

THE APPROACH

CHAPTER III

THE APPROACH

In arriving at its recommendation on functions, powers and responsibilities to be entrusted to the Panchayat Raj Institutions, the Group has taken into account the Constitutional Amendment and state legislation for Panchayat Raj Institutions, the views of Departments and the representatives of local bodies who met in the conference held on October 31st and November 1st, 1996. In addition, the Group itself evolved certain criteria to formulate its recommendations. In the First Report (January 1997) on the entrustment of powers and functions to rural local bodies, the Approach adopted by the group was broadly outlined. Since then, a few related developments have taken place, which, the Group has incorporated in this final report. All these are briefly narrated below:

NATIONAL LEVEL POLICIES:

3.2. India has had a long and chequered history of Panchayat Raj Institutions. Those were being given birth and then allowed to languish for want of any firm upbringing and lack of adequate legal support and appropriate nurturing with authority, functions, and financial resources. Besides, periodic elections, which are fundamental to the democratic system of governance were not held for long periods leading to the very demise of the Panchayat Raj Institutions. All these factors led to the enactment of the 73rd Amendment to the Constitution as evident from the Statement of Objects and Reasons spelt out in the said Amendment Bill :

“Though the Panchayat Raj Institutions have been in existence for a long time, it has been observed that these institutions have not been able to acquire the status and dignity of viable and responsive people’s bodies due to a number of reasons including absence of regular elections, prolonged supercessions, insufficient representation of weaker sections like Scheduled Castes, Scheduled Tribes and Women, inadequate devolution of powers and lack of financial resources.”

“Article 40 of the Constitution lays down that the State shall take steps to organise village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-Government. In the light of the experience in the last forty years and in view of the shortcomings which have been observed, it is considered that there is an imperative need to enshrine in the Constitution certain basic and essential features of Panchayat Raj Institutions to impart certainty, continuity and strength to them.”

“Accordingly, it is proposed to add a new part relating to Panchayats in the Constitution to provide, for among other things, Gram Sabha in a village or group of villages constitution of Panchayats at village and other level or level devolution by the State Legislature of powers and responsibilities upon the Panchayats with respect to the preparation of plans for economic development and social justice and for the implementation of the development schemes; sound finance of the Panchayats by securing authorisation from State Legislatures for grants-in-aids to the Panchayats from the Consolidated Fund of the State, as also assignment to, or appropriation by, the Panchayats of the revenues of designated taxes, duties, tolls and fees.”

3.3. The scope and sweep of the mandate for devolution of powers and functions to Panchayat Raj Institutions can be properly appreciated by a study of the following relevant provisions of the 73rd and 74th Amendments of Constitution of India:-

SECTION 243 G

“Subject to the provisions of the Constitution, the Legislature of a State may, by law, endow the Panchayat with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of the powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein, with respect to:

(a) the preparation of plans for economic development and social justice;

(b) the implementation of schemes for economic developments and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule.”

Incorporated by the 74th Constitution Amendment, which provides for District Planning Committee Constitution and operation:

SECTION 243 ZD

“There shall be constituted in every State at the District level, a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district to prepare a draft development plan for the district as a whole.

Every District Planning Committee shall, in preparing the draft development plan:

(a) have regard to-

- i. 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;
- ii. the extent and type of available resources whether financial or otherwise;

(b) Consult such institutions and organisations as the Governor may, by order, specify.

The Chairperson of every District Planning Committee shall forward the development plan, as recommended by such Committee, to the Government of the State.”

3.4. The direction of the constitution is that the devolution of functions, powers and responsibilities to Panchayats must be of a substance that will enable them to function as an institution of self Government. This constitutional direction is a landmark. The reason for repeating it here is that its full significance and purport are still not fully recognised on all hands.

3.5. Besides, our development experience since independence has also highlighted the critical importance of democratic decentralisation at the grassroot level. The National Development Council (NDC) and the Planning Commission have underscored the role of Panchayats for development purposes. A committee set up by the NDC on Micro level Planning and involvement of people in 1993, recommended that all the programmes and activities such as JRY, IRDP, DDP, MNP and local development works be entrusted to micro level planning for exclusive and integrative implementation, subject to their following the guidelines which may be issued either by the Central or the State Governments. The NDC committee further observed :

“For Decentralised Planning to succeed, decentralisation of authority and funds are not enough by themselves. There has to be consensus to that end and a will to carry it through. The Committee recommends that all reservations of line departments or higher level bodies in conferring authority and powers to micro planning body have to be given up. Today, there is general reluctance to relinquish power and activity. Even when given up, often something is held back for parallel implementation through competing agencies, creating situations of potential conflict.”

3.6. Reviewing the past experience in the field of rural and social development carried out primarily through administrative agencies, the VIII Plan document of Planning Commission highlighted the following :

“In the Eighth Five Year Plan, it is necessary to make development a people’s movement. People’s initiative and participation must become the key element in the whole process of development. A lot in the area of education (specially literacy), health, family planning, land development, efficient land use, minor irrigation, watershed management, recovery of wastelands, afforestation, animal husbandry, dairy, fisheries and sericulture etc., can be achieved by creating people’s institutions accountable to the community.

“In addition to such programmes, the Planning Commission has now worked out institutional strategies which will mean creating or strengthening various people’s institutions at the district, block and village levels”.

“The role of the government should be to facilitate the process of people’s involvement in developmental activities by creating the right type of institutional infrastructure, particularly in rural areas. These institutions are very weak, particularly in those states where they are needed the most for bringing about improvement in the socio demographic indicators”

“The present hierarchical structure of administration with compartmentalisation on department lines at states, districts, block and even the village levels should be changed. There is need for systematic change, distancing from the departmental syndromes and ensuring horizontal integration of the delivery mechanism.”

3.7. The following extracts from the Approach Paper to the Ninth Five Year Plan (1997-2002) was approved by the National Development Council at its meeting held on January 16, 1997 are reproduced here as they have influenced the approach of the SPC Group in formulating its recommendations.

“The process of decentralisation and grant of autonomy does not stop at the State level but has to be carried further by the State Governments to the regional and sub-regional levels. Democratic decentralisation through the Panchayat Raj System was adopted in the 1950s in some States. However after the mid-1960s, the functions of these institutions declined. Efforts were made to revive these institutions several times in the 1970s and 1980s, with little success. However, with the enactment of the Constitutional Amendment Act (1992), Panchayat Raj Institutions (PRIs) have been revitalised and a process of democratic decentralisation has been ushered in.”

“The State Governments are further required to endow the Panchayats with power and authority necessary to enable them to function as institutions of self-government with the responsibility of preparing plans for economic development and social justice and implementing them. In the Ninth Plan, it is expected that the 29 subjects identified in the Eleventh Schedule would be transferred to Panchayat Raj Institutions. Correspondingly, transfer of resources would have to be effected. In addition, they would require personnel and administrative support. Staff engaged in particular works/departments should be transferred along with the work to the Panchayat Raj Institutions. In other words, there would be a need to redeploy the existing staff in various government departments rather than engaging new workers. In addition to the grants out of the Consolidated Fund of the States and allocations received from Central Government for implementation of Centrally Sponsored Schemes, the Panchayats would have to be given revenue-raising powers of their own. By and large, Gram Panchayats have relied largely on the grants of the States, as they have had very limited revenue-raising powers. The financial position of Panchayat Samities and Zilla Parishads has been even more precarious.”

“Therefore, it is necessary that specific responsibilities and resources are vested with the local bodies. In fact, in the case of Centrally Sponsored Schemes, it is proposed that during the Ninth Plan the flow of funds would be directly tied to the Panchayat Raj Institutions. Also, Annual Plans of the States would have to indicate the PRI component of their total plan. However, transfer of State resources would not meet the objective of Panchayat Raj. The Panchayat Raj Institutions must mobilise local resources and the State Acts must empower them to levy taxes and cesses at different levels. This will be an important priority of the Ninth Plan.”

“However, certain broad principles would have to be laid down for assigning a role to each of the three-tiers; the actual devolution could be based on the rule that what can be done at a lower level should be done at that level, and not a higher level. The Gram Sabha would list out priorities and assist in the selection of beneficiaries for various programmes and schemes. In this way, the aspirations of the people would be articulated. There after the planning process would begin from below with the preparation of village plans which would be incorporated into the intermediate level plans and finally merged into a district plan.”

“Keeping in view the resources available at each level, programmes/schemes should be taken up on the basis of identified priorities. In so far as earmarking of resources for decentralised planning is concerned, the recommendation of NDC Committee that 41 per cent of plan resources be set apart for this should be the objective during the Ninth Plan. This could include a proportion as untied funds and as ‘incentive grants’ to match the contribution raised by PRIs. Thereafter sectoral allocations at the State level should be on the basis of demands made from below by the districts and in keeping with national priorities. In this way, it would be possible to bring about both a vertical and a horizontal integration of resources and services. The PRIs would provide an umbrella for the convergence of various sectoral, poverty alleviation and area development programmes at each tier and the vertical integration would be facilitated by an integration of area plans from the village to the State level. This would ensure a synergy between macro-level and micro-level objectives”.

3.8. The Union Rural Development Ministry too has highlighted that:

“The pattern of funding and the delivery of funds for social sector development would also need drastic change. At present, these funds flow vertically through the states/districts and these vertical lines are quite often clogged and do not allow flexibility, initiative and timely implementation of the assigned tasks. With the constitution of Panchayats at the district, block and village level, it is expected that the Plan and non-Plan funds intended for

the social sector schemes would be transferred and kept under the control of these Panchayats at the appropriate level.”

3.9. There are some more developments pertinent to the subject of entrustment of powers to rural local bodies which deserve mention. First relates to the steps being taken by the neighbouring State of Kerala and the other an enactment by Parliament relating to the provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996 which was given assent to by the President on December 24, 1996.

(a) Kerala's initiatives

Recently, Kerala set up a State level Guidance Committee for people's campaign to formulate the Ninth Plan bottom upwards, i.e. starting from the Gram Sabha up to the district level. This Guidance Committee consisted of representatives of all political parties of Kerala, its MPs, MLAs, senior administrators, District Collectors, academicians, scientists, social activities. One might say what an unwieldy body: but this body wielded purposive influence - multi disciplined approach - expertise group to advise - which is a pre-requisite to softening of the entrenched established attitudes and procedures. The first step was to organise meetings of all the Gram Sabhas in every nook and corner of the State, to discuss and record (a) what was the condition of the Village and the people on the eve of Independence; (b) what progress has been made in the past 50 years; and (c) what the local community considers to be the immediate tasks in the economic and social fields. The reports and recommendations emerging from the Gram Sabhas were then considered by the Village Panchayats to establish an order of priorities and matching them with reference to the likely available resources. Kerala Government has indicated that adequate resources will be devolved for the development plans of the Panchayats. To get the process started without delay, the State Government has already approved an untied allocation of Rs.10 lakhs per Village Panchayat. This is subject to one condition: that the local community contributes an additional 25 per cent in terms of labour or material or cash. To enable the Gram Sabhas and the Village Panchayats in their deliberations prioritisation of needs and tasks the Guidance Committee mobilised 600 resource persons with the help of KSSP and CDS, from voluntary organisations, social action groups and academic institutions. They were given brief training and orientation and ploughed in the Panchayat field.

(b) Enactment by Parliament for Scheduled Areas.

The Enactment by Parliament of December 24, 1996 lends further substance to the 'Self-Government' character of the Panchayat Institutions in the Scheduled Areas. This enactment should become harbinger of similar Constitutional Amendments for non-scheduled areas. This enactment includes following provisions (a) the Gram Sabha or the Panchayats at the appropriate level shall be consulted before making the acquisition of land in the Scheduled Areas for development projects (b) planning and management of minor water bodies in the Scheduled Areas shall be entrusted to Panchayats at the appropriate level (c) the recommendation of the Gram Sabha or the Panchayats at the appropriate level shall be made mandatory prior to grant of prospecting licence or mining lease for minor minerals (d) the prior recommendation of the Gram Sabha or the Panchayats at the appropriate level shall be mandatory for grant of concession for the exploitation of minor minerals by auction (e) while endowing Panchayats in the Scheduled Areas with such powers and authority as may be necessary to enable them to function as institutions of self-government, a State Legislature shall ensure that the Panchayats at the appropriate level and the Gram Sabha are endowed specifically with: (1) the power to enforce prohibition or to regulate or restrict the sale and consumption of any intoxicant; (2) the ownership of minor forest produce; (3) the power to prevent alienation of land in the Scheduled Areas and to take appropriate action to restore any unlawfully alienated land of a Scheduled Tribe; (4) the power to manage village markets; (5) the power to exercise control over money lending to the Scheduled Tribes; (6) the power to exercise control over institutions and functionaries in all social sectors; and (7) the power to control over local plans and resources for such plans including tribal sub-plans.

Further the State legislations that may endow Panchayats with powers and authority shall contain safeguards to ensure that Panchayats at the higher level do not assume the powers and authority of any Panchayat at the lower level or of the Gram Sabha.

3.10. We must also draw lessons from the past experience and put them to duty. Evaluation studies conducted by the Union Planning Commission suggest that the poor performance of development programmes/projects is primarily due to deficiencies in planning and implementation. Adequate attention is seldom paid to assessment of beneficiary needs, fixation of criteria for selection of target groups, choice of implementation methods and delivery systems, adequacy of physical and financial inputs, choice of indicators to be monitored and sustainability of programme benefits. Rigid guidelines for implementation of programmes, high operational costs, improper targeting

leading to leakage of benefits to areas/people not targetted, extending the coverage of a programme to a larger (than desired) area/population to avoid the risk of "exclusion", inadequacy of the delivery systems of most programmes etc. are all reflections of inadequate planning of programmes before implementation. Effective programme formulation calls for a detailed analysis of available information on the socio-economic and cultural profiles of the target population across States, regions and districts, and of the way in which the projects is likely to affect or be affected by the social, economic and political environment in which it operates. This would enable the concerned agencies to assess the relative effectiveness of different implementation methods, their cost implications and the likely impact of the project on target groups. However, a detailed analysis of this type is not always possible for various reasons, viz.: non-availability of the required data base, time and resource constraints, complex and ever-changing inter-action between the project and its environment, unusual variations in local conditions and the like. A more practical approach to programme formulation, particularly for social sector programmes, is to put the lessons learnt from the experience to practice. The Union Planning Commission has, till date, evaluated nearly 170 programmes. Governments, at both the Centre and State levels, can save considerable time and resources if the findings of evaluation studies are put into practice to select socially acceptable and operationally practical implementation methods. This will avoid inappropriate assumptions about the needs or forms of cooperation of the target population and help select appropriate implementing agencies. The lessons learnt from the experience of development schemes during the last forty years can be briefly summarised as follows:

(i) There is inadequate analysis of available information during programme formulation. This happens primarily because there is no established mechanism through which programme agencies can have ready access to the relevant information regarding target groups/areas or the findings of evaluation studies. As a result, avoidable errors at the planning stage creep in.

(ii) Formulation of multiplicity of programmes in a narrow area of social concern without any specific thrusts can lead to several problems. Available resources are spread too thinly across a large number of projects leading to sub-optimal project outcome.

(iii) The general approach in implementation is 'top-down' and 'target-oriented'. Some physical and financial targets are sought to be achieved in most programmes. However, evaluation studies by Planning Commission reveal that fulfilment of these targets does not necessarily ensure that the programme objectives are being met.

(iv) For some programmes like Desert Development, Integrated Tribal Development and District Industries Centres, separate implementing agencies are created, whereas these are actually implemented by the existing line departments, who work independently for different components of a programme. This leads to lack of focus on target groups, wastage of resources and lack of coordination among the line departments. The creation of such agencies without the necessary institutional changes makes these agencies redundant and affects the implementation and operation of programmes.

(v) Monitoring and Evaluation of programmes are undertaken to introduce the necessary correctives in programme formulation and implementation. In spite of the existence of an elaborate monitory system in the country, the findings of are not put to use for a variety of reasons.

(vi) Lack of accountability of the implementing agencies either to the Government or to the people has been the single major cause for misappropriation of funds in development programmes. It is well known that implementing agencies and programme managers can get away easily with time and cost over-runs or non-fulfilment of targets by attributing these to factors beyond their control. Suitable institutional reforms, involvement of the people and grassroot level non-government agencies in formulation and implementation are needed to overcome this problem.

(vii) The operational cost of some programmes tends to be abnormally high partly because of redundant and ineffective administration, and partly due to other inadequacies in planning and implementation.

(viii) Several social sector programmes are formulated without addressing the question of sustainability of benefits. The primary objective of such programmes should be to build the capability of the vulnerable groups to be self-reliant. In reality, most programmes run with ever expanding government budgets and thus pre-empt resources which could find better alternative uses. It is possible to recover the full or a part of the operations and maintenance costs of many programmes if delivery of services in programmes is improved and if people are involved in the formulation, implementation and operation of schemes.

3.11. The general weakness in programme formulation and implementation notwithstanding, there have also been several cases of success. The success stories of Mahila Samriddhi Yojana and Accelerated Rural Water Supply in some districts. Mahila Samakhya in Andhra Pradesh and Rashtriya Mahila Kosh in the southern States are among such examples. Some programmes have also made perceptible impact on the well being of beneficiaries. The impact of (a) the scheme for Development of Women and Children in Rural Areas (DWCRA) on rural women of Andhra Pradesh, Kerala, Nagaland and Tripura; (b) the Employment Guarantee Scheme (EGS) on the rural poor of Maharashtra; and (c) the Self-Employed Women's Association (SEWA) on self-reliance and employment of women, has been encouraging. Such success stories have generally come about where different models of participation by people's institutions are functioning or dedicated government officials took keen interest in implementation of programmes. Studies show that these institutions have the following essential ingredients:

- they are owned and managed by users/stakeholders, producers or beneficiaries.
- they are accountable to the community.
- they have the capacity to be self-reliant over a period of time.
- they have the capacity to diagnose the needs of areas, interact with Government agencies in order to draw need-based local level plans and to implement these in close cooperation with the administration.
- they tend to bring about the integration of various segments of the society for achievement of common goals of development. The involvement of these institutions has contributed to better planning and implementation as programmes are then identified, selected and designed keeping in view the local conditions. Awareness generation among beneficiaries, which is critical to their participation in implementation, takes place automatically in this process of identification and selection of programmes. For social sector programmes, the following IX plan envisages the following strategies.
- A genuine push towards decentralisation and people's participation will be given. Through institutional reforms, a conducive environment for people's participation will be created for strengthening the Panchayat Raj and the different models of people's institutions. However, the Centre and States will have to jointly act to make this possible. This could help overcome most of the deficiencies in programme formulation and implementation.
- Reorientation and integration of all village level schemes under the Panchayat Raj to avoid thin spread and wastage of resources.
- The existing schemes delivery costs are disproportionately high or which fail to make the desired impact should be considered for reorientation and dis-continuation. It is necessary to shelve such schemes whose delivery cost exceeds, say 15-20 per cent of the total cost of operating the programme.
- Monitoring and Evaluation of programmes will have to be made more effective and purposeful. The Centre, States and the grassroot level organisation/institutions would have to be involved to ensure the effectiveness of monitoring system.
- To improve access to information on evaluation studies and findings of monitored data by the planners, policy makers and programme managers, efforts will have to be made to package the available information in user-friendly formats.
- Institutional changes to bring in transparency in implementation and operation of programmes. For this purpose, avoidable barriers to free flow of information must be removed.
- Build in sustainability of outputs and benefits and maintenance of public facilities as a necessary component of project/programme formulation.
- The benefits of development are not equally shared by women. Though the political process of empowering women has taken roots, a better enabling environment is needed for women to become agents of social change. Women cooperatives, self-help groups and grassroot level NGOs must be vested with the control of social infrastructure.

STATE LEVEL POLICIES

3.12. As per the 73rd and 74th Constitutional Amendments, the State Governments were required to change their respective Panchayat Acts in conformity, with the Constitution, within a period of one year from the date of passing of the Constitutional Amendment by Parliament. Accordingly, the State of Tamil Nadu enacted the Tamil

Nadu Panchayat Act 1994, which came into force on April 22, 1994. The objects and reasons for the enactment stipulates:-

“WHEREAS it is expedient to repeal and re-enact the Tamil Nadu Panchayats Act, 1958, for establishing a three tier panchayat raj system in the State to the elected bodies at the village, intermediate and district level in keeping with the Constitution (Seventy-third Amendment) Act, 1993 relating to panchayats for greater participation of the people, so as to make them institutions of self-government and for more effective implementation of rural development programmes”.

3.13. On 13th May 1996, a new Government was elected to office by the people of Tamil Nadu. The Government promptly decided to hold elections to all the panchayat bodies which had already been delayed considerably. These elections were completed by 26th October 1996.

3.14. The Government also reconstituted the State Planning Commission (SPC). At the first meeting of the Commission in September 1996, the Chief Minister outlined certain urgent priority areas in economic and social development in the state whose neglect in the past had to be urgently rectified:

“At this juncture of formulating the Ninth Five Year Plan, it is necessary for us to take stock of the developments that we have achieved. Eradication of poverty and removal of unemployment have been the important goals of many of our plans. While assessing the performance in these two areas, the success in these areas is not to our complete satisfaction. The percentage of persons below poverty line in Tamil Nadu continues to be higher than that at all India level. Be it the estimate of Planning Commission or the estimate of the Expert Group, the fact remains that more than 1/3 of the population is below the poverty line. Though, the per capita income in Tamil Nadu is higher than all India per capita income, the fact that the percentage of people below poverty line is higher, points only to the non-delivery of the benefits of programmes to the lower levels. Coupled with the fact that the number of persons registered in the employment exchange is one of the highest in the country, this fact makes us wonder whether significant changes in the implementation of these programmes for eradication of poverty and unemployment are necessary. The deliberations and the recommendations of the Planning Commission should pave the way for formulating programmes to benefit the poor people for evolving suitable mechanism for ensuring that these goals are achieved in the implementation of the programmes, and for ensuring that the benefit of development, percolate to all sections of the society.”

3.15. The State Planning Commission held discussions with almost all the Secretaries to the Government of Tamil Nadu to learn first hand their perspective on development and priorities and the strategy for the state in the Ninth Plan, keeping in view the 73rd and 74th Amendments directing devolution of functions and powers to the decentralised bodies. As a measure of its anxiety to endow the newly elected Panchayats with constructive responsibilities in regard to development programmes, the State Government asked the State Planning Commission to constitute a Group of members to advise the State Government, on which of the powers and functions (which are now being carried out by the state departments) may be entrusted to the panchayats; and further within the three tiers of the panchayats, the allocation of functions as between the Village Panchayat, Panchayat Union Council and the District Panchayat in an orderly scheme of governance of development.

3.16. The Group was enormously benefitted by the deliberations at the Conference of Panchayat Presidents convened by the State Government on 30th November and First December 1996, in which all the Presidents of the Panchayat Union, District Panchayats, Corporations, Municipalities and Town Panchayats participated. The members of the State Planning Commission were also invited. 12 groups were formed which presented their reports at the Conference. The principal recommendations were taken note of by the Chief Minister and on several of them the State Government's decisions were announced at the Conference. However, for our purpose here, the main thrust of the deliberations was that elected representations gave a strong indication that they were willing to shoulder wide range of responsibilities for the task of economic and social development of their areas and demanded that the state government endow them with responsibilities and commensurate authority and resources. It was also expressed that the relationship of the Panchayats with the administrative departments/machinery at Panchayat levels be clarified for harmonious functioning.

3.17. The Group also reviewed a number of evaluation studies (conducted by DEAR) of various important Rural Development programmes executed departmentally. Suffice to say that though considerable expenditure has been incurred on these schemes results are not commensurate to the expectations.

3.18. The Group took note of the provisions in Section 257 of Tamil Nadu Panchayat Act 1994 while preparing its recommendations. The Section 257 reads as follows:

“Save as otherwise provided in this Act, the Government may, by notification and subject to such conditions and restrictions as may be specified therein, entrust to a Panchayat or any other committee constituted under this Act with such powers and responsibilities with respect to the preparation of plans for economic development and social justice and also with such powers and authority as may be necessary to enable them to carry out the responsibilities conferred upon them including those in relation to the matters listed in Schedule-IV”.

GROUP LEVEL APPROACH

3.19. Having taken note of all the foregoing considerations at the national and state level, which underscore strong constitutional and legal basis; and policy and plan support for building up Panchayats as institutions of self governance entrusted with substantial share of responsibilities and functions for economic development and social justice, the Group set for its own guidance, the following working criteria :

(a) The substance of devolution to Panchayats should be guided by the need to enhance the satisfaction of the community with development process and results. It recognised that this depended substantially on the active participation of the community in decision-making with planning and implementation and a sense of dignity in being treated as an institution of self government.

(b) In the context of resource crunch in the economy as a whole, there should be conditions created for optimal use of available resources with restraint on leakages on the one hand and to encourage communities to raise local resources to expand the total quantum of developmental resources for achieving the desired economic and social goals on the other.

(c) The scheme of devolution should avoid dual control on the one hand, and result in streamlining and speeding of decision-making in respect of development planning and implementation. It should also empower/enable local representative bodies to determine priorities and integrate development schemes at the operational level, and accordingly deploy, redeploy available resources to the best possible advantage.

(d) Given a wide range of subjects to be assigned to the Panchayats as per the Eleventh schedule, to recommend a phased programme of decentralisation to ensure its success. For this purpose to identify activities which could be entrusted to the panchayats immediately, i.e., within the first year; activities which may be entrusted to the Panchayats in the next two to three years. Further, the Constitution provides indicative list of 29 items and the State can entrust more powers to PRIs. The group confined its recommendations to those 29 items only. This is to be regarded as a first step. Steadily more and substantive powers should be entrusted by Government to PRIs for shaping development and for implementation. This, while placing more responsibility on the Panchayats, would lighten the burden on the State Government.

(e) The principle to be applied for bifurcation of functions between State Departments and Panchayats should be that what can be done by the Panchayats and where the Panchayats have greater stake and better access to requisite local information and knowledge necessary for development, that matter be assigned to the Panchayats. Similarly, as between the three tiers of the Panchayat Raj Institutions, the functions to be allocated to each tier should be assigned on the basis of what it can best do and where it is better placed; and only that which it cannot do be assigned to the higher tier i.e., Panchayat Union and/or District Panchayat.

(f) As far as possible, Panchayats should not be burdened with running of economic enterprises which are best run by co-operatives and other institutions appropriate for the purpose. The role of Panchayats should be to create enabling conditions for such institutions to function effectively.

(g) There are certain activities being run by the Government under certain specific Acts through specialised agencies and if the nature of activities are such that the balance of advantage would lie in letting them function, then they may continue as at present. The matter could be reviewed after one year and within 3 years.

(h) That whatever and whenever projects/activities are retained or undertaken directly by State Departments, which are implemented in Panchayat areas, full information of objectives and details of the Projects/ Programmes/ Scheme Components and arrangements for their implementation etc., should be provided formally to the respective panchayats in the interest of transparency, and for smooth implementation. The District Panchayats should have the

power to review such projects/programmes and respective Departments, agencies should be required in such cases to participate in the periodic review meetings to be conducted by the Panchayats.

3.20. The recommendations of the Group to Government of Tamil nadu will be basically on the subjects which will provide necessary functions and empower with such powers that the local bodies become Institutions of Self-Governance for bringing about economic development and social justice in the rural areas.

3.21. Local Self Government is primarily the empowerment of people of a specified local area, not only to have their voice heard but also the powers of choice in the socio-economic development of the area. The constitutional recognition of the Grama Sabha is the symbol of genuine participatory democracy. Greater is the peoples' involvement, more efficient, effective and transparent will be their functioning.

3.22. "Entrustment of Powers" does not mean deconcentration or delegation. It is nearer to decentralisation and devolution, where real power, functions, responsibilities and authorities are transferred to make three tiers of rural local bodies function and operate freely within the defined area. Often Power is seen, felt and respected by its abuse, misuse - many times arbitrary exercise of power is recognised. We do not consider this power which creates separation, distance and dictate between the powerful and powerless. We consider in our report the "Power" to be transferred are those which will build peoples' capabilities, increase production, reduce inequalities, enhance co-operation, promote local participation and planning. We suggest transfer of powers both vertically and horizontally - powers of the State Government and its functionaries are to be entrusted to Panchayat Raj Institutions.

3.23. The approach is based on certain basic philosophies and principles

(i) Rural local bodies should function fairly and freely - Government role being confined to the national and state developmental priorities and thrust areas. This means more or less independent action of the Panchayat Raj Institutions in a sphere of integration, inter action, co-operation and co-ordination with guidance from the Government for administrative, financial and functional freedom for the Panchayat Raj Institutions.

(ii) There should be role clarity for each level and the Government so that there is conceptual and operational complementarity between Government and local Self- Government. They can work in concert and provide support to each other and do not come against each other.

(iii) There should be organic and institutional linkage for over all unity of purpose, amongst Village Panchayat, Panchayat Union Council and District Panchayat.

(iv) People's participation should not be considered only for information exchange or consultation prior to concurrence. It should be a part of the participatory democratic structure. Election to the 3 tiers of rural local bodies creates the democratic structure. The participatory part comes from the direct involvement of the people and their representatives. It also means that the development programme right from the stage of identification of need schemes/ persons to be assisted, upto the level of implementation, operation, management and maintenance as well as monitoring and evaluation of programmes/institutions should also involve local people as stake holders.

(v) Transparency is another basic principle which are to be adopted in all schemes and there should be freedom to the people to know every detail of a scheme, selection of beneficiaries and expenditure incurred in schemes etc. Thus the rural local bodies are to develop people friendly, transparent and accountable, procedures in selection of beneficiaries and implementation of schemes.

LIMITATIONS

3.25. Some of the limitations under which the Group had to finalise its recommendations need a mention. At the very start the Group had requested in writing all Departments running schemes which are implemented at rural local bodies level, to advise as to which of such schemes they consider necessary to be retained at the State level and to state the reasons thereof. In spite of reminders, no department responded except very few. (ii) The Group was keen to have direct discussions with selected panchayat office-bearers to gauge their views. But for reasons beyond the control of the Group, such meetings could not be organised. However, as noted above, the Group Members, and the State Planning Commission Members had the benefit of attending the Panchayat Conference convened by the State Government on 30th November and 1st December 1996. (iii) The report of the State Finance Commission was available to us after the First Report was submitted.