

Supplementary Guidelines for 'Incentivisation of Panchayats/Village Councils/District Councils as per paras 4.6.4, 7.4 and Annex 5 of RGPSA guidelines.

1. Introduction

- 1.1 It is important to incentivize Panchayati Raj Institutions (PRIs) to perform their role optimally. Due recognition of PRIs that perform their role well and correct feedback to those that do not, can (a) be an incentive for PRI representatives to improve PRI performance, (b) bring the issue of PRI performance into prominence and focus the attention of policy makers and (c) encourage State Governments to develop their systems of assessment.
- 1.2 There are around 2.4 lakh Panchayats 2,39,645 Gram Panchayats (GPs), 6,109 Intermediate Panchayats (IPs) and 554 District Panchayats (DPs)) across the country as on date. These PRIs have differential performance based on (a) the devolution and capacity building from the State level and (b) the efforts made by PRI leadership as well as the community. While RGPSA provides for recognition for States' efforts to devolve power through a performance linked grant, there is need to recognize the special efforts made at the Panchayat level. Similarly elected district/ village councils in North- East States also need to be incentivised, to give due recognition to grassroots democratization undertaken.
- 1.3 Best performing Panchayats at all three levels as well as best performing elected Village and District Councils in the North East will be identified in a systematic manner, as given below, and incentivized.

2. State Panchayat Performance Assessment Committee (SPPAC)

- 2.1 A Committee set up by the State Government under the chairmanship of Principal Secretary/Secretary; Panchayati Raj will guide the selection of best PRIs. This Committee will be known as State Panchayat Performance Assessment Committee (SPPAC). SPPAC will oversee the whole process of selection of best performing PRIs and make recommendations to MoPR.
- 2.2 The Committee will include representatives of at least two other Departments, namely the Departments of Health and Education, State Institute of Rural Development (SIRD) or equivalent institution and two non-government experts. In case, the Panchayati Raj & Rural Development Departments are separate in a particular State/UT, SPPAC will also include a representative of the Rural Development Department.
- 2.3 States may also form District and Block level Committees for scrutiny of information as needed.

3. Indicators, Questionnaire and Marking Scheme

- 3.1 A set of model indicators, questionnaire and marking scheme to be adopted appropriately by the States/UTs in their context, for assessing PRIs have been

developed by MoPR in consultation with States. These indicators would be improved over time on the basis of feedback and operationalisation of the scheme.

- 3.2 As per Article 243G of the Constitution, the devolution of powers and functions to PRIs vests with States. Consequently, States vary in the extent to which they have empowered PRIs. As the extent of devolution of powers varies from State to State, the assessment of PRIs needs to be State specific. Panchayats in a State that has devolved many powers, cannot be compared with Panchayats in a State that has not. However, as Panchayats in a particular State function within the same policy framework, they are broadly comparable as to performance and accountability. The system of Panchayat assessment, therefore, has to take into account the State specific situation. On the basis of the model indicators, questionnaire & marking scheme developed by MoPR, States will devise their own context specific version, in which MoPR will provide such support as may be required.
- 3.3 SPPAC will finalize the indicators, questionnaire and marking scheme for each State. SPPAC may also review the indicators/questionnaire and marking scheme from time to time and take such corrective measures as are warranted.

4. No. of PRIs to be Awarded and Amount of Incentive

- 4.1 Funds will be made available to States for incentivization of Panchayats/elected Village and District Councils keeping in view their rural population against the total rural population of the country and administrative aspects.
- 4.2 The number of PRIs/elected Village and District Councils in NE to be awarded per State will broadly be in proportion to the number of local self government in the State, with exceptions that may be administratively needed. This number will be determined by GoI every year looking to the availability of funds.
- 4.3 States would ensure that at the IP and Village Panchayats awarded in the Schedule V Areas are in proportion to the number of Panchayats therein.
- 4.4 States may, if necessary, divide the State into regions, fix the number of local self government for rural areas to be awarded per region, to ensure that only local self government for rural areas from the more developed regions do not get the prize.
- 4.5 The amount of incentive to be given to local self government for rural areas will be determined by GoI based on the availability of funds. At the GP/elected Village Council level, the size of the GP/elected Village Council would be taken into consideration.
- 4.6 The minimum award to be given to PRIs/elected Village and District Councils in each State will be determined in the beginning of the year, assuming that all States will participate and communicated to States. This will subsequently be revised in Oct-Dec depending on number of States participating and availability of extra funds.

4.7 In case a State fails to carry out the assessment of the relevant local self government for rural areas by the stipulated deadline, the funds earmarked for that State will be distributed among the other States, enabling them to give higher incentive amount to their PRIs.

5. Short-listing of Panchayats on the basis of information submitted

- 5.1 Each State will circulate the questionnaire to all its Panchayats/elected Councils.
- 5.2 On the basis of feedback on the questionnaire, SPPAC will shortlist three times the number of DPs, IPs and GPs as also elected VCs/DCs to be awarded.
- 5.3 PRIs/elected Councils that do not fill in the questionnaire or do not submit by the stipulated deadline will not be eligible to be considered for incentive.
- 5.4 For short-listing IPs, GPs and Village Councils, a preliminary scrutiny may be done by Committees set up at District and Block levels.
- 5.5 During this shortlisting 'on watch' Panchayats, where basic functions such as Gram Sabha meetings, revenue collection etc. are not taking place may also be identified.

6. Field Verification and Selection by SPPAC

- 6.1 Field visits will be made by a team selected by SPPAC to shortlisted local self government for rural areas for verification of information given by local self government for rural areas.
- 6.2 MoPR will issue guidelines from time to time for such field visits to ensure uniformity and consistency.
- 6.3 Norms for funding field verification and other activities at the State level are at **Enclosure 'A'**.
- 6.4 On the basis of answers to the questionnaire and field visits, SPPAC will select the number of DPs, IPs, GPs and District/Village Councils as determined by GoI as 'best PRI/ Council' and forward their names alongwith supporting documents to MoPR.

7. Verification by MoPR:

- 7.1 MoPR will verify through independent agencies the information presented by 'best PRIs/Village Councils' in each State. Guidelines to be followed by identified independent agencies would be issued by MoPR.
- 7.2 On the basis of this verification, the local self government for rural areas suggested by the State will be accepted as the 'best PRIs/Council' except if: (1) information given by PRIs/Council is found to be incorrect by the Field Visit Team (2) The indicators, questionnaire and marking scheme of the State is not found to be appropriate. In either case, funds earmarked for such PRIs would be evenly distributed among other PRIs/elected councils of same States.

- 7.3 The decision of MoPR will be final.
- 7.4 National Level Field Verification Teams (NLFVTs) will be imparted intensive orientation training on the purposes, principles and process of field verifications and reporting. The training will be given by MoPR officers and experts to be outsourced.
- 7.5 Norms of funding National level activities are at **Enclosure 'B'**.

8. Funds for National and State level activities:

- 8.1 Funds for all National and State Level activities will be provided by MoPR from out of the total cost earmarked for incentivization of Panchayats. Upto 5% of the total cost for incentivization may be used towards field visits and other administrative costs.
- 8.2 Funds to be provided for field visits and other administrative expenses would be determined by MoPR at the beginning of each year.

9. Transfer of Funds:

- 9.1 Incentive amounts would be transferred to the Consolidated Fund of the State in the last quarter of the relevant financial year. Further transfer of funds to the PRIs/Village Council/District Councils concerned would be made electronically within 15 days of their having been credited to the State Exchequer.
- 9.2 The funds will have to be given to the PRI/Village Council/District Council winning the prize as an untied fund.
- 9.3 States will be liable to pay penal interest in case the award money was not transferred by States to Panchayats on time.

10. Utilization Certificate:

The State concerned would arrange to furnish a utilization certificate in prescribed GFR 19-A immediately on utilization of the incentive amount or at the end of the financial year succeeding the year to which the award amount pertains. This will be accompanied by statement depicting itemized expenditure.

11. Documentation of Best Practices in PRIs:

Best practices followed in the award winning PRIs/Village Council/District Councils would be documented and shared.

12. Special Support to 'On watch' Panchayats:

States will be supported in creating and improving a system whereby Panchayats that are unable to perform their roles adequately are identified alongwith best

performing Panchayats. Such Panchayats as are unable to perform their roles with respect to functions/activities devolved upon them by the State, holding of regular meetings and recording of minutes, preparation of plans/action plans for developmental and welfare activities, imposing and collecting taxes/revenues in areas delegated to them, convening meetings of Gram Sabha, maintenance of community assets, conducting social audits etc. will be kept 'On Watch' list State-wise. Concerned States will be requested to make special provision for supporting such 'On-Watch' Panchayats.

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Norms for Administrative Costs for State Level Field Verification

I Field Visits:

1. One team of 2 persons (field verification team) will visit 5 PRIs on an average.
2. Three times of the number of PRIs to be awarded would be shortlisted and would be required to be visited.
3. A team of two persons will visit each shortlisted Panchayat for two days.
4. TA to field verification team will be admissible as per rules of the State Govt/UT Administration. TA will be restricted to either IInd AC train fare or in case of travel by road, hire charges for a non AC vehicle.
5. Cost of stay in the field for non-officials will not exceed Rs.1000/- per person per day. Payments will be made as per actuals.
6. Honorarium to persons making field visits will not exceed Rs.1000/- per person per day.
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II Training Curriculum and Training of State Field Verification Teams:

1. Actuals or Rs.10000/- per State/UT, whichever is less, will be available for preparation of training curriculum.

2. Training of State Field Verification Teams

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| (i) Travel | • As per State norms. TA to be restricted to rail travel by 2 nd AC, or in case of travel by road a non-AC vehicle. |
| (ii) Stay | • Actuals or Rs.1000/- per person per day, whichever is less. |
| (iii) Honorarium for Resource Person | • Rs.2000/- per person per Day (No. of persons not to exceed two per State) |
| (iv) Cost of Venue, Learning material, contingencies etc. | • Actuals or Rs.500/- per participant, whichever is less |

III Hiring of Consultancy services by States/UTs

The amount of Consultancy charges will be admissible based on the number of Panchayats in each State/UT as given below:-

Sl. No.	No. of Panchayats	Financial support (Rs. in lakh)
1.	20,001 and above	Rs.2.50 lakhs or actuals whichever is less.
2.	Between 10,001 and 20,000	Rs.2.00 lakhs or actuals whichever is less.
3.	Between 5001 and 10,000	Rs.1.50 lakh or actuals whichever is less
4.	5000 and below	Rs.1.00 lakh or actuals whichever is less.

States may hire individuals or organizations for consultancy services as needed.

IV Norms for administrative cost by State/UTs for activities for incentivizing PRIs.

Printing of Questionnaire and contingency : @ Actuals or Rs.10/- per Panchayat whichever less

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Norms for funding National Level Field Verifications

I Cost Norms for Field Verification:

Ministry of Panchayati Raj (MoPR) will pay the selected National Level Field Verification Agencies (NLFVAS) for field visits as follows:

- (i) travel expenses by rail (II AC) in case of journeys within 800 kms or air fare (economy class) for journeys beyond 800 kms. However, the field verification teams are allowed to travel by air for journeys below 800 kms also if reserved train tickets by the entitled class are not available on the proposed date of outward/return journey, subject to submission of necessary documentary evidence to that effect.
- (ii) stay, boarding & lodging charges not exceeding Rs.1500 per person per day
- (iii) travel within the State by non-AC taxi
- (iv) Rs. 500 per Panchayat for photographs and communication charges, and
- (v) honorarium of Rs.8000 per Panchayat, for a 2 day visit by 2 persons.

II Payment Terms for Field Verification

While travel expenses will be given in advance of the field visit, honorarium would be paid on furnishing the field verification report to the entire satisfaction of MoPR.

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