

CHAPTER 6

Panchayat : Functional Devolution

Devolution of Functions

6.1 The 73rd Amendment Act made creation of three levels of Panchayats mandatory for big States. The crucial issue of the nature and degree of functional devolution on Panchayats at different levels was left to the discretion of the State legislatures with an enabling provision (Article-243 G). While most States have devolved powers and responsibilities on GPs through their statutes as per the provisions of Article 243 G and the XI Schedule of the Constitution, the relative importance given to the apex and middle levels of Panchayats in the allocation of functional responsibilities is however not uniform across the States in their statutes governing Panchayats. Some States like Tamil Nadu and MP entrusted to the middle tier some of responsibilities in the development arena such as agriculture, animal husbandry, public health, social welfare, women and child development, school education, etc., and made the district-level Panchayats merely advisory, co-ordinating and monitoring institutions, without any powers and responsibilities of execution of schemes. On the other hand, some States like Maharashtra, Gujarat, and Karnataka had opted for a strong Panchayat at the district level, and made the intermediate-level Panchayat implementing agencies of the schemes of district-level Panchayat.

6.2 Some of the important measures initiated by the undivided M.P. Government after the 73rd Amendment were: statutory merger of the DRDA with the Zila Panchayat and transfer of all the functions of the former to the latter in 1997; enlarging the functional domain of GPs to include preparation of annual plans for economic development and social justice, and their submission to the JP's for being integrated with JP's plan, through an amendment to the principal Act in 1996; and preparation and implementation of an 'Activity-Mapping' in respect of matters relating to several line departments in 1994 and 1998. The Panchayat Act of 1993 merely reproduced *ad verbatim* the Eleventh Schedule as its Schedule-IV. Section 53 of the Act however provides that "subject to such conditions as may be specified by the State government, Panchayats at the appropriate level shall have the powers and authorities may be necessary to enable them as institutions of self-government in relation to 'matters' listed in

Schedule-IV, including preparation of plans, implementation of schemes of economic development and social justice”.

6.3 The Government of Chhattisgarh adopted the devolution package that has been introduced in undivided MP. However, during the period 2004 to 2008, the Government substantially enlarged the powers and functions of the Panchayats in keeping with the State-specific needs. The Panchayat Act was amended to give effect to the changes. For example, two important functions, namely, provision of free food grains to the needy persons out of the grant made available for basic services; and establishment, maintenance and supervision of fair price shops under the public distribution system, were added to the obligatory functions of GPs. In 2006 and 2007, as many as 15 line departments issued activity mapping and devolution of functions to Panchayats. These are the Departments of School Education; SC & ST Development; Labour; Women and Child Development; Mineral Resources; Village Industries (Silk/Handicrafts/KVI); Agriculture; Animal Husbandry; Fisheries; Public Health Engineering; Food, Civil Supplies and Consumer Protection; Sports & Youth Welfare, Water Resources; Energy; and Panchayat & RD Department. Some of these Departments, however, did not specify provision of support staff, some did not envisage transfer of funds to Panchayats because of the nature of the departmental activities transferred, e.g. PHE Food, Civil Supplies, Energy and Consumer Protection. Copies of the notifications of various Departments which indicate their ‘activity-mapping’ may be seen in **Annexure-6.1**.

6.4 We have reviewed the functions devolved on the Panchayats by some key Departments. Generally functionaries have been placed under the control of either ZP or JP, depending on their level but practically none with GP. This is primarily because the concerned Departments had no village level functionaries. Wherever there were village level functionaries such as, school teachers, anganwadi workers or ‘mitanin’, their work is supervised by the GPs. The maintenance of village level infrastructure of line Departments such as school buildings, anganwadis etc has been entrusted to GPs. They are also entrusted with supervision of village level implementation of schemes of Deptt. such as Serva Siksha Abhiyan, Mid-day Meals schemes. The Women and Child Development Department has transferred to GPs many welfare schemes for implementation. Similarly, all social security schemes such as old age pension, disabled pension etc, are to be of GPs. GPs in Chhattisgarh have also been entrusted with the responsibility of managing, and supervising where they themselves do not manage. The public distribution system and food security programme, the identification and selection of beneficiaries of many welfare and social security schemes have

also been entrusted to GPs. But there is very little devolution of funds by the line Department on GPs.

6.5 The devolution of funds, functions and functionaries is more at the first two tiers of Panchayats due to the merger of DRDA at district level and Development Blocks and extension services at JP level. The line Departments have delegated district level planning, direction, inspection and supervisory functions to ZPs. They also have been given full control over the staff of the line Departments, including appointment. The School Education and SC and ST Development Deptts. have transferred to ZPs the authority to appoint school teachers (Shikshakarmis Grade I, II & III). So far as JPs are concerned, as the middle tier Panchayats, they have been given supervisory function in respect of the functioning of institutions and implementation of schemes of some Departments at JP level. Flow of funds from line Departments, to GPs from the ZPs is through JPs.

6.6 Activity-mapping is a comprehensive and complex exercise. Such an exercise should clearly indicate a detailed account of the following in respect of each transferred function/activity, area of work, activities involved; schemes, the Panchayat level to which it is proposed to be transferred; nature of the function/activity/(planning /implementation /monitoring /supervision /control /approval/ maintenance, etc.); departmental functionary proposed to be transferred; powers and responsibilities of Panchayats as well as of the government functionary; source of financial support; and the nature and degree of authority bestowed on the Panchayats in respect of the government functionary.

6.7 Viewed in the above height the 2006-2007 model of devolution involving 'activity-mapping' of 15 line departments suffer from some limitations as under:

- (i) In many cases, the items specified in the 'activity-mapping' have not been followed up by detailed guidelines from the line Departments.
- (ii) In some cases the role of each tier of Panchayat has not been clearly delineated.
- (iii) The administrative, organizational, and financial linkages required for devolution of functions, have not been specified; and
- (iv) Implementation of schemes of economic development and social justice appears to have been relegated to a secondary place.

6.8 There appears to be a general reluctance on the part of Govt. Departments to devolution of functions on Panchayats on the ground that they do not have the necessary

knowledge, expertise and staff support. At the same time not enough effort is being made to strengthen the Panchayats and enhance their capabilities to take on such responsibilities. Secondly, presently the Gram Panchayats, are not administratively and financially viable units of local self-governance. The success of Kerala and West Bengal, and to some extent Karnataka, in the area of democratic decentralization could be attributed to the viable size of their GPs. It is also not logical to treat all GPs equally, regardless of their size in terms of population / number of households, while prescribing their functional domain, in view of the wide diversity in resource endowments, levels of service delivery, staff support available and their capabilities and local needs across different localities. A well-conceived system of devolution should take all these factors into account. Field level feedback shows that most GPs do not have any clear idea about their role in transferred functions of line Departments. They also find it very difficult to satisfactorily and efficiently perform their devolved functions due to poor knowledge and capability levels, coupled with shortage of staff.

Financial Support for Devolved Functions

6.9 Activity-mapping has to be accompanied by necessary financial provision. The budget supplement for Panchayats indicates the quantum of funds proposed to be provided for the Panchayats in respect of activities/functions transferred to them, under Demand Nos. 80, 82 TSP, 41, 15SCP, 84 and 19. Keeping in view the various notifications issued by the 13 line Departments in 2006 specifying the specific responsibilities/activities, functionaries, and funds proposed to be devolved on the Panchayats at different levels, as part of their department's activity-mapping, the process of actual devolution is still tardy and its pace slow. Annexure 6.2 indicates the various line departments which have made budgetary provision for the transfer of funds for the 'transferred matters', for the period 2008-09 to 2012-13. The transfer of funds proposed for this period; lead us to the following conclusions:

(1) Among the 13 line departments that claim to have devolved funds on Panchayats, grants to the Panchayats comprise normal departmental grants, SFC devolution grants, assigned revenues, Central Finance Commission grants, salaries of *Panchayat Sachivs*, and State-sponsored schematic grants. Grants of the P&RD Department consist of grants for Central schemes which are expected to be transferred to them as per the programme guidelines of the Union Ministry concerned. These are usually in the nature of agency functions of Panchayats. Funds shown against the Department of Minerals relate to transfer of royalty on minor minerals which, should be treated as 'assigned revenues' of Panchayats. In view of these considerations, we have excluded these Departmental grants from the

purview of funds devolved for transferred schemes/activities Nevertheless, for arriving at a comprehensive view of the total quantum of grants to Panchayats we have shown them separately under the appropriate category of 'transfers'.

(2) A major chunk of the grants released by the Department of School Education are meant to defray the expenditure on salaries and allowances of the *Siksha Karmis* (School teachers) and for the scheme of *Sarva Siksha Abhiyan*. For instance, of a total of Rs.423 crore shown as the proposed budgetary allocation for Panchayats in 2011-12, Rs.339 crore (80%) represent the salary component of the Siksha Karmis, while Rs. 33 crore (8%) was proposed for implementation of Mid-Day Meals Programme in schools. In respect of several other line Department transfers, a major part of the funds is earmarked to establishment/salary component of the Department's official functionaries.

(3) Though most of the development Departments like School Education, Public Health & Family Welfare, Public Health Engineering, Women and Child Welfare, Social Welfare, Agriculture, Animal Husbandry, Fisheries, Village Industries, and Tribal Welfare exhibited some enthusiasm in devolution of their schemes, functionaries, and fund over a period, some of these departments have stopped providing funds to the Panchayats and seem to have withdrawn their transferred staff and schemes/activities from the Panchayat sector. For instance, in terms of the recent budget supplements relating to proposed transfer of funds, Agriculture Department had stopped providing for any funds to Panchayats since 2009-10 onwards, while the Departments of Animal Husbandry, Women and Child Development, Fisheries, and Village Industries did not make any provision for the Panchayats during 2011-12 and 2012-13. Besides, PHED has reduced its budgetary allocation from Rs.26.57 crore in 2011-12 to Rs.15.65 crore in 2012-13.

(4) Withdrawal of staff and schemes from Panchayats amounts to a reversal of the process of devolution and a retrograde step. Although in absolute terms, the combined flow of funds from the relevant line Departments has shown an upward trend during the period 2006-07 to 2010-11, rising in volume from Rs. 70 crore in 2006-07 to Rs. 249 crore in 2010-11, the increase can be attributed mostly to the higher budgetary allocations made only by the Departments of School Education, Social Welfare, Fisheries, and Tribal Welfare. Even here, the increased staff salary component seem to be responsible for the increased allocation of funds, and not from transfer of new schemes, or functionaries to the Panchayats. *As we have stated earlier, the quantitative data that we presented in Annexure 6.2 based on budgetary allocations. We could get the quantum of funds actually transferred to the Panchayats. But it*

is worth mentioning that the amount surrendered at the end of the year under grant number 80 in 2010-11 was a total of Rs. 116.90 crore while the saving was to the tune of Rs. 64.15 crore (total of Rs. 181.05 crore) out of a total provision of Rs. 1270.71 crore. Thus 15% of this grant was unutilized.

6.10 In the light of Para 6.8, the Commission recommends constitution of an Expert Committee to review the present state of functional devolution on Panchayats and prepare a devolution package which takes into account their diversities. The Committee should interact not only with the Government, Deptts concerned, but also with experts on decentralization and local government, Panchayat functionaries and other stakeholders for their inputs before its recommendation are finalized. The Committee may also consider the contents of the letter of the Secretary, Union Ministry of Panchayati Raj dated April 27, 2009, as well as the *Report of the Task Force on Devolution of Powers & Functions upon Panchayati Raj Institutions (August, 2001)* appointed by the Union Ministry of Rural Development, Government of India, both available on website: <http://panchayat.nic.in>.