

## **STANDING COMMITTEE ON RURAL DEVELOPMENT**

### **Improvement In The Functioning Of Panchayats**

#### **FIFTIETH REPORT**

#### **INTRODUCTION**

The Report affirmed that the Panchayat System played an integral part in Indian culture and civilisation, while covering the role of Fourteenth Finance Commission, capacity building of Panchayati Raj Institutions (PRIs), establishment of Common Service Centres (CSC) and various areas of improvements in their functioning. It further elucidates the recommendations made by the committee to the ministry.

With the belief that decentralisation is a key to promote delivery of good governance practices at the grassroots, Panchayati Raj System was mandated through the 73rd Amendment. The Ministry of Panchayati Raj (MoPR) incentivizes states for devolution of funds, functions and functionaries (3Fs), Panchayat being a State subject. The participation of women and marginalised sections in panchayats is considered by way of reservation. Further, many states have considered a quorum for participation of women.

#### **VISION OF THE MINISTRY OF PANCHAYATI RAJ**

To attain decentralised and participatory local self-government through Panchayati Raj Institutions (PRIs). It aims to empower, enable Panchayati Raj Institutions to ensure inclusive development with social justice, and efficient delivery of services.

#### **DEVOLUTION OF POWERS**

Panchayat being a State Subject, the devolution of powers and authority to Panchayats has been left to States. Powers like funds, functions and functionaries have been encouraged to

devolve power to the PRIs. The Ministry actively promoted the role of Gram Sabhas for the effective functioning of the PRIs

### **Role of Fourteenth Finance Commission (FFC) and Conditions for Release of Funds**

- Under the Fourteenth Finance Commission (FFC) for the period 2015-20, grants to the tune of Rs. 2.02 cr have been devolved to Gram Panchayats. This amounts to an assistance of Rs. 488 per capita per annum for delivering basic services, auditing of panchayats accounts and for improvement in creating Own Source Revenue (OSR). This marks the very first time where the grants have tripled and they are directly awarded to the Gram Panchayats.
- Despite 90% of the basic grant, an additional 10% is performance grant which will be subject to submitting audited annual accounts that relate to a year not earlier than two years preceding the year of claim. The states are mandated to release the funds within 15 days of its receipt beyond which they are liable to pay interest at the prevailing RBI rates from states' own funds.
- The RAGAV (Rashtriya Gram Anudaan Evam Vikas Dashboard) dashboard has been converted into a mobile application to ensure transparency and visibility. Further, MoPR through Institute of Public Auditors of India (IPAI) has prepared state specific budget, accounts and audit manuals for 35 State/UTs except Delhi with the objective to ensure effective utilisation of funds allocated and fast-track the maintenance & audit of accounts on the model accounting system advocated by the office of the comptroller & Auditor General of India in the country.

Status of Allocation/Release under Fourteenth Finance Commission to rural local bodies as on 31.12.2017				
Grants	2016-17 (Rs. in crore)		2017-18 (Rs. in crore)	
	Allocation	Release	Allocation	Release
Basic Grant	29942.87	28529.37	34596.26	23830.20
Performance Grant	3927.65	3499.45	4444.71	---
Total	33870.52	32028.8	39040.97	23830.2

**Monitoring of Expenditure by Gram Panchayats** - Monitoring is being done by the FFC coordination committee with High Level Monitoring Committees (HLMCs) at the State Level. This is supplemented by an online system (MIS) under the PlanPlus application developed by MoPR.

**I. Capacity Building - Panchayat Sashaktikaran Abhiyan (CB-PSA)** - Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) addressed the major constraints related to devolution of powers and effective functioning of Panchayats. However, effective from 2015-16, the centre component was delinked from the scheme due to larger devolution under FFC.

**Releasing of Funds to States under CPSA** - Under the Fourteenth Finance Commission(FFC), the funds were provided to strengthen panchayats. Under CB-PSA, Training for an approximate total of 49 lakhs selected representatives has been done, 55.68 lakhs have been sanctioned for GPDPs. Guidelines to prepare GPDPs have been circulated to all states by the ministry. 2,44,062 & 1,91,864 GPDPs have been prepared in 2016-17 & 2017-18 respectively.

## Achievements under CB-PSA as on 31 December, 2017

Activity	2014-15	2015-16	2016-17	
Training (GPDP)	-	10,58,3 82	25,17,19 0	35,75,572
Training (CB & others)	9,30,58 9	3,36,70 6	9,20,310	22,50,173
Grand Total	9,30,58 9	14,57,6 56	34,37,50 0	58,25,745

**New Approach for Capacity Building & Training (CB & T)** - Innovative initiatives include leveraging technology through use of SATCOM, smartphone based applications, use of social media and short films for training on subjects of national importance. Further, The role of National Institute of Rural Development & Panchayati Raj (NIRD&PR) in ensuring improved quality of training, online training programmes and providing support to State Institute of Rural Development (SIRDs)/ Panchayati Raj Training Institutes (PRTIs) has been enhanced. Capacity building resource material is provided in Hindi and English along with incremental learning modules developed by National Commission for Protection of Child Rights (NCPCR) in collaboration with UNICEF.

### VARIOUS AREAS OF IMPROVEMENTS IN FUNCTIONING OF PANCHAYATS

- **Gram Panchayat Development Plan (GPDP)**

GPDPs are developed on the basis of state-specific guidelines. These provide for an opportunity for setting up localised agendas and finding local solutions to development issues. These plans respond to the challenge of capacity building by

converging all the resources over which the Panchayats have command including FFC funds, State Grants Own Source of Revenue (OSR) etc. 2,44,042 GPDP were prepared in 2016-17 as against 1,35,590 in 2015-16.

- **Incentivization of Panchayats**

Panchayat Empowerment and Accountability Incentive Scheme was launched in 2011-12 which was further merged with Rashtriya Gram Swaraj Abhiyan in 2016-17 aimed at creating an ecosystem for good governance at local level. The award are categorised into three categories namely, **Deen Dayal Upadhyay Panchayat Sashaktikaran Puraskar** for general and thematic categories, **Nanaji Deshmukh Rashtriya Gaurav Gram Sabha Puraskar** for socio-economic development and **e-Puraskar** for e-enablement of Panchayati Raj Institutions.

- **Improvement in the Functioning through e-panchayat**

e-Panchayat seeks to transform the functioning of Panchayati Raj Institutions (PRIs) by developing a Panchayat Enterprise Suite which addresses various aspects of functioning like planning, budgeting, implementation, delivery of citizen services etc. MoPR is encouraging delivery of services electronically while using the same for capacity building and information dissemination up to GP level. This adds to transparency to the govt systems by making available panchayats accounts and plans online through Local Government Directory (LGD).

## RECOMMENDATIONS

- **Devolution of Power** - Highlighting the crucial role of PRIs, the committee noted that Panchayat being a State subject, the devolution of powers and authority to Panchayats is a matter of States' discretion. So, a quorum must be put on such meetings by State Governments.
  - The committee advocates further devolution of power related to the subjects like fuel and fodder, non-conventional energy sources, rural electrification including distribution of electricity, audit and non-formal education, small scale industries and vocational education to the PRIs. Additionally, the States should share the extent of devolution with each other for overall development.

- Funds - Allocation of funds play an integral role in the governance by the PRIs. The committee noted that few states have delayed releasing funds to Panchayats. Henceforth, they had to pay panchayats interests. It was also noted that wherever Panchayats were not being audited, the grants were not released. The ministry was advised to ensure **efficient and effective utilisation of funds** while encouraging Panchayats to carry out local audits regularly.
- Capacity Building - Panchayat Sashaktikaran Abhiyan (CB-PSA) - Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) was implemented to address issues like inadequate infrastructure, manpower training, advocacy of devolution of power to panchayats etc. However, Since 2015-16 under FFC, larger fund allocation resulted in delinking of the centre support from the State component of the scheme. With larger funds, the committee is pressing to further strengthen the Panchayati Raj Institutions (PRIs) via the encouragement from centre and state through their capacity building and training.
  - It was informed that training for a total of 88.44 lakh elected representatives and functionaries including 55.68 lakh for GPDP have been sanctioned during 2017-18. The committee found no data on training imparted to women elected representatives. Hence, It was recommended to organise **separate training programmes for women elected representatives**.
  - The committee appreciated the ministries' endeavour to educate the masses and enhance the functioning of PRIs via incorporating technology (SATCOM, use of smartphone based applications, use of social media, utilising short films on best practices for wide reach etc) for capacity building.
- Personnel recruitment - Committee observed lack of support staff and personnel such as Panchayat Secretary, Junior Engineers, Computer Operator, Data Entry Operations, Audit Account Staff etc. Hence, It is strongly recommended to **recruit and appoint support and technical staff for the smooth delivery of services** provided by Panchayats.
- Miscellaneous recommendations

- GPDP must be made in consultation with MPs, MLAs, local representatives and stakeholders.
- Selection through a fair procedure.
- Ensure regular supply of electricity for internet connectivity and availability of well-trained computer operating personnel to achieve successful e-panchayats implementation.
- Common Service Centres (CSC) in Gram Panchayats - MoPR is monitoring electronic delivery services through Panchayats by encouraging co-location CSCs in Gram Panchayat Bhawans in order to increase the portfolio of e-services by integration of union ministry and States/UTs level services with the national level CSC-Digital Seva Platform,
  - A '**standard model**' which is topography specific for construction of the Gram Panchayat Bhawans must be devised. Expedite the construction as well as maintenance of Gram Panchayat Bhawans for successful implementation of Common Service Centres.