

Revamp Panchayats

The Statsman, Thursday 4 January 2007:

Decentralization can be meaningful when development becomes participatory. This means more power and resources to the people, says SAMIT KAR (Principal of Sociology, Presidency Collage, Kolkata)

The 52nd meeting of the National Development Council approved the draft document of the Eleventh Plan. Unlike popular expectations, the plan promises to focus attention on rural development as the primary agenda of nation building.

It Stresses to ensure 4 per cent growth rate in the agriculture sector, enhance the scope of quality employment across the country and Spread the scope of quality employment across the country and spread the scope of basic education & basic health to every nook & corner of India,

In the late 1980's the union government lamented that only fifteen paise reaches a common man down the delivery system on every one rupee spent on development by the national exchequer. After above 20 years, a renewed estimate is essential.

But it is certain that the man behind the plough the real captain of rural development is in peril due to various local, national and international issues. So the concern of the plan document is genuine. It know needs to be seen how the concern gets carried out.

The development and planning posses in India is poised to take off with the philosophy of more reliance area planning concepts for the development and formulation of local area plans.

But such aspiration on the part of policy planners have little substance when one notices abysmal lack of infrastructure at grass roots to translate this lofty ideals into action. Such expressions in support of decentralization to not have enough credibility.

True, the trickle down theory of growth, which has been the guiding force behind the policy making in India, has failed to achieve the desired goal. The focus began to shift mainly during the sixth plan period when a number of poverty – ameliorating and rural mandays generating schemes were initiated. This new approach was initiated among owing to the dismal failure in the land reforms, which was earlier believed to be the *sine quo non* of rural development. Inadequate will on the part of various state policy planners made the entire text of land reforms a virtual bunch of dead letters.

The ushering of the first non- congress government at the center in March 1977 under Moraji Desai made way for the emergence of a large number of rural development schemes. Many of these schemes were started on 2 October 1978, making this particular birth anniversary of Gandhiji memorable. The strategy to allay incidence of rural poverty across the country shifted remarkably from this particular time when the government openly withdraw the policy to lay primacy on land reforms to ensure rural development. There were definite exceptions such as West Bengal, Kerala and Jammu and Kasmir. But achievements in land reforms in these states were mainly a sequel to socio-political and historical dynamics. Not essentially due to a flat from the center.

Panchayats will have to compete for extra funds.

Ravish Tiwari

**The Indian Express, Tuesday
2 January 2007.**

The ministry of Panchayati Raj proposes to launch an unprecedented scheme in which Panchayats across the country will have to compete with each other to get extra funds from the Centre – a panchayat delivering better services and showing more improvement will get access to more money. Measurement of progress will be as per a newly designed “Devolution Index”.

This scheme is meant to empower and incentivise Panchayats to meet standards of public accountability.

The initiative by Union Minister for Panchayati Raj Mani Sankar Aiyer plans to make available a well-designed system of incentives to ensure that all three levels of Panchayats (District, block and Village) complete.

To this effect, a Rs 5000-crore per year Panchayat Empowerment and Accountability Incentive Fund (PEAIF) will be set up, vested with the Union Ministry. It will continue for the period of the eleventh Five Year plan.

Although a chunk of this fund will be used for empowerment activities, most of it will go towards incentives linked to better performance.

To avoid any discretion in disbursement of funds, the rewards will be calibrated to the Devolution Index that is being prepared by the national Council of Applied Economic Research (NCAER). This index will act as a pricing/value signal for competing Panchayati Raj systems of different states.

The Index will rank the performance of individual states on 150 identified basic action points, which puts special emphasis on productive economic

activity and employment generation measures.

In fact, the current design envisages linking the amount of incentivised fund for each state to improvement in performance on Devolution Index rather than the level of performance in the previous year. The logic even a marginal improvement in performance of a better performing state would entail larger share of funds from PEAIF and diminish share for poor performers even if they improved.

Thus, if a poor performing state made substantial progress but still remained below the levels of better performing states, the improvement in performance should be rewarded accordingly to encourage the progressive trend in that state. This design aimed to avoid the continuous rewarding of well-performing states and continuous punishment for poor performers.

The NCAER has already submitted an interim report on Devolution Index to the Ministry of Panchayati Raj and the Ministry is expected to come out with the final document on Devolution on Devolution Index by the end of January 2007. The ministry has already made an allocation for Rs 10 crore for the pilot scheme in 2006-07. Talks with the Planning Commission will begin soon.

In addition to funds from planned allocation, Aiyer has already started talks with external aid agencies like World Bank to fund this empowerment scheme for panchayats. If all goes well, the scheme will be launched in the next financial year and will continue for entire Eleventh Plan period.

Backward panchayats likely to get more funds

Ravish Tiwari

**The Indian Express, Friday,
January 26, 2007.**

The forthcoming budget is likely to increase development funding for backward districts across the country. The annual budget allocation for the backward regions grant fund (BRGF) is slated to go up by more than 20 percent from Rs3750 crore to Rs 4600 crore in the next financial year.

This jump in funds for BRGF will bring more cheers from 250 backward districts in the country.

Since, all the funds under BRGF goes as untied funds for different level of Panchayats, the increased allocation will bring more financial autonomy for Panchayats at village, block, and district levels.

A rough calculation would indicate that Rs.850 crore additional funds for next year would translate into somewhere between Rs 3 crore to Rs 44 crore additional funds for panchayats in each backward regions districts.

However, the budgetary allocation for other schemes for the Ministry of Panchayati Raj will only get a rise of Rs 25 crore from the current budget of Rs 75 crore to Rs 100 crore for the next financial year.

Ministry will now have to manage within Rs100 crore allocated to it for 2007-08

However, the Ministry will be happy with the substantial jump in allocation for its flagship schemes for backward regions. Interestingly this jump for BRGF comes despite the fact that the Ministry has ever failed to formally launch its flagship scheme.

In fact, the guidelines for the BRGF could be finalized early this month and is now being sent to state governments for circulation among all 250 backward districts.