

**GOVERNMENT OF INDIA  
PANCHAYATI RAJ  
LOK SABHA**

STARRED QUESTION NO:210  
ANSWERED ON:06.12.2006  
EMPOWERING PANCHAYATI RAJ  
Rijju Shri Kiren

**Will the Minister of PANCHAYATI RAJ be pleased to state:**

- (a) The steps the Government is taking to further empower the Panchayati Raj in the country;
- (b) Whether some States particularly North-East are not devolving powers to the Panchayats despite the directions issued by the Union Government;
- (c) If so, the details of such States and the action, the Government proposes to take in this regard;
- (d) Whether some States in the North-East have also diverted the funds meant for the Panchayati Raj; and
- (e) If so, the action the Union Government has taken or proposes to take in this regard?

ANSWER MINISTER OF THE STATE IN THE MINISTRY OF PANCHAYATI RAJ (SHRI MANI SHANKAR AIYAR)

(a) to(e): A statement is laid on the Table of the House. STATEMENT REFERRED TO IN PARTS (a),(b), (c), (d) &(e) FOR LOK SABHA STARRED QUESTION NO.210 DUE FOR REPLY ON 06/12/2006 REGARDING `EMPOWERING PANCHAYATI RAJ

(a) : The Constitution provides that it is the legislatures of States that should endow the Panchayati Raj Institutions (PRIs) with powers and authority. In accordance with the same, States have devolved powers and responsibilities to the Panchayats in varying measure. The Ministry of Panchayati Raj is continually interacting with the State Governments to ascertain the effectiveness of PRIs. Full details are provided in the three volumes of the Ministry's report entitled "The State of the Panchayats – A Mid-Term Review and Appraisal, 2006" laid on the Table of the House on 23 November 2006.

2.To provide an impetus to the implementation of Part IX of the Constitution in letter and spirit by States, the Ministry of Panchayati Raj convened seven Round Tables of State Ministers in charge of Panchayati Raj between July and December, 2004 and evolved, by consensus, a set of around 150 points for action, pertaining to 18 dimensions of Panchayati Raj which have been put together in a compendium that was adopted unanimously at the conclusion of the last Round Table in Jaipur. The joint programme of action seeks to ensure that on the basis of Activity Mapping, funds, functions and functionaries are to be devolved to all three levels of PRIs to enable them to emerge as institutions of self-government.

3.A Council of State Ministers of Panchayati Raj under the Chairmanship of the Union Minister for Panchayati Raj has been constituted to review the implementation of the recommendations. The first meeting of the Council was held on 5th – 6th August, 2005 at Kochi, Kerala and the second meeting was held at Bhubaneswar on 15th -16th June, 2006. A Committee of Chief Secretaries of States and State Panchayati Raj Secretaries has also been constituted under the Chairmanship of the Secretary, Ministry of Panchayati Raj to monitor the progress on the implementation of the 150 recommendations of the Seven Round Tables and the decisions of the Council of States Ministers of Panchayati Raj. Seven review meetings of this Committee have so far been held in April, 2005, June, 2005, September, 2005, November 2005, April, 2006, June, 2006 and September, 2006.

4.With a view to interacting with Panchayats and carrying out a review with the authorities concerned of the progress in implementing the points for action mutually agreed upon in the Round Tables, a process of visiting the States and UTs at the level of Union Minister of Panchayati Raj has also been initiated. The Minister has so far visited seventeen States and two UTs, namely, Karnataka, West Bengal, Uttaranchal, Haryana, Chattisgarh, Orissa, Arunachal Pradesh, Rajasthan, Sikkim, Goa, Andhra Pradesh, Punjab, Himachal Pradesh, Kerala, Chandigarh, Lakshadweep, Assam, Manipur and Tamil Nadu. Each visit is concluded with a Statement of Conclusions jointly signed with the Chief Minister of the State concerned, highlighting the key points of action on which the State would move to operationalise the recommendations of the Round Tables.

5.An exercise is also underway to review different statutes with a view to harmonise them with the provisions of Part IX of the Constitution. Similarly, at the Centre the guidelines of Centrally Sponsored Schemes are being reviewed to ensure the centrality of Panchayats in planning and implementation of development schemes in rural areas. As regards new Centrally Sponsored Schemes, wherever relevant, it is proposed to provide for a central role for Panchayats. Thus, for example, the National Rural Employment Guarantee Act provides for the Panchayats to be the "principal authorities" for the planning and implementation of provisions under the Act. Steps are also being taken to fill in critical gaps in infrastructure and capacity so that Panchayats can effectively fulfill their constitutional role.

6.The Government proposes to further strengthen the Panchayati Raj Institutions through a series of measures some of which are as follows: Constitution of a Group of Ministers The Government has constituted a Group of Ministers headed by

## Answer

the Minister of Human Resource Development Shri Arjun Singh to strengthen the Panchayati Raj Institutions. The terms of reference of the GOM included, inter-alia, rationalization of CSS Policy in accordance with the Eleventh Schedule of the Constitution. The GoM had met on 24th August, 2005 and as per its directions, 22 key Central Ministries are carrying out an Activity Mapping exercise delineating what is to be done at the Central, State and Panchayat levels in respect of functional areas of the Ministries and the Centrally Sponsored Schemes being handled by them.

### Empowered Sub-Committee on Financial and Administrative Empowerment of Panchayati Raj Institutions

An Empowered Sub-Committee on Financial and Administrative Empowerment of Panchayati Raj Institutions under the Chairmanship of Minister for Rural Development was set up in March 2003 by the Planning Commission, in pursuance of a decision taken in the National Development Council. The members of the Committee are Deputy Chairman, Planning Commission, Minister of Finance and Company Affairs, Minister of Social Justice & Empowerment, Minister of Tribal Affairs and Chief Ministers of Assam, Bihar, Gujarat, Karnataka, Kerala, Madhya Pradesh, Punjab and Rajasthan. The Terms of Reference of the Sub-Committee include, inter alia, working out the modalities for strengthening the financial domain of the PRIs through transfer of resources from the Centre and State Governments;

assessing the capacity of the PRIs to raise revenues and other resources and to develop an action plan in this regard; analyzing the capability of PRIs at different levels to absorb the financial allocation made to the PRIs under different schemes; and to develop a framework to ensure fiscal discipline and financial accountability at different levels of PRIs. The Empowered Sub-Committee held two meetings before it was reconstituted on 14th September 2005, with the Union Minister of Panchayati Raj as the Chairperson and the Union Minister of Rural Development added as a member of the Sub-Committee. The reconstituted Committee has held two meetings on 12.6.2006 and 13.9.2006.

### Planning at the Grassroots level

The Government had appointed an Expert Group under the chairmanship of Shri V. Ramachandran 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 bodies in the Constitution. The Group has submitted its report. It has suggested a practical action programme for local level planning in the Eleventh Plan which is to start in April 2007. 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. Based on the recommendations of the Expert Group, the Planning Commission has sent out guidelines to all State Governments/UT Administrations, for preparation of District Plans and their incorporation into the Annual Plans of States for 2006-07 onwards. The ultimate objective of this exercise is to make integrated local level planning for area development a reality by the end of the 11th Five Year Plan.

### Electronic tagging and transfer of funds to Panchayats

One of the goals set by the Government in the NCMP was to ensure that the funds going to the Panchayats are neither delayed nor diverted. In pursuance of this goal, a Committee in the Ministry of Panchayati Raj went into this issue in detail and submitted its report in May, 2005. Recommendations of this Committee are being put in to operation for transfer of 12th Finance Commission grants to PRIs from Consolidated Fund of the States to the Panchayats at the three levels.

Empowerment of Gram Sabhas Schedule XI of the Constitution provides for the devolution of powers to Gram Panchayats and Panchayati Raj Institutions with regard to subjects that have a bearing on economic development and social justice in rural areas. A joint programme of action was chalked out at the seven Round Tables held during July to December, 2004 between the Union Ministry of Panchayati Raj and State Ministers of Panchayati Raj to ensure that on the basis of Activity Mapping, Panchayats at various levels are empowered by devolution of funds, functions and functionaries to enable them to emerge as institutions of self-government. Efforts are also being made to institutionalize social audit measures through Gram Sabhas so that Gram Panchayats are to take responsibility for the Village Community as a whole.

### Implementation of the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA)

On the basis of the recommendations of a Committee of Experts known as the Bhuria Committee, the Panchayats (Extension to the Scheduled Areas) Act, 1996 (PESA) was passed and came into effect on 24th December, 1996. This law extends Panchayati Raj to Fifth Schedule areas only. The law applies to the following nine States which have Fifth Schedule Areas viz., Andhra Pradesh, Chhatisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa and Rajasthan.

The matter was discussed in the Third Round Table of Panchayati Raj Ministers in September, 2004 where State Ministers agreed to enforce the provisions of PESA and also to undertake wider consultations with other Govt. departments so as to harmonize the provisions of laws concerned with the aims and objectives of PESA. Progress in this regard is being continually reviewed. The Ministry of Panchayati Raj has also entrusted to Indian Law Institute, the formulation of appropriate amendments in the Central laws concerned with a view to assist the State Govts. to carry out a similar exercise. The first report has been received from the Indian Law Institute and has been circulated to the State Govt. concerned for comments. Action is also being taken to harmonise the relevant Central legislations, policies and schemes with the provisions of PESA. All the major central legislations are being examined with the help of Ministry of Law and Justice to identify their conflicting provisions with PESA, if any, and to introduce desired changes therein. Some of the important legislations being examined are the following;

i) The Land Acquisition Act, 1894

- ii) Mines and Minerals (Development and Regulation) Act, 1957
- iii) The Indian Forest Act, 1927
- iv) The Forest Conservation Act, 1980
- v) The Indian Registration Act.

Central Policies and CSSs/Central Schemes pertaining to wastelands, water resources and extraction of minerals from lands in Schedule V Areas are also the focus of the harmonization exercise at the Central level. 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 are also being examined. A National level meet of Secretaries of Panchayati Raj and Tribal Affairs of all PESA States was convened by the Ministry on 14th July, 2006 at New Delhi to give a further push to the process of implementation of the provisions of PESA in letter and spirit.

#### Twelfth Finance Commission Grants

The Twelfth Finance Commission (TFC) has recommended grants amounting to Rs. 20,000 crores payable during the period 2005-10 to augment the Consolidated Funds of the States to supplement the resources of the Panchayati Raj Institutions. The Finance Commission has also recommended the inter-se allocation amongst States, based on certain factors and weights assigned by the TFC. The allocation amongst various Panchayati Raj Institutions at all the three levels would be made by the States. The grants are to be released in two equal instalments in July and January each year. Given the much higher quantum of grants and large number of Panchayats, as per the TFC guidelines, a Monitoring Committee has been formed in the Ministry of Panchayati Raj with Secretary (Panchayati Raj) as its Chairperson, to monitor the mode of release of local body grants to Panchayats and to bring out the points for intervention by Government of India in Ministries of Panchayati Raj and Finance to ensure smooth and uninterrupted flow of funds to PRIs. This Committee has met on 2nd September, 2005, 28th October, 2005, 21st February, and 7th August, 2006 and deliberated on ways and means to ensure that all the State Governments provide the details on allocation and release of funds to the Ministry of Finance so that all instalments are released to them as soon as they are due. The Ministry had also organized a Video Conference on 7th December, 2005 in which Finance Secretaries and Secretaries of Panchayat and Rural Development Departments of various States were invited to showcase a software developed by the NIC Unit of the Ministry, which can be utilized for allocation release of grants to Panchayats, through banking channels, without delay or diversion. 14 States have agreed to adopt the software.

#### Panchayat Mahila Shakti Abhiyan

The Panchayat Mahila Shakti Abhiyan – a movement to strengthen the elected women of PRIs has been initiated under the aegis of the Ministry of Panchayati Raj with the objective to set up a state level organization of Elected Women Representative of PRIs. So far, conferences of elected women representatives, activists, NGOs, eminent personalities have been held in Udaipur (Rajasthan) on 24th & 25th April, 2006, Patiala (Punjab) on 17th & 18th July, 2006, Manipur on 4th & 5th October, 2006 and in Goa on 19th October, 2006. Such conferences will be held in other states also.

#### Panchayat Yuva Shakti Abhiyan

The Ministry of Panchayati Raj & Ministry of Youth Affairs & Sports had jointly launched a nation wide campaign called the Panchayat Yuva Shakti Abhiyan to synergize with youth and grass root leaders to strengthen the grass root democracy in Panchayati Raj Institutions.

To involve youth in the functioning of the Panchayats, Youth in Panchayats Campaign was launched on the initiative of the Hon'ble Minister on his visit to Sriperambadur on 8th Feb. 2006. The campaign envisages provision of platform for interaction and sensitization of youth in Panchayati Raj democracy by bringing together the organizations, institutions committed to work in the field of youth development and training.

Besides, Ministry of Youth Affairs and Sports, with which we are coordinating, has an initiative to organize a series of PYSA. The first of these events was held at Faridabad on 18-19 June 2006 and second at Ludhiana in September, 2006.

#### Rural Business Hubs

Rural Business Hub is a concept introduced by Hon'ble Prime Minister and actively pursued by Ministry of Panchayati Raj aiming at the extension of fruits of economic prosperity to the rural areas of the country. It works on the platform of 4 Ps i.e. Public- Private- Panchayat Partnership and has been conceived as a very flexible programme with implementation models open to imagination but also meeting the following essential criteria: must be actively facilitated by the Panchayati Raj institutions; must be a business activity; must be carried out in Rural areas; should create productive livelihood and incomes, and should generate employment. So far more than 50 MOUs have been signed by various States for Bio-diesel, Power distribution Bio-mass & Agro-food processing etc.

(b)&(c): States and parts of States covered by the Sixth Schedule are not subject to the provision of Part IX of the Constitution. Thus, in the North-East, Meghalaya, Nagaland, Mizoram and parts of Manipur, Tripura and Assam are exempted from Panchayati Raj. In the other States/areas of the North-East, devolution of powers to the Panchayati Raj Institutions is a continuous on-going process as in other parts of the country. Panchayati Raj being a State subject, no directions can be issued by the Union Government for devolving powers to the Panchayats. However, as the Ministry of Panchayati Raj has been mandated to oversee the implementation of Part IX of the Constitution, efforts are being made to persuade the State Governments to effectively devolve functions, finances and functionalities to the Panchayats, bearing in mind the provisions of the Eleventh Schedule of the Constitution. Towards this end, the Minister of Panchayati Raj has so far undertaken Panchayati Raj tours in the North- Eastern Region to Assam, Sikkim, Arunachal Pradesh and Manipur to interact with the elected representatives of Panchayati Raj Institutions in these States and to pursue greater empowerment of the PRIs with the State Governments. At the end of these visits, a Joint Statement of Conclusions has been signed by the Minister of Panchayati Raj and the Chief Minister of the State concerned, laying down a clear road map for further

empowerment of the PRIs. The texts of these Statements may be found in Volume II of the Report on "The State of the Panchayats" laid on the table of the House on 23 November 2006. Visits to the remaining States of the North East are also proposed to be undertaken during the current year.

(d) : No, Sir, not to the knowledge of the Government of India. The National Common Minimum Programme stipulates that funds earmarked for Panchayati Raj Institutions shall be channeled to them "without delay or diversion". The Ministry of Panchayati Raj would welcome any information or any alleged diversion.

(e) : Not applicable.