry of Panchayati Raj and PESA

Ministry of Panchayati Raj, has taken the following initiatives towards ensuring implementation of PESA in letter and spirit:

- *Third Round Table of Ministers In-charge of Panchayati Raj*

In the Third Round Table Conference of Panchayati Raj Ministers in September, 2004 organised by Ministry of Panchayati Raj, the State Ministers agreed to enforce its provisions and also to undertake a wider consultation with other government departments so as to harmonize the provisions of concerned laws with the aims and objectives of PESA. The recommendations that emerged from this Conference are:

- i. The need to consult tribal communities and their elected representatives in evolving criteria for the constitution of Village Panchayats and Gram Sabhas in Schedule V Areas, to ensure the tribal communities, on the basis of ethnic identities, are constituted into different Gram Sabhas even within a Gram Panchayat area.
- ii. The need to take steps to implement in a time-bound framework the provisions of PESA in respect of the rights of the Gram Sabhas in Schedule V Areas:
  - to identify the beneficiaries of plans, programmes and projects undertaken for economic development and social justice;



- to grant approval to plans/programmes/projects for local development formulated by Village Panchayats;
  - to authorize the issue of Certificate of Utilization of Funds for plans, programmes and projects undertaken by Village Panchayats.
- iii. The need to empower Gram Sabhas and Panchayats in Schedule V Areas:
- to safeguard community ownership of land and its resources and thus ensure that tribal land is not alienated;
  - to ensure that they are necessarily consulted before any land is acquired for any purpose.
  - To ensure that their right to ownership of Minor Forest Produce (MFP) is assured; that they can plan and manage minor water-bodies; and control and regulated how minor minerals are extracted, used and marketed.
- iv. To undertake wider consultation with other Government departments in order that the provisions of other legislation not compatible with the provisions of PESA are harmonized with the aims and objectives of PESA.
- Regular communications to Chief Secretaries of States and interaction between officials of Central and State Governments are being undertaken with a view to ensure better implementation and to harmonise relevant subject laws in line with PESA provisions.
  - Central Ministries/Departments and the Planning Commission have been engaged in an exercise to rationalize policies in CSSs dealing with matters listed in the Eleventh Schedule of the Constitution. The larger exercise directed by the Cabinet Secretary that all Ministries/Departments ought to review and recast their CSSs to harmonise them with Panchayati Raj assumes particular significance in the light of implementation of PESA. It is necessary that a more coordinated and inclusive effort be made to bring all CSSs/ and Central Schemes within the framework of PESA, where the Ministry/Department concerned assumes a facilitatory role and enhances the capacity of Panchayats to design their own approaches. Suitable changes in the guidelines for all such schemes need to be brought out immediately.
  - The Ministry of Panchayati Raj has also entrusted a task to Indian Law Institute to formulate appropriate amendments in the State laws concerned, with a view to assist State Governments to carrying out this exercise in consultation with their respective Departments of Law.

## **7.6 Recommendations and Suggestions relating to PESA & Schedule V**

The Group is strongly of the view that implementation of the law is weak and ineffective. Schedule V of the Constitution and PESA are powerful legislations, which give considerable power and responsibility to the Union Government. The provisions of PESA are specific and mandatory and to that extent, they repeal the provisions in state laws. However, this

fact has not been fully realized both by the Centre and States and old procedures continue despite not having legal validity. This situation has to be remedied urgently. The following measures are recommended to be taken by all concerned:

- i. As a first step, the Ministry of Panchayati Raj has analysed the State laws and is persuading the State Governments to implement the Act. The Ministry should immediately (within three months) finalize and issue guidelines for implementation of PESA and suggest specific State related provisions and guidelines.
- ii. A definite time frame must be mandated to States to implement these suggestions.
- iii. The Ministry must address a copy of its guidelines to the Ministry of Tribal Affairs as well as the Planning Commission. The Ministries of Panchayati Raj, Tribal Affairs and the Planning Commission should look into the implementation of PESA at the time of finalization of States Plans in order to ensure that the recommendations are dovetailed into the plan for the year 2006-07 and in the draft eleventh Five Year Plan.
- iv. **If any State is not implementing the provisions of PESA in letter and spirit, the Government of India should not shy away from issuing specific directions in accordance with its power to issue directions under proviso 3 of part A of the Fifth Schedule.**
- v. Since amendments to existing laws by States, in order to conform to PESA may take some time. the Government of India should use its power to enact Union legislation in order to ensure that the situation does not worsen. The Central Government should enact an enabling legislation next year itself.
- vi. One of the ways in which implementation of PESA provisions can be ensured at the grass root level is to establish a forum at the Central level so that violation of the provisions of the enactment, could be brought before this forum and the deviations highlighted and necessary correctives applied. The Planning Commission may take the initiative to work out the details of composition and functions of the Forum, so that it starts functioning before December 2006.
- vii. Schedule V of the Constitution requires the Governor of every State to send an annual report, but it would appear that this practice is not being followed regularly. Even when reports are received, no action seems to be taken on them. It is recommended that the practice of regular annual reports from Governors must be given due importance. Such reports should be published forthwith and placed in the public domain. It is suggested that to initiate the change, the Ministry of Panchayati Raj should check the current status in this regard with the Ministry of Tribal Affairs and take steps to activate this important measure in 2006-07.
- viii. Even though women are important participants in Panchayati Raj, in tribal areas, traditional tribal councils are predominantly male. Therefore special steps need to be taken to ensure that women participate fully in tribal governance. In order to ensure that women are not

marginalized in meetings of Gram Sabha, provisions in PESA rules and related guidelines should ensure that for quorum of a meeting at least 33% of the Gram Sabha ought to consist of women.

- ix. No amount of legal provision or refinement of planning process would result in better compliance to legislation either in the protection of rights of tribal people or women or development of scheduled areas unless the administration at the lower levels is trained and attuned towards the objectives of PESA. Each State needs to constitute a group to look into strengthening of the administrative machinery in Schedule V areas. Some of the ways of doing this would be to have separate cadres for tribal areas or to post people to specific posts in tribal areas. Various enunciations in tribal policies of the government of India may be adopted for this purpose, such as provision of hardship pay or other incentives in this regard. Some of the possibilities are providing for hardship pay, preferential treatment in accommodation and education. This is a matter that must be looked into urgently before the commencement of the Eleventh plan and all expenditure in this regard should be treated as charged expenditure under Article 275 of the Constitution – an Article that has remained uninvoked for decades.

#### **7.7 Reforms in the implementation of TSP:**

7.7.1 The weaknesses in conceiving of the tribal sub plan must be cured, particularly in the light of ensuring that the power of the Gram Sabha and Panchayats at all levels as enunciated in PESA is taken into account. It is recommended that re-conceiving of the Tribal sub-plan ought to be completed before the start of the Eleventh Plan. The entire approach to planning under the Tribal sub-plan should be reviewed with reference to the earlier procedures, which seem to have been abandoned.

7.7.2 The Prime Minister, while addressing the 51<sup>st</sup> meeting of the NDC held on 27-6-2005 stressed the need to reform the implementation of the TSP. He specifically suggested that the Tribal sub-plan should be made non-divertible and non-lapsable, with the clear objective of bridging the gap in socio-economic development of the Scheduled Tribes, within a period of ten years. In order to ensure the achievement of this objective while complying with the provisions of PESA, we make the following recommendations:

- The guidelines prescribe that State and District/Block level Monitoring Committees should be set up to monitor the implementation of various schemes under TSP of various departments. We would recommend that such Committees ought to have a close linkage with the Panchayats. In most State legislations, the Panchayati Raj laws mandate the establishment of Standing Committees for social justice at all levels of Panchayats and these Standing Committees can be entrusted with the specific task of implementation of TSP. It would also be open to co-opt any special interests, including NGOs into such Committees for a wider and more inclusive consultation in planning and implementation.

- It is suggested that just as in other departments, Nodal departments established at the State level for the implementation of TSP ought to undertake an activity mapping exercise assigning responsibilities to each level of Panchayat for the implementation of TSP programmes. It is important that in the process of earmarking of funds especially for the welfare of STs, unintended centralization of the implementation of programmes does not take place.
- It is important that independent evaluation of the impact of economic development and social justice programmes implemented by Panchayats are undertaken at regular intervals. Information about the assessments made ought to be made public, so that comparisons can be made about performance in different districts and States.
- Central support to TSP should be allocated to districts on the basis of tribal population and area.
- There is a need to provide special support for primitive tribes, for which a certain percentage of funds could be retained at the State level for working out and financing the special schemes.

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|                     |  |
|---------------------|--|
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| Smt. Aditi Mehta    | Joint Secretary, MoPR  |
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New Delhi  
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**V. Ramachandran**  
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