

**PARLIAMENTARY STANDING COMMITTEE ON RURAL  
DEVELOPMENT (2012-13)**

**Capacity Building of Panchayati Raj Institutions (PRIs)**

**FORTY-FIFTH REPORT**

**PART I - NARRATION ANALYSIS**

**INTRODUCTION**

**Role of Panchayats**

Mahatma Gandhi's vision of "Gram Swaraj" and his motto, "Power to the People" are the essence of true democracy. **The Panchayats, which are institutions of local self-government and also responsible for developing and carrying out initiatives for social welfare, were granted constitutional standing by the 73rd Amendment to the Constitution in 1992.** Through 2.53 lakh Panchayats, which include 589 District Panchayats, 6323 Block level Intermediate Panchayats, and 2.41 lakh village Panchayats, with a total of 28 lakh elected delegates and roughly 10 lakh bureaucrats, economic progress and social justice is achieved. Around 10 lakh of them are elected women officials.

**Article 243 G of the Constitution bestows powers and authority to the Panchayats necessary to enable them to function as institutions of self-government and it contains provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to –**

- The preparation of plans for economic development and social justice;
- The implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matter listed in the Eleventh Schedule."

**The Eleventh Schedule of the Constitution specifies 29 subjects to be devolved from State Governments to Panchayat by way of enacting State Legislation.**

### **Need of Capacity Building of Panchayat**

As per the assessment of the Ministry of Panchayati Raj even after 20 years of enactment of the 73rd Constitutional (Amendment) Act and also after having three rounds of Panchayat elections in many States the empowerment of Panchayats has not taken place as envisioned in the 73rd Constitution(Amendment) Act in 1992.

The Ministry of Panchayati Raj outlined the following constraints and challenges coming in the way of capacity building of Panchayats in the country:

- **The slow pace of devolution of Powers to Panchayats** by most States on account of discretionary Constitutional provisions.
- **Non-empowerment of women in Panchayats** on account of illiteracy, corruption and unfair practices of patriarchal society.
- **Absence of physical verification** of Panchayat work at ground level.
- **Delay in releases by the State Governments** to PRIs under prominent schemes for Panchayats i.e.BRGF.

The inability of Panchayats to function efficiently with insufficient staff and office space and infrastructure, slow pace of devolution of Functions, Functionaries and Finances from State Governments to Panchayats, barring a few States, slow pace of decentralized planning as provided under Article 243(G), poor implementation of 'the Panchayats (Extension to Scheduled Areas) Act (PESA), 1996' etc. are some other constraints mentioned in the publications of the Ministry of Panchayati Raj.

**According to the Thirteenth Finance Commission, in order to achieve a greener and more rapid growth path, we need fiscally strong bodies, fiscally strong States, and fiscally strong bodies, or the third tier of government.** The Thirteenth Finance Commission emphasised the role of Panchayats (third tier of government) with reference to the need for growth accompanied by demonstrable differences in the lives of the poorest and most vulnerable citizens.

### **Role of the Ministry of Panchayati Raj**

The provisions of the PESA Act of 1996, as well as Article 243 ZD of Part IX-A of the Constitution, which refers to District Planning Committees, are being carried out in line with the Ministry's directive. Other responsibilities include **supporting the NDC's Empowered Sub-Committee on the Administrative and Financial Empowerment of Panchayati Raj Institutions (PRIs), reviewing Centrally Sponsored Schemes of Ministries that deal with the topics listed in the Eleventh Schedule to enable the role and responsibilities of PRIs, building the capacity and training of PRIs' elected representatives, and promoting effectiveness, transparency, and accountability.**

The MoPR has a mechanism in place to incentivize States/UTs to devolve the 3Fs. A provision has been included in the proposed new program Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) for the release of 20% of RGPSA resources under performance criteria that include devolution.

To be eligible for funding under the new Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA), which is scheduled to be implemented during the Twelfth Five-Year Plan, states would be required to draft a roadmap on, among other things, devolution. This is to make topic devolution from state governments to panchayats easier. This is intended to both incentivize and hold states accountable for devolving authority and responsibility to Panchayats.

### **The Ministry works on power decentralisation and the empowering of Panchayati Raj Institutions as true local self-government.**

Panchayati Raj is a State subject, according to the Constitution, and the role of the Central Government is primarily to support the achievement of the Constitution's intent with regard to the PRIs of providing Panchayats with sufficient functions and responsibilities to fulfil their expected role as institutions of local self-government. The Ministry of Panchayati Raj (MoPR) has been working to meet these obligations through programs such as the Backward Regions Grant Fund (BRGF), Rashtriya Gram Swaraj Yojana (RGSY), Panchayat Empowerment & Accountability Incentives Scheme (PEAIS), Panchayat Mahila Evam Yuva Shakti Abhiyan (PMEYSA), e-Panchayat, and others.

## SCHEMES FOR CAPACITY BUILDING OF PANCHAYATS

### BACKWARD REGIONS GRANT FUND (BRGF)

To address the issue of regional imbalances in the developmental process, a new programme called Backward Region Grant Fund (BRGF) was launched in 2007 after subsuming an earlier programme of Rashtriya Sam Vikas Yojana (RSVY). It covers 272 districts in 27 States of which 251 districts have Panchayats and Municipalities. **The BRGF entrusts the central role to Panchayats in rural areas and Municipalities in urban areas in the planning and implementation of the programme.** *District Planning Committees* at the District level are constituted in accordance with Article 243 ZD of the Constitution to consolidate plans of the Panchayats and Municipalities into draft District Plans. Special provisions have been made for BRGF districts in J&K, Assam, Manipur, Meghalaya, Mizoram, Nagaland and Tripura which do not have Panchayats under Part IX of the Constitution.

#### **District Planning Committees**

**Under the BRGF Programme, the release of funds is contingent upon the preparation of the District Plans, duly consolidated by the District Planning Committees (DPCs) from the local plans prepared by the Panchayats, the Municipalities and the other local bodies.** The BRGF grants have encouraged the States to constitute the DPCs in the Districts. The main difficulties encountered in the implementation of integrated and decentralized planning are that the State line departments are not communicating the resource envelope to the Planning Units for effective convergence of resources before the plan preparation stage and the PRIs/ ULBs are unable to play a leading role in integrated planning as their discretionary budget is dwarfed by resources of other schemes.

### Allocation of resources and main features -

Sector	Percentage Spending (%)
Anganwadi Buildings	25
Schools, Class Rooms, compounds etc.	16.3
Drinking water	13.6
Gram Panchayat Buildings	9.6
Electrification	4.4
Health	2.0
Hostel Buildings	1.9
Animal Husbandry	1.5
Others	25.6

#### The three main features of BRGF are:

- The centrality of Panchayats and the Municipalities in planning and implementation.
- Grant is 'united' and can be used for any work preferred by the Panchayats/ Municipalities so long as it fills a development gap.
- Nearly 11% of the total allocation is spent on capacity building.

Under the BRGF Capacity Building component, each State is required to identify nodal agencies, typically State Institutes of Rural Development (SIRDs), for six years of Perspective Capacity Building Plans, and funds are allocated to States at a rate of Rs. 1 crore per BRGF district in the States per year.

### **Allocation releases and Utilisation of Capacity Building Components under BRGF -**

During the course of the examination, it was pointed out that against the entitlement of Rs 250 crore for Capacity building under BRGF each year during 2009-10, 2010-11 and 2011-12 the releases have been as low as Rs 190.64 crore, Rs 197.17 crore and Rs 106.58 crore respectively. Whereas during 2012-13 against the entitlement of Rs 272 crore for 272 BRGF Districts the releases were as low as Rs 57.49 crore and utilization was only Rs. 0.53 crore. The MoPR attributed inadequate submission of the utilization of the grants released earlier as a reason for less than 100% release against the BE of Rs. 250 crores during these years. **Under BRGF Capacity Building (C.B) Component, MoPR releases funds to the State Governments against their Perspective/Annual Action Plan duly approved by High Powered Committee (HPC). Further, State Governments are responsible to execute the Annual Action Plan.**

The finances authorised by the Ministry of Panchayati Raj under this programme are transferred to the Consolidated funds of the State Government concerned, and the State Government is required to release the funds to the SIRD/Implementing Agency within 15 days. Because states submit utilisation certificates when claiming their next payment, progress reports are often provided to MoPR only after 60% utilisation of previous disbursements. As a result, utilisation below certain thresholds is typically not reported by states. Actual expenditure is measured for the entire state when they report their progress towards meeting a minimum of 60% of their expenditure. As a result, even if 30% of the Districts have achieved 100% expenditure, they must wait for the other Districts in the State to show good expenditure to bring the total expenditure for the State up to a minimum of 60%.

### **Mid-Term Review of BRGF**

The MoPR has outlined the following **major weaknesses of BRGF in the Mid Term Review:**

- The **formula adopted for the distribution of the national allocation** among the 250 backward districts does not have any weight for any indicator of backwardness.
- Even though the Constitution had mandated the setting up of the DPCs by the States in 1993, most States did not have the DPCs when the BRGF was launched which hindered the implementation of the programme in several major states. Even after establishment they largely remain a body with a political shell only, without any substantive technical support staff.
- The **quantum of grant per Panchayat**, which averages Rs. 2 to 3 lakh per year, is too small to have any significant impact.

- Securing convergence of the large number of Central/ State schemes operational at the District/ sub-district levels is proving to be a huge challenge, especially when the DPCs are functionally weak.
- **Lack of clear policy at Central/State level** to have Panchayat-wise resource envelope under different schemes has diluted the effectiveness of the planning process.
- **Transfer of funds** from State Governments to implementing authorities is time consuming, delays the implementation of approved projects and also reduces the faith in the system

**The MoPR has indicated the following Mid-course correction:**

- The **criteria for backwardness should be made transparent** and measurable.
- There is a need to set up a **Project Management Unit at the State level** with a dedicated coordination mechanism at the District level.
- Each State should have a **State Training Coordinator for the PRIs**, who should be able to envision the training needs for the PRIs holistically and identify the resources available to meet the objective under various Central and State Schemes, Non-Government and even open market resources and the resources of the Local Bodies themselves.
- District Planning Committees need to be strengthened with adequate **technical support**.

**RASHTRIYA GRAM SWARAJ YOJANA (RGSY)**

**Following are the objectives of RGSY:**

- Actual training of PRI member
- Setting up of infrastructure for Satellite based training.
- Training Infrastructure at District / Block level in the North Eastern and Hilly States only.
- Orientation of key officials associated with functions devolved to Panchayats.
- Promoting sensitization of Gram Sabha, of media, elected representatives in legislatures, CSOs etc.

**Funding Pattern :**

The funding pattern of the scheme has been 75 % by the Central Government and 25 % by the State Governments. Proposals for setting up infrastructure for satellite based training are also eligible for funding to the States on 75 % cost fund basis.

### **Mid Term Review of RGSY :**

The programme has an important objective which provides the required flexibility to the States to design their training and capacity building programmes for elected representatives and functionaries of PRIs.

However the following weaknesses have put limits on the benefits of the scheme :

- Prohibition on release of RGSY grants for training infrastructure (except for SATCOM and for States in NE Region and Hilly States)
- Some States are not able to contribute 25% share, which affects the implementation of the scheme.

### **RAJIV GANDHI PANCHAYAT SASHAKTIKARAN ABHIYAN (RGPSA)**

A vibrant and empowered Panchayati Raj system that is based on people's participation and grass root planning is vital for social inclusion and holistic development.

To strengthen the Panchayati Raj system across the country, it has been sanctioned the following objectives :

- Enhance the capacities and effectiveness of Panchayats and the Gram Sabhas;
- Enable democratic institutions decision making and accountability in Panchayats;
- Strengthen the institutional structure for knowledge creation and capacity building of Panchayats
- Promote devolution of powers and responsibility to Panchayats as per the spirit of the Constitutions;
- Specially strengthen Gram Sabhas in Schedule V areas to discharge their responsibilities as envisaged in PESA.



## **PANCHAYAT EMPOWERMENT & ACCOUNTABILITY INCENTIVE SCHEME (PEAIS)**

A Central Sector Scheme being implemented by the Ministry of Panchayati Raj that aims to encourage the States to adequately empower Panchayats and put in place systems for bringing about accountability of Panchayats based on two stage evaluation of Devolution Index.

One is Framework criteria that is based on fundamental Constitutional requirements and The second stage involves assessment of States at devolution through detailed questionnaire and field visits. Thereafter top ranked States are awarded based on Devolution Index (DI).

### **(B) Capacity Building under the Department of Rural Development (Ministry of Rural Development)**

- **MGNREGA**

Construction of Bharat Nirman Rajiv Gandhi Sewa Kendras as Village Knowledge Resource Centre.

The Ministry of Rural Development has permitted use of upto 6% of the expenditure incurred in implementation of schemes, in a year, as administrative expenses.

- **National Rural Livelihood Mission (NRLM)**

It is necessary to consciously structure and facilitate a mutually beneficial working relationship between Panchayats and institutions of the poor, particularly at the level of Village Panchayats. Formal platforms would be established for regular consultations between such institutions and PRIs for exchange of mutual advice, support and sharing of resources.

### **ENSURING CAPACITY BUILDING & TRAINING (CB&T) OF PANCHAYATS**

During the 12th Five Year plan, the MoPR will implement the Rajiv Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) with focus on creating the required human resources, physical infrastructure and building the administrative and technical capacities of Panchayats. Budgetary allocations to the Ministry of Panchayati Raj during the Twelfth Plan period are also proposed to be increased substantially to take care of these requirements.

Capacity Building & Training for ERs/functionaries of Panchayats is required on third-tier governance issues and awareness about government Schemes particularly those in which PRI's have been given a clear role and responsibilities. The trainees should have enough knowledge so that they can exercise the functions assigned to them.

The capacity building of Panchayats may be viewed as a three-pronged effort:

- Provision of adequate human resources.
- Provision of Infrastructure.
- Training and Sensitisation of (i) Elected Members of PRIs (ii) Functionaries of PRIs and (iii) Government functionaries working at District, Block and Gram Panchayat levels.

For the Panchayats to effectively perform their responsibilities, capacity building must be ensured through the following :

### **Devolution of 3 Fs**

Article 243G providing for devolution of funds, functionaries and finances from State Governments to Panchayats implemented by the MoPR. The transfer of funds, functions and functionaries to local bodies consistent with the XI and XII Schedules of the Constitution has met with limited success so far. A number of States have notified transfer of functions, but this has not been followed by the transfer of funds and functionaries. Only some States have significantly empowered local bodies by transferring expenditure obligations, taxation power and staff resources to them. There is a felt need and demand for untied funds to augment local capacities, which was communicated to us almost universally across States.

While providing additional funding support to local bodies is significant, the building blocks of the third-tier structure such as entrusting local bodies with implementation and expenditure responsibilities, enhancing their capacity through assigning necessary event-raising powers, making them accountable for the performance including delivery of services, strengthening the functioning of the State Finance Commission and providing focused support to the scheduled and excluded areas deserve attention.

### **Availability of Staff**

The Ministry of Panchayati Raj informed that manpower has been one of the four dimensions of the Capacity Building of Panchayats that has to be enhanced for discharging the Constitutional mandate given to them. Manpower in the PRIs, in general, is grossly insufficient. In many States, the Panchayats do not have full-time core staff. even after 15 years of the Amendment, the PRIs are generally yet to come up as the effective units of self-governance due to several reasons, a key reason being the inadequate capacity of the PRIs, which has two facets, namely, their organizational capacity and capability of the officials and elected representatives.

Resources for deploying core staff of the Panchayats could be found out of the State resources, BRGF, NREGA, Finance Commission Awards etc. as per a well-considered phasing. Other staff could be financed under the existing Plan/non-Plan arrangements.

### **Availability of Infrastructures and ICT facilities**

One of the four components of capacity building for Panchayats around the Country is referred to as **Panchayat Ghars**.

Out of a total of 52,000 Gram Panchayats in the state of Uttar Pradesh, 22 930 of them do not have their respective Panchayat Ghars. In addition, there are 3135 Gram Panchayats in Bihar that do not have Panchayat Ghars. In a similar vein, out of 27,920 Gram Panchayats in the state of Maharashtra, as many as 5183 do not have Panchayat Ghars.

The Ministry of Panchayati Raj organized deliberations of State Ministers of Panchayati Raj in order to arrive at a set of action points through consensus to operationalize the implementation of Part IX of the Constitution and PESA. The deliberations led to the following conclusions :

- a decision-making support system for Panchayats,
- a tool for transparency, disclosure of information to citizens and social audit,
- a means for better and convergent delivery of services to citizens,
- a means for improving internal management and efficiency of Panchayats,
- a means for capacity building of representatives and officials of the Panchayats an e-Procurement medium.

**The objectives of e-Panchayat are to promote ICT-driven (Software) governance and enable better stakeholder participation in the District Planning Process as well as capacity building of the office bearers of the Gram Panchayat, including Computer Based self-learning tools.** In light of the crucial significance of computerization at the Panchayat level,

the Ministry of Panchayati Raj (MoPR) established an Expert Group in June 2007 under the leadership of the Director General of the National Informatics Centre (NIC). This group was tasked with evaluating the existing and upcoming Information Technology (IT) programs of the Ministry, providing recommendations on the most efficient and cost-effective technologies for bringing information technology to Gram Panchayats, and determining how IT can be used effectively. The Twelfth Plan also outlined the need for Information Technology for the purpose of tracking Central and State Releases.

### **Training of Elected Representatives (ERs)**

The MoPR has outlined **“Training of elected representatives as one of four dimensions which require an enhanced level of capacities for discharging the responsibilities mandated by Article 243G read with the Eleventh Schedule of the Constitution.**

**National Capacity Building Framework** has been designed to meet the training requirements of ERs which inter-alia pertain to equipping the ERs to perform their responsibilities better, training key Panchayat officials, improving the functioning of Gram Panchayat officials, improving the functioning of Gram Sabha etc. through Basic Foundational course, Basic Functional course etc. The National Capability Building Framework (NCBF) for Training & Capacity Building of the Elected Representatives (ERs) and the functionaries working for the PRIs is being implemented by all the States. MoPR supplements States' efforts by providing grants under the Capacity Building components of BRGF and RGSY. The Ministry extends financial assistance to the States of the order of Rs. 250 crore under the BRGF and 50 to 85 crore under the RGSY, whereas the UNDP-assisted Project provides 4 to 5 crore per year. District and Sub-district officials of Line Departments are being drafted by most of the States as Resource Persons in the Training programmes for Elected PRIs representatives as they have good knowledge about the scheme of their respective departments."

MoPR has stated that there are 29.79 lakh ERs in the country. Major states with a large number of ERs include Uttar Pradesh, Madhya Pradesh, Andhra Pradesh, Maharashtra, Rajasthan, etc. Presently, there are no tests etc. prescribed for accessing as to whether the Elected Representatives and Panchayat Functionaries have actually been trained by the Implementing Agencies.

## THIRTEENTH FINANCE COMMISSION GRANTS TO PRIS

The Thirteenth Finance Commission has recommended a Basic Grant of 1.5 per cent of the previous year's divisible pool and a Performance Grant of 0.50 percent of the divisible pool in the first year and 1 percent in the next three years.

## PART II

### RECOMMENDATIONS

- **Ways and means are to be found out by MoPR as well as State Governments for making up the deficiencies in the Capacity Building of Panchayats for their desired empowerment** for discharging the Constitutional mandate in the light of broad parameters of new programme of Rajeev Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) launched by the Ministry of Panchayati Raj w.e.f March, 2013. Needless to emphasise that with the more and more items of work out of the list of 29 subjects under Eleventh Schedule to the Constitution proposed to be assigned to Panchayats by the State Governments, the capacity of Panchayats needs to be raised manifold.
- **A certain percentage of funds for the schemes run by the Ministries of Rural Development, Drinking Water & Sanitation, Health etc. in rural areas should be made available to MoPR so that capacity building of Panchayats is built in a systematic/planned manner.** This will bring all the funds related with Panchayats under different Ministries for capacity building of PRIs under one umbrella. Thereafter, a similar process should be initiated at the State level.
- **The issue of the devolution of powers and responsibilities in the areas spelt out in Eleventh Schedule of the Constitution should be taken up by the MoPR with all the States at the highest level in the Government.** Similarly there should be national level Conferences/Seminars to emphasize empowerment of Panchayats.
- The Ministry of Panchayati Raj seeks to make some headway under new programme of Rajeev Gandhi Panchayat Sashaktikaran Abhiyan (RGPSA) being implemented during the Current Plan(2012-2017) by allocating 20% of resources based on performance conditions that include devolution requiring the States to draw a road map for the purpose of availing Grants and giving incentives and responsibility to States to devolve powers and responsibility to Panchayats. Though Panchayati Raj is a State subject, yet it is the

primary responsibility of the Government of India, the Ministry of Panchayati Raj to continue a purposeful dialogue with Ministries of Panchayati Raj in States and Union Territories for devolution of more power to Panchayats across the country.

- For real capacity building of Panchayats, a **massive literacy campaign** should be a part of training of elected representatives of Panchayats in the country. For the future, there is a need to examine whether some minimum qualifications could be set for holding positions in PRIs.
- The Constitution (One Hundred and Tenth Amendment) Bill, 2009 that seeks to amend Article 243D of the Constitution by seeking reservation of women in the Panchayats in the total number of seats, offices of Chairpersons and in the seats reserved for the Scheduled Castes and Scheduled Tribes across three tiers should be raised from existing provisions of ‘not less than one-third’ to ‘not less than one-half’ and also seeking similar reservation for women belonging to the Scheduled Caste and Scheduled Tribe categories in the offices of Chairpersons in the Panchayats at each level upto ‘not less than one-half’ is pending before the Parliament for consideration and passing. The proposed legislation be enacted at the earliest so that objectives of the legislation are achieved at the earliest.
- **The role of Panchayats should be suitably defined in all Centrally Sponsored Programmes(CSPs) including those related to 29 subjects enumerated in Eleventh Schedule to the Constitution.** Needless to emphasize that the reform process in Government Institutions like NIRD, SIRDs, etc. should begin with right earnestness for capacity building of Panchayats.
- An increase in allocation of funds will not result in capacity building of panchayats unless these are released and utilised for the purpose. The Government has outlined reasons for low utilization of funds viz. delay in release of funds to implementing agencies well beyond 15 days, utilization of releases are reported only when the next installment is claimed i.e. when 60% utilization is achieved. These reasons should be sorted out by the MoPR through regular interactions with State Government implementing agencies with a view to enhance effective utilization of funds.
- The government should hold **Annual reviews of implementation of 'Roadmap for Panchayats for 2011-2017'** so that corrective measures wherever necessary are taken while implementing the plan instead of waiting to know the impact of the scheme.
- The State-wise details of sanctioned vis-à-vis filled posts of Secretary, Gram Panchayats, the Committee find that against 1.52 lakh sanctioned posts, 1.12 lakh have been filled in

a total of 2.41 lakh Gram Panchayats and 40,000 posts are yet to be filled. It was recommended that the MoPR take up the matter with concerned States at the highest level for **filling up sanctioned posts** and also update the 'Not Reported' information from concerned States urgently.

- The MoPR has advised State Governments to provide the **basic core functionaries** to the Panchayats which includes the Secretary, an Accountant, a Data Entry Operator and a Social Mobiliser. Keeping in view the fact that 589 District Panchayats, 6323 Block Panchayats and 2.41 lakh Gram Panchayats are there across the country, the MoPR should list out a model composition of manpower for each PRI and steps should be taken to provide the same.
- More initiatives like holding **regular meetings of the Minister of Panchayati Raj with State Ministers should be held more often so that empowerment of panchayats takes place at a faster pace** as also State Governments share their concerns/problems as also the initiatives.
- With scant coverage of computers in village Panchayats the goal of giving broadband connectivity may not be realised. **The Ministry should adhere to the stated schedule for providing the connections for Panchayats.**
- States like Uttar Pradesh, Madhya Pradesh and Bihar with as many as 7 lakhs, 3.94 lakhs and 1.30 lakhs elected Panchayat representatives respectively , the training infrastructure available is thoroughly inadequate. The MoPR should undertake a **comprehensive study to expand the network for training elected representatives of Panchayats** by an Expert Committee so that in states where training infrastructure is inadequate, the state may be upgraded to the required level.