

Fifteenth Anniversary Charter on Panchayati Raj

“Inclusive Growth through Inclusive Governance”

April 2008

1.1. Gandhiji believed that democratic freedoms have to be founded in institutions of self-government in every village in India. He drew his inspiration from the traditional Panchayats; 'village republics', which he called Panchayati Raj. He based his vision of contemporary democracy in independent India on genuine peoples' participation in the development and welfare of their own habitats through elected Panchayats. Dr Bhimrao Ambedkar, the father of our Constitution, provided for Village Panchayats in the State List of the Seventh Schedule, but consistently stressed the need to incorporate reservations for the depressed segments of our society in the structure of Panchayati Raj. Rajiv Gandhi ensured this and added reservations for women of all said categories in Panchayats. His declared objective was 'Power to the People' through the Panchayats, thus making India not only the world's biggest democracy, but also the world's most representative democracy.

1.2. Today, more than 26 lakh representatives stand elected to the three levels of Panchayats. Of these, over 10 lakh are women, 5.2 lakh belong to the Scheduled Castes and 3.3 lakh to the Scheduled Tribes. The last fifteen years of Panchayati Raj have thus succeeded in empowering marginalized groups who have gained political representation and valuable experience. Many of them have successfully taken on the challenge of governance and brought about enduring social change through their close links with the community.

1.3. Speaking to the Chief Ministers less than a month after he assumed office, the Prime Minister said that Panchayati Raj is the medium to transform rural India into 700 million opportunities and the challenge is to institutionalize this system of local governance to make India the world's most representative and participatory democracy.

1.4. The 73rd Constitutional Amendment Act 1993 ushered in a new era of democratic decentralization, in which both powers and responsibilities are devolved upon elected Panchayats at the District, Intermediate and Village levels. The Eleventh Five-year Plan, which has identified Inclusive Growth as the overarching objective, seeks to *'substantially empower and use PRIs as the primary means of delivery of essential*

services that are critical to inclusive growth.’ The Plan asserts that *‘it is absolutely critical for the inclusiveness of our growth process that these large numbers of elected representatives in our PRIs are fully involved in planning, implementing and supervising the delivery of essential public services.’* A detailed road map as to how this could be achieved has been elaborated in Chapter 10 of the Plan document entitled ‘Governance’, which recognizes decentralization and strengthening of PRIs as a major challenge. The stage is set for a new era of strong and effective local self-government.

1.5. Yet many obstacles to genuine empowerment of people through the Panchayats remain. Though States have enacted Panchayati Raj legislation, real devolution of powers and responsibilities so as to empower Panchayats as institutions of self-government is yet to happen. Progress in this respect has been uneven. In many States, Panchayats have not been able to become effective instruments of economic development and social justice as devolution of functions, funds and functionaries have remained largely on paper.

2. We, the elected representatives of the people of India, serving through the Panchayats at the village, intermediate and district levels, believe that we are on the threshold of a new dawn where the Panchayats will fully assume the mantle of vibrant local self government as enshrined in the Constitution. To fulfill the high hopes and aspirations of the lakhs of Panchayat elected representatives we have drafted and adopted this Charter as our road map and seek the guidance and support of State and Central governments, to fulfill the dreams of the Father of the Nation.

3. Functional empowerment of Panchayats:

3.1. By now Panchayats at the district, intermediate and village levels have experience of working for about 15 years as Local Governments. We are competent enough to shoulder the responsibility and exercise powers in respect of all the 29 matters listed in

the Eleventh Schedule of the Constitution. Hence, all 29 matters listed must be fully devolved along with funds and functionaries upon the Panchayats in all States.

3.2. All States have enacted Panchayati Raj laws that devolve some matters listed in the Eleventh Schedule of the Constitution to the Panchayats. However, formal legal provisions should be implemented in spirit through undertaking a detailed activity mapping to assign to each level of Panchayats activities relating to the particular functions devolved. Activity mapping should not merely give us powers of ‘promotion’ of programmes, but also substantive powers in local planning and implementation. To ensure clarity and sustainability in the devolution of activities to Panchayats, States should ideally route the activity mapping through legislative measures.

3.3. Various parallel Societies, Agencies, Committees and Missions which have been created by central and state level line ministries and departments to implement specific schemes that fall in the Panchayat domain, such as District Rural Development Agencies (DRDAs), Sarva Shiksha Abhiyan (SSA), National Rural Health Mission (NRHM) and National Horticultural Mission (NHM) societies etc. must be either abolished or merged or brought into a suitable institutional relationship with appropriate levels of Panchayati Raj Institutions so that Panchayats have full control over technical and non-technical manpower working under them and their plans and programmes. Such agencies must be invariably headed by the Chairperson of the Panchayat at the appropriate level.

3.4. In order that Panchayats function as institutions of self-government, their domain has to be widened. Revenue, Regulation and Development functions must be devolved upon Panchayats. Devolution of Judicial powers and Police may also be considered.

3.5. In order to establish organic linkages between Panchayats at all levels and District Planning Committees (DPCs), elected representatives of village and intermediate tiers should also be given representation in the DPCs, in addition to the representation given to members of the Zilla Panchayats.

3.6. Administrative and financial procedures of the State and Central governments must be simplified and redesigned to facilitate planning and implementation by Panchayati Raj Institutions. Existing delegated legislation, codes, rules, and executive orders which were designed for an older hierarchical and centralized administrative system are no longer relevant for this new governance system.

3.7. Globalization and liberalization has thrown up both challenges and opportunities for all levels of the Government. The Panchayats cannot be hesitant any longer. We must look beyond higher level governments to design and implement programmes that meet local needs and promote the prosperity of our people. We will inculcate in ourselves the spirit of self-help and take up locally driven initiatives which need not necessarily be funded by the central and state governments.

4. Financial empowerment of Panchayats:

4.1. State and Central Governments must ensure that there is regularity and clarity in the flow of funds to Panchayats. To this end, it is essential to pattern the flow of finances to each tier of the Panchayati Raj System in strict conformity with the pattern of activity mapping for functions. It is only if functions and finances are matched that effective devolution of powers to the Panchayats will be ensured. With this in view, a Panchayat sector window should be opened in the budgets of all line departments to ensure the flow of funds to each tier of the Panchayats to finance the functions devolved on them. These schemes may be consolidated into a single Panchayat sector window, a practice followed by several States and some of the tribal areas covered by the Sixth Schedule.

4.2. Similar Activity Mapping for functions and finances is required for Centrally Sponsored Schemes (CSSs) and other Central government funding streams such as Additional Central Assistance to enable local planning and implementation by Panchayats. The guidelines of those that pertain to the functional domain of Panchayats must be modified to ensure the centrality of Panchayats at all three levels in planning and implementation, as is the case with the Backward Regions Grant Fund, the Central

Finance Commission grants and the Rashtriya Krishi Vikas Yojana. Priority must be given to modifying the guidelines of the National Rural Employment Guarantee Scheme (NREGS), National Rural Health Mission (NRHM), Sarva Shiksha Abhiyan (SSA), National Midday Meals Programme (MDM), Accelerated Rural Water Supply Programme (ARWSP), Total Sanitation Programme, Pradhan Mantri Gram Sadak Yojana, (PMGSY) Integrated Child Development Services (ICDS), Indira Awas Yojana (IAY) and Swarna Jayanti Gram Swarozgar Yojana (SGSY). Compendia of all guidelines of flagship centrally sponsored schemes should be regularly published and distributed in local languages, so that Panchayats have up to date information on them.

4.3. With respect to the National Rural Employment Guarantee Programme, the District Programme Coordinator and the Programme Officer must work within the overall control and supervision of the District and Intermediate Panchayat Respectively. This can be achieved by mandating that the CEO of the District Panchayat should be designated as the District Programme Coordinator and the Executive Officer of the Intermediate Panchayat as the Programme Officer.

4.4. Devolution of untied funds through block grant transfers by the Central and State Finance Commissions should substantially increase to keep pace with the increasing responsibilities entrusted to Panchayats for the maintenance and upkeep of local public services and infrastructure development. Central Finance Commission Grants must supplement the funds devolved to Panchayats, and must not be subsumed into funds transfers made by States to the Panchayats.

4.5. There must be a separate funding window in the Central Government to fund innovative proposals prepared by Panchayats, in the same manner as is available to NGOs.

4.6. Funds devolved to Panchayats by central and state governments ought to reach them directly with as few intermediate steps as is necessary. There should be uniform guidelines for funds flow applicable to all Schemes across all Ministries and all States,

with time limits fixed for funds to reach the Panchayats. Funds should reach each Panchayat promptly after it has submitted its utilization reports. Current initiatives in computerization of treasuries and transfer of funds electronically through banking channels should be adopted quickly by all fund transferring agencies.

4.7. The devolution of funds to Panchayats in Union Territories presents special problems, as there is no separate funding window in the Central budget to channelise funds to them for the implementation of Centrally Sponsored Schemes. Arrangements may be made in the Central budget to channelise funds to Panchayats in Union Territories directly, in accordance with the devolution of functions to them.

4.8. The proposed Central Scheme and Programme Monitoring System should enable the tracking of both release of funds and submission of progress reports and utilization certificates by each Panchayat. It should also function as a financial information system, so that all Panchayats are aware of when funds are released by Central and State governments. All notifications regarding funds released to the States should be communicated to all levels of Panchayats to facilitate planning.

4.9. Panchayats currently underutilize the powers of taxation and user charge collection given to them. We will take earnest steps to mobilize our own revenue by undertaking systematic and timely assessments to fully survey our tax base and enforce tax collection, through a campaign mode approach.

4.10. There must be no conditionalities imposed by States on the expenditure and investments by Panchayats from their own revenues.

4.11. Panchayats should have access to bank credit to take up development projects such as universal housing for the poor, support to SHGs and their federations and construction of remunerative infrastructure assets. The Government of India should frame a policy framework in this regard.

5. Improving the capacities of Panchayats through devolution of functionaries, training, Panchayat level office infrastructure and provision of technical support.

5.1. Provision of staff for the Panchayats:

Staff of the line departments relating to devolved matters should be placed under the control of Panchayats, through a separate cadre management system for such Panchayat staff. Functionaries relating to health, drinking water supply, education, public distribution system and livelihoods should be transferred immediately to the Gram Panchayats. Progressively, staff for performing functions devolved should be recruited by Panchayats. All three levels of Panchayats should have access to the best talent to head their administration at their CEO level. This could be through an open selection process or through deputation of senior level officials from the State Governments for a fixed tenure. . While still working under the overall supervision and control of the President of the Zilla Panchayat and the Council, enhanced powers may be given to the EO of the Panchayats concerned so that he can better coordinate with line departments. Clear powers of management and control must be given to the Chairpersons of all levels of Panchayats, including clearly specified financial powers. All confidential reports of officials working under the Panchayats should be written by the Panchayat Presidents at the appropriate level.

5.2. Provision of adequate remuneration for elected Panchayat representatives at the District, Intermediate and Village levels:

The elected representatives of Panchayats at all three levels shoulder the responsibility of preparation of plans for economic development and social justice and also carry out responsibilities of managing their Panchayat affairs. With the increasing emphasis on implementation of flagship schemes relating to rural service delivery at the Panchayat level, elected Panchayat ward members and sarpanches are working full time and receive only nominal honoraria and sitting fees for their efforts. Panchayat elected representatives at all three levels are executive authorities and beyond attending meetings of the Panchayats and standing committees, they also undertake field inspections, ward visits and attend meetings of line department offices. With increasing responsibilities being

given to Panchayats at all three levels, there is a need to make adequate provision for Traveling Allowances, Daily Allowances and provide adequate remuneration to the Panchayat representatives at all three levels in the same manners as is provided for MPs and MLAs. This matter should be addressed by State and Central governments.

5.3. Training for Panchayat elected representatives and officials:

5.3.1. Panchayat elected representatives and officials should be provided sustained and high quality training through a system that fulfils their own training needs. Training must also be flexible enough to meet specific requirements of Panchayats. Training materials should be easily accessible electronically and through help lines, call centers, interactive broadcasts and other modes of distance learning and replies to frequently asked questions, prepared in the local language. To this end, we demand the acceptance and implementation of the Gairola Committee Report commissioned by the Union Ministry of Panchayati Raj, which has recommended an outlay of Rs. 7700 crore to ensure satellite and internet connectivity to every Panchayat level within the next three years. This will not only facilitate distance training of all elected Panchayat members and office bearers as well as Panchayat officials, but also facilitate transparency, accountability and vigilance.

5.3.2. Training and communication should not be viewed as a single one-time intervention but should be a continuous, ongoing process leading to an enhanced sense of self esteem and confidence. Training should cover both the “before” and “after” election periods. Initial training and communication should reach all elected representatives within one year.

5.3.3. Panchayat training must promote a culture of oneness amongst Panchayats through exposure visits and interactions between districts and States. Peer to peer learning, both within and outside the state through regional or national tie ups and visits to beacon Panchayats should be encouraged and supported, so as to spread innovations and best practices.

5.3.4. There must be specialised training programmes for different groups, such as for women Panchayat representatives, SC/ST members and young representatives in accordance with a training calendar. There should also be combined training of Panchayat representatives along with functionaries.

5.3.5. Special training programmes must be organized in areas covered by the Panchayats (Extension to Scheduled Areas) Act, 1996 so as to have regard to the cultural traditions and special needs of tribal people.

5.3.6. Semi-literate or illiterate PRI members should be given special training to enable them to achieve functional literacy within six months to a year.

5.3.7. Panchayat members should be actively involved in the preparation of training syllabi. Experienced Panchayat members and former members should be encouraged to become resource persons for further training of panchayat representatives.

5.3.8. Special efforts must be made to undertake training and awareness campaigns for Social Audit by Gram Sabhas. Adequate notice must be given for the conduct of Gram and Ward Sabha meetings so as to ensure that there is wider participation in them

5.3.9. Capacity Building programmes must also be taken up in the 6th Schedule Areas and those areas that are not covered by the provisions of Panchayati Raj.

5.3.10. Education in local governance should be included in school syllabi so as to inculcate the spirit of participation in local self governments amongst children.

5.3.11. Training should become a two way process so that feedback can help in reforming the content and process of training, as also result in systemic changes in Panchayat and government functioning. Independent training impact assessment studies should be

periodically undertaken to assess the outcomes of training and identify emerging needs for follow up.

5.3.12. State Institutions of Rural Development and other institutions for training of Panchayat representatives must be strengthened with better infrastructure, more resource persons and facilities such as distance education and research wings.

5.4 Provision of Physical infrastructure and Information Technology for Panchayats:

5.4.1. All Panchayats must be provided adequate physical infrastructure in the form of adequate office space, meeting and waiting rooms, toilets, recreational facilities, IT, telephone and road connectivity.

5.4.2. For effective performance, Panchayats should rely of state of the art technology, particularly on information technology and computerization of their operations. The Mission Mode Project on e-Panchayats under the National e-Governance Plan (NeGP) prepared by the Ministry of Panchayati Raj should be fully funded implemented in a time bound fashion within the next three years.

5.5 Extending the reservation cycle to three terms:

In order to build and retain capacity and leadership among categories for whom seats are reserved in Panchayats, States shall consider favourably extending the reservation cycle to three five-year terms. The Minimum term of Chairpersons of Panchayats should be five years.

5.6 Removal of the two child norm:

There must be no restrictions applied, such as the two child norm, which prevent talented and competent persons from standing for Panchayat level elections. This norm should be abolished as it also leads to undermining the position of women and has no effect on population control.

5.7 It is not in keeping with a strong local democracy that officers are given powers to dismiss Panchayats and assume powers as administrators of Panchayats. Such provisions should be removed from State Panchayat Raj laws.

6. Decentralized planning and implementation:

6.1. Article 243G of the Constitution envisages that Panchayats would undertake planning for social justice and economic development. Decentralised planning constitutes an important part of the powers and responsibilities of the Panchayats. The Eleventh Plan has recognized that planning from the grassroots level upwards by the Panchayats is the most important step towards bringing Panchayats to the centre of local decision making and service delivery. Considerable resources are available today through a host of central and State schemes and funding mechanisms for poverty alleviation, infrastructure development and improvement of service delivery such as the Rural Employment Guarantee Programme, the National Rural Health Mission, ICDS, Sarva Shiksha Abhiyan, Mid Day Meal Programme, Drinking Water Supply and sanitation, Pradhan Mantri Gram Sadak Yojana, Irrigation Development and Rashtriya Krishi Vikas Yojana. All these schemes should be planned for in a coordinated manner and included in the comprehensive plan of the Panchayat level at which they are implemented. Own resources of Panchayats should also figure in their plans.

6.2. Constitution of District Planning Committees by States in conformity with the provisions of Article 243ZD of the Constitution:

Article 243ZD of the Constitution provides that every State shall constitute at the district level a District Planning Committee to consolidate the plans prepared by the Panchayats and the Municipalities in the district and to prepare a draft development plan for the district as a whole. Of the 24 States covered by the Provisions of Parts IX and IX-A of the Constitution relating to Panchayats and Municipalities respectively, 18 States have

constituted District Planning Committees in accordance with Article 243ZD. The remaining States must meet this constitutional mandate forthwith.

6.3. As provided for in the Constitution, each level of the Panchayati Raj system - Village, Intermediate and District - must prepare the perspective Five Year Plan and Annual Plans for their respective jurisdiction. The same exercise should be undertaken in the Municipalities of each district. The DPC should “consolidate” the plans prepared by the Panchayats and Municipalities, as provided for in the Constitution, rather than prepare the District Plan of its own accord or of its own volition. Plans prepared by Panchayats should be respected by higher levels of government and not changed.

6.4. High allocations to and implementation of MP and MLA Local Area Development Scheme, kills the spirit of participatory planning. Implementation of these programmes must be in convergence with the programmes taken up at the Panchayat levels.

6.5. Absence of line department officials during the planning process leads to disregard of plans and deliberate interference at higher levels. It must be made mandatory for officials to be present during the planning process by Panchayats.

6.6. Panchayats conduct Gram Sabhas to not only prepare a list of works, but also to fix priorities in implementation, as funds at the Panchayats level are limited. Line departments should not prepare their own priority lists for schemes such as MP and MLA Local Area Grants and take up works without the knowledge of the Panchayats. It must comply with the priority lists prepared by the Gram Sabhas.

6.7. In keeping with the recommendations of the Ramachandran Committee on grassroots level planning in areas not covered by the provisions of Parts IX and IX A of the Constitution, suitable arrangements for district planning may be made in these areas.

6.8. Arranging technical support for DPCs to prepare district plans:

Technical support and IT support must be provided to the DPCs to assist them in their task of consolidation of district plans.

6.9. Every State must have a State Development Council, which is comprised of all presidents of Zilla Panchayats, to deliberate upon issues relating to planning and implementation of programmes and policies by the Panchayats. Intermediate and Village Panchayat Chairpersons should also be represented in the State Development Council.

7. Panchayati Raj in areas covered by the Fifth Schedule of the Constitution:

7.1. The Panchayats (Extension to Scheduled Areas) Act, 1996 (PESA) is a Central legislation that extends the constitutional provisions of Panchayati Raj to Fifth Schedule Areas, subject to certain exceptions and modifications. Nine States, namely, Andhra Pradesh, Chhattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh, Maharashtra, Orissa and Rajasthan have Fifth Schedule Areas. PESA lays down that every village will have a Gram Sabha which will be competent to safeguard and preserve the traditions and customs of the people, their cultural identity, community resources and customary mode of dispute resolution. PESA provides that in Panchayats in 5th Schedule areas, there must be a minimum of fifty percent reservation of the total number of seats for the Scheduled Tribes. All Chairpersons' seats in Panchayats are also to be reserved for the Scheduled Tribes. Since the PESA extends the constitutional provisions of Panchayats to Fifth Schedule areas, it must be considered as an indivisible part of the Constitution.

7.2. Gram Sabhas have been entrusted with the responsibilities of management of water bodies and licensing for the extraction of minor minerals. Gram Sabhas and Panchayats have to be consulted before any kind of land acquisition or resettlement and rehabilitation of displaced persons. Gram Sabhas and Panchayats at the appropriate level have been specifically given the powers and authority to enforce prohibition or to regulate or extract the sale and consumption of any intoxicant, ownership of minor forest

produce, power to prevent alienation of land, powers to manage village markets, power to exercise control over money-lending, power to exercise control over institutions and functionaries in all social sectors. PESA provides that the recommendation of the Gram Sabha or the Panchayats at the appropriate level is mandatory prior to grant of prospecting licence or mining lease for minor minerals. This provision should be amended to make it mandatory for obtaining the permission of the Gram Sabha, before granting prospecting licence or mining lease.

7.3. In PESA areas, the Gram Sabhas have been given executive powers and they can elect their traditional heads as the heads of the Gram Sabhas. There is a need to work out a harmonious relationship between the Gram Sabhas in PESA areas with the Gram Panchayats.

7.4. While all States have enacted requisite compliance legislations by amending the respective Panchayati Raj Acts, certain gaps continue to exist. Most states are yet to amend the subject laws, like those relating to money lending, forest, excise etc. to bring these into conformity with PESA. Consequently, compliance with PESA remains incomplete and perfunctory in virtually all States. Vital issues like the ownership of minor forest produce, planning and management of minor water bodies, prevention of alienation of tribal lands etc., which have been duly recognized in PESA as the traditional rights of tribals living in the Scheduled Areas have still not received the warranted attention and the necessary correctives remain unapplied. Central legislations such as the Indian Land Acquisition Act, the Forest Conservation Act, and the Indian Registration Act will also need to be harmonized with the provisions of PESA. States and relevant central ministries must take concrete steps to harmonize the provisions of the laws and policies concerned with the aims and objectives of PESA.

7.5. Powers statutorily devolved upon the Gram Sabha and the Panchayats are not being matched by concomitant transfer of funds and functionaries resulting in the non-exercise of such powers. Functionaries in the social sector should work under the overall supervision and control of the Gram Sabha as envisaged under PESA.

7.6. The concept of community ownership of resources in PESA areas should be integrated into the provisions of the Centrally Sponsored Schemes concerned. All community resource based schemes should involve Gram Sabhas in planning and implementation in PESA areas.

7.7. More than eleven years after its enactment there is little or no awareness about the provisions of PESA. Therefore it is imperative that all persons in PESA areas are given in-depth training on the provisions of PESA through awareness campaigns. Officials concerned with the implementation of PESA should also be properly sensitized

7.8. Physical infrastructure in interior areas should be strengthened in order to protect the life and property of tribals. Special attention should be paid to the construction of culverts, bridges, check dams, compound walls for schools, etc.

7.9. As of now, ownership of Minor Forest Produce does not vest with tribals. Steps should be taken to ensure that they get the best remunerative price for their Minor Forest Produce.

8. Decentralisation in areas not covered by the provisions of Parts IX and IX-A of the Constitution:

8.1. The entire philosophy of the Sixth Schedule of the Constitution is aimed at protection of tribal areas and interests, by constitutionally mandating district or regional local self government institutions for them. These institutions are entrusted with the twin task of protecting tribal culture and customs and undertake development tasks for them. The provisions of the Sixth Schedule of the constitution should be operationalised in letter and spirit.

8.2. Areas that fall outside the purview of both Panchayati Raj and the Sixth Schedule must also provide for regular elections to local autonomous councils, so that the tribal

people concerned can meet their aspirations for local democracy and decentralized and inclusive growth.

8.3. There is a significant degree of variation in the functions devolved to one Autonomous District as compared to another. The minimum extent of powers given to a District Council ought to be at least that enunciated in the Eleventh Schedule of the Constitution, which can be considered as an indicative list in this case also.

8.4. To make district planning in Sixth Schedule areas both inclusive and representative, Autonomous councils will need to live harmoniously with traditional arrangements. For this reason, these bodies should be given clear development functions, in addition to the regulatory, legislative and judicial powers bestowed upon them.

9. Activating community participation at the Grassroots:

9.1. The Constitution defines Gram Sabha as a body consisting of voters relating to a village comprised within a Panchayat. The peoples' right to participate in local democracy must be interpreted in its widest sense. Therefore, the term 'Gram Sabha' must be understood in its holistic sense and not in a restrictive sense as an occasional meeting of voters. Since participation of people is most important, members of the Gram Sabha should be consulted even at their doorstep through surveys and ward and neighbourhood level meetings.

9.2. The legal framework and the practice of holding two levels of Gram Sabha meetings in some States, at the ward or habitation level and at the GP level should be implemented in all States, except in those States where the sizes of Gram Panchayats are very small.

9.3. Good Panchayat level practices such as the Kudumbashree programme of Kerala, which has fostered a vibrant participation between poor and marginalized members of the Gram Sabha, with the Gram Panchayats, should be promoted in all States.

9.4. There must be universal endowment of the Gram/Ward Sabha with meaningful empowerment through such measures as giving them powers to approve before implementation commences, plans and programmes (including budgets) for economic development and social justice prepared by the Gram Panchayat, to authorize the issuance of utilization certificates of funds allocated for the plans, projects or programmes of the Panchayat and to undertake the identification of beneficiaries.

9.5 Social audit is an important complement to formal audit and for the sound and healthy development of Panchayati Raj, it is essential to establish a symbiotic relationship between social and formal audit. Social audits must also be undertaken for Panchayats at the Intermediate and District level and line department offices.

9.6. For social audit to be effective and based on the best practices available in different States, consideration might be given to the preparation of Social Audit Policies for adoption by State Legislatures/Governments so as to provide a framework within which social audit is undertaken.

10. Rural Business Hubs:

10.1. Panchayats need to be aware of the opportunities that exist for them to plan for economic development of their area and could promote rural non-farm enterprises, which utilise local skills and/or resources and generate/promote rural employment through Public-Private-Panchayat Partnership.

10.2. Artisan based clusters established under different schemes of the Central or State Governments and organisations such as the Khadi and Village Industries Commission, the NABARD and the Development Commissioner, Handicrafts must enable a clear role for Panchayats to be proactive in enabling convergence with existing schemes. The Panchayats could also actively promote local entrepreneurship through external facilitation, capacity building, access to credit etc. and thus play the lead role for rural

development and economic empowerment, by acting as the gateway for central/state schemes and interventions of bank and other institutions.

11. Incentives for Panchayat performance:

11.1. Incentives must be provided to support States to devolve more functions, functionaries and finances to the Panchayats, encourage and facilitate States to restructure the system of self-government at the Panchayat level, motivate and assist Panchayats to use their newly enlarged responsibilities in a focused and productive fashion and ensure that Panchayats achieve standards that meet norms set out for public accountability.

11.2. Panchayats at all levels should be awarded for their annual improvement over the previous year in the achievement of the goals of transparency and accountability to their respective Gram Sabhas and efficiency in performing their roles and responsibilities.

12. Creating a National network of Panchayat representatives.

12.1. In order to gain strength from each other, share experiences and best practices and gain a collective voice, we resolve to create a national network of Panchayat elected representatives. The specific objectives of the National network would be to enable Panchayats to (a) share best practices, (b) solve local problems with experience and support gained from other Panchayats, (c) be aware of and take preventive measures against malfunctioning of Panchayats, (d) bring to the notice of higher level governments, policy makers and commissions the problems encountered by Panchayats at all levels, (e) dissemination of policies, programmes and other Panchayats related information to the Panchayats, (f) organize training programmes, field visits and study tours (g) undertake peer reviews and benchmark performances of member Panchayats at all levels (h) network with similar institutions nationally and internationally.

12.2. Every elected representative of the Panchayats at the district, intermediate and village levels will be a primary member of the Association of elected members, which

will be federated in the manner described below, so as to unite members across all levels of Panchayats and across States, upto the national level.

12.3. The composition of the federation from the grassroots level upwards will be as follows:

(a) There shall be an Intermediate level Association at each intermediate Panchayat level. The general body of the association shall be comprised of three members selected from each Gram Panchayats. The intermediate level association shall also provide adequate representation for elected representatives of intermediate Panchayats. For the areas under the fifth Schedule, one member shall be chosen from each Gram Sabha, to the Intermediate level Association.

(b) There shall be a District level Association for each District. The general body of the association shall be comprised of three members selected from each Intermediate level association. The District level association will also provide adequate representation for elected representatives of District Panchayats. It shall be ensured that there is adequate representation for village Panchayat representatives in the District level Association.

12.4. There shall be a State level federation for each State, the general body of which shall be comprised of three members elected from each District level association. Each of the three members selected from the district will represent one level of Panchayat.

12.5. There shall be a National level federation of elected Panchayats representatives, the general body of which shall be comprised of three members elected from each State level association. Each of the three members selected from each State shall represent one level of Panchayat. Representation from States may be increased depending on the rural population of the State.

12.6. A minimum representation of 33% for women and adequate representation for representatives belonging to the SCs and STs in the federations and associations at all levels shall be provided.

12.7. There will be an executive committee constituted for each Association and Federation, which will undertake the day to day activities of the body. A permanent office and requisite support system will be established for each Association and federation. Regular meetings of the associations and federations will be held at quarterly intervals upto district level, half-yearly at the State level, and annually at the national level.

12.8. Every Association and Federation will have its own fund, into which may flow contributions from the Panchayats, State and Central Government, the public, NGOs, banks and funding sources.

12.9. The federations and associations will sustain and promote their networking activities through the Internet, Video Conferencing and regular broadcasts over television and community radio on Panchayat programmes.

12.10. The Associations and Federations will be registered expeditiously. A Drafting Committee of Panchayat Representatives will be constituted to draft the model Memorandum of Association and the byelaws of the Associations and the Federations.

On this historic occasion of the fifteenth anniversary of the Seventy third amendment, which gave Constitutional sanction, sanctity and status to Panchayati Raj, we, the elected representatives of over 80 crores of our rural brothers and sisters, rededicate ourselves to the cause of grassroots development through grassroots democracy and pledge to work tirelessly with compassion, social justice and equity for all, for inclusive growth through inclusive governance.