

**Compilation of the CRM Reports on FFC of various
States**

**Submitted to the
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List of Abbreviations

AE - Assistant Engineer
AGAY – Aama Gaan Aama Yajana
BDO - Block Development Authority
BPGP- Better Performing Gram Panchayat
CSS- Centrally Sponsored Scheme
DDC - District Development Committee
DPC- District Planning Committee
DRDA - District Rural Development Authority
GPDP - Gram Panchayat Development Plan
GRS - Gram Rozgar Sahayak
ER - Elected representative
FFC- Fourteenth Finance Commission
GoI - Government of India
GP - Gram Panchayat
HDI- Human Development Index
JE - Junior Engineer
MNREGA - Mahatma Gandhi National Rural Employment Guarantee Act
MoF - Ministry of Finance
MoPR- Ministry of Panchayati Raj
MoUD - Ministry of Urban Development
MP - Madhya Pradesh
NRHM - National Rural Health Mission
NRLM - National Rural Livelihood Mission
OSR – Own Source of Revenue
PPGP- Poor Performing Gram Panchayat
PRI - Panchayati Raj Institutions
SFC- State Finance Commission
SIRD –State Institute of Rural Development
SSA - Sarva Siksha Abhiyan
TDO- Taluk Development Officer
TP- Taluk Panchayat
UC - Utilization Certificate
UP - Uttar Pradesh
VLC - Village Level Committee
ZP - Zilla Panchayat

Preface

This report is basically compilation of the state reports prepared by the respective CRM teams designated to various states as per the decision of the MoPR. This report reflects the findings, suggestions and the examples/ best practices noticed by them along with short comings and the way forward to strengthen it. Though there was a format provided the MoPR to prepare the report along with a detailed questionnaire, however all the states reports were not uniform in nature. All of the reports contain lot of information, data about the panchayats of the states concerned. Hence, while preparing the report; we have followed a qualitative analysis pattern, rather than quantitative analysis along with positioning all the data together. However it is taken care of the fact that, the findings/ suggestion of all the state report will be given due space, and all their views will be reflected in general in the final report. In the initial meeting organized by MoPR, it was unanimously decided that CRM won't be fault finding team rather it will be fact finding team with substantial analysis of the guidelines in utilizing FFC funds for the basic service delivery by Gram Panchayats at local level.

We sincerely express our thanks to Mr. Jugal Kishore Mahapatra, IAS (Retd), former Secretary Ministry of Rural Development, Mr. J.S. Mathur, Secretary, Dr. Bala Prasad, Additional Secretary, Shri S.K. Patjoshi, Joint Secretary, Shri S.S. Prasad, Director and Shri R. Shivakumar, Under Secretary, Consultants and other researchers/ staffs of MoPR along with the whole CRM teams who have visited various states and painstakingly wrote the state visit reports, which is our constant reference point for this report.

I put on record my sincere gratitude to MoPR for providing this opportunity and hope to be associated with the Ministry in future in such academic engagements.

Executive Summary

1. The Common Review Mission (CRM) to assess the effectiveness of utilization of Fourteenth Finance Commission (FFC) funds was carried out in eight States, namely, Assam, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Odisha, Uttar Pradesh and Telangana. The CRM teams, comprising of domain experts from reputed institutions/organisations assisted by a consultant from Ministry of Panchayati Raj (MopR) for each state, visited at least two Gram Panchayats each in two districts (one, relatively developed and the other, relatively backward) in the eight states as decided by the Ministry of Panchayati Raj (MoPR). The teams interacted with various stakeholders - panchayat representatives, functionaries, community members, district and state officials along with civil society and academia, to get an overall understanding of utilization of FFC grant. This report summarises the findings of the compilation of the individual state team reports submitted by the respective teams.
2. The fund transfer mechanism for the FFC grants has been observed to be mostly streamlined in all the states visited. The Gram Panchayats (GPs) have fully spent the FFC funds for the FY 2015-16 and in some states, the funds are yet to be fully spent for the FY 2016-17, (eg. Assam). It has been observed that the works for FY 2017-18 have been delayed in many states resulting in lesser utilization of the funds. Thus, there are variations amongst the states regarding timely utilization of the funds. Another general observation has been the delay in receipt of grants by the GPs, and in some cases with resultant carry forward of unspent amounts to the next financial year. Though the States mostly have managed to transfer the funds to GP's bank accounts within stipulated period, at times, the subsequent processes of the banks have caused delays due to manpower shortage and other pressing issues. Though, such instances of defaults have been observed to be few, but if it kept recurring, then it may hamper the GP's work schedules. It was also reported, in one instance, that the banks, at times, held back the transfer of funds to some GPs in lieu of pending loans, which was a violation of the guidelines and needs to be streamlined.(eg. Uttar Pradesh)
3. The teams have observed that, in majority of the cases, the FFC funds were utilized for creation of infrastructure for drinking water supply, solid waste

management, storm water drainage, maintenance of community assets, roads, footpaths, burial & cremation grounds (eg. Odisha) and up-gradation of panchayat office buildings (eg. Jharkhand). However, the plans prepared towards utilization of the funds were observed to have been made to match the resource availability and adherence to the guidelines issued for the FFC expenditure, rather than the actual requirements. The plan preparation processes have also been observed to be more dependent and driven by the panchayat functionaries than the ultimate beneficiaries.

4. Regarding maintenance of accounts for the receipts and expenditures, it was observed, in general, that GPs are maintaining the accounts & record books, as verified by all the teams. Record keeping seemed to be satisfactory in the visited states, except Gujarat, UP, Assam and Odisha. The social audits, aimed at maintaining transparency at local levels, have not been observed to be systematically conducted as per guidelines. However, the interactions with various stake holders have revealed, that like any other developmental work at GP levels, the activities have been overseen by various state specific mechanisms like palli sabha/ aam sabha/ beneficiary sabha/ labhuk samiti etc for FFC funds' utilization. However, the efficacies of those sabhas for social audit purpose have to be further examined in detail.
5. Regarding convergence of FFC funds with various other programmes, in all the visited states, it was observed that such Convergence happened depending upon the specific situations like availability of funds from other schemes like MNREGA or NRLM or SSA, with some specific examples in the States of Jharkhand, Odisha, Karnataka and Gujarat). However such convergence were observed to be limited to certain GPs only in these States.
6. As a part of the efforts towards 'E- Panchayats', through updation of specific data related to FFC funds utilization, in the portal of MoPR created through NIC, the teams have observed certain variations across the states. Some states have uploaded their data to certain extent (eg. Karnataka, MP.). In MP, Panchayat Darpan, a web-enabled system has been operational over the years that are a system for transfer of funds to panchayats as well as to track the expenditure of the GPs. The software also provides certain information in public domain. The Panchayat Darpan has been observed to be a useful system of financial

management of the GPs for fund transfer as well as for booking expenditure of the works and administrative expenses.

7. Despite the provision of hardware support like computers and electricity supply at local levels and also availability of technical staffs at GPs level, sourced from many schemes, the work load at local level and block levels have been observed to be quite large resulting in backlogs in maintaining the records in digital form and uploading the information on the websites/portals. Some states have been observed to be very much lagging behind in this context (eg. Jharkhand, Odisha). Lack of proper infrastructural support & human resources have been observed to be the major hurdles, in this regard. Gram Panchayat Development Plans (GPDPs) of the GPs have also have been uploaded in Plan Plus/ Action Soft/state specific portals during the implementation stage in some GPs (eg. Karnataka). There has been no recruitment of staff at the block/ GP levels in many sample districts and the entire works are being carried out on contractual basis and many of them were recently appointed and were also quite new to the work (eg. Gujarat, Jhrakhand).
8. Elected representatives of the GPs, including Sarpanches/Pradhans, have been observed to be having less awareness and knowledge about FFC. Capacity building of elected representatives have been observed to be in-sufficient in most of the visited states. Though training programmes are conducted for them under other schemes, implemented by SIRD and some NGOs (eg. Samarthan- MP), these were observed to be not sufficient enough to cater to the needs of effective utilization of FFC Funds. In some states, the training materials have been observed to be heavily loaded to be effectively captured by the participants /elected representatives in the prescribed 3 days' duration (eg. Jharkhand). The States of MP and Karnataka have been observed to be exceptions in this regard. On a similar note, the public perception on the utility of FFC funds, have also been observed to be inadequate and like any other Centrally Sponsored Schemes (CSS), they recognize the FFC funds as that for similar developmental works at panchayat level (as Mukhia fund).
9. Although some States have delayed the transfer of the installment of FFC Grants during FY 2015-16 and have also paid penal interest for the delay (eg Assam), the states visited have streamlined the subsequent disbursements without delays in

FY 2015-16 & 2016-17. However, it has been observed that many GPs have not been able to utilize the 10 % basic grant meant for technical and administrative support towards O&M. At times, the absence of guidelines by the state government also prohibited the district administration to permit the GPs to utilize this 10 % of the grant. (eg. Jharkhand).

10. Integration and linkages required to convert intra and inter GP Plans towards holistic benefits of the Rural areas and population have been observed to be insufficient. This could be discerned both with regard to the purpose as well as the methods adopted for such an integration/ linkage. In the context of involvement of different levels of PRIs and their respective roles in the plan preparation and implementation exercise, wide variations were observed across the schemes & states. There has been lack of alignment of prioritization lists in the GPDPs with the needs of the GPs' community. Inadequate community participation in the identification of solutions/projects and/or a-priori listing of projects by administrative-technical staff appeared to be the root cause of such situation (eg. all the visited states). In one such instance, that in the year 2016, along with the requirement for preparation of yearly GPDP, a separate order was also circulated for making a three years' plan by the Gram Sabha in the State of Jharkhand, creating confusing choices. Thus, GPDP of a year was sacrificed for the sake of the three years plan.
11. FFC funds were observed to be mainly utilised only for low budget projects (less than 5 lakhs or more specifically less than 2 lakhs). Planning for integrated projects with larger coverages was observed to be completely ignored/not considered under FFC grants. Therefore, inter GP connectivity and intra village (within GP) connectivity which would have created larger impacts utilising the FFC funds have not been observed in any GPs. However, quality of execution of the projects executed have been observed to be by and large satisfactory. The resources for the projects were largely met from the FFC & State Finance Commission (SFC) funds and availability of own resource revenues (OSR) were observed to be relatively low. However, wherever commercial/industrial activities were taking place in the vicinity of GPs (for example, the sugar factory in Annur-Karnataka), the GPs have been able to generate larger Own Source Revenues (OSRs) through levies on such commercial activities. The compliance to tax

payments by the public was also observed to be in correlation with the economic and literacy status of the communities in the GPs.

12. In the state of Karnataka, the FFC funds constitute 10-47 % of the total annual revenue of the visited GPs. All the four GPs visited have received both the FFC basic grants & the performance grants and they have been able to utilize the funds as well. However, a portion of the FFC grants (25% of the installments) are transferred to an escrow account of the GP, which are earmarked only for payment of the electricity bills of the GPs. This step has been taken up as the GPs have been accumulating huge arrears of payment of electricity bills over years. Once this is done, as a one-time concession, the GPs would be able to pay the future bills on a regular basis.
13. In the State of Madhya Pradesh, in FY 2016-17, average fund transfer was observed to be Rs 15.78 lakh per GP. The state Government has designed a scheme known as 'Panch Parmeshwar' which is resourced by the combination of FFC and SFC grants. Many GP members are unaware of the specific name and quantum of the FFC grants, as the entire funds are known under the 'Panch Parmeshwar' scheme only. In the State of Odisha, 'Ama Gaan Ama Yojana' (AGAY) is an excellent initiative of the State Government that has been aimed at strengthening people's participation in GPDPs.
14. The timely flow of funds to GPs' accounts and transfer of the entire amount of funds due to them within the respective financial years will enable the GPs to prepare their GPDPs properly. The GPs also need to be encouraged to make serious efforts to build community assets with available grants that could later be used for earning income. The role of state government also needs to be redefined in helping the GPs to acquire adequate infrastructure in physical as well as technical terms (Panchayat Bhawans, schools, computer, internet facilities etc). The use of public private participation (PPP) model could be ideal in such setting.
15. It has also been observed that the Mukhiyas and Panchayat Secretaries do not own responsibility or accountability for late execution or non-utilisation of FFC funds. There have been no checks and balances in built to avoid such attitude of the GPs' functionaries. There have also been no processes in place for self or external evaluation, in the visited states, as a result of which performance

lapses and scope for improvement were not evaluated. States have also not prepared benchmarks for internal governance, clearly delineating the roles and functions of functionaries, which could have been used as a tool for self-monitoring of the GPs.

Impact :

- Through FFC, decent amount of funds are now available to the GPs. Functionaries are also now available to the GPs as compared to the past. Direct transfer of FFC funds to the GPs has opened up a plethora of opportunities for GPs to plan and spend as per their needs. The requirement for locally generated plans like GPDP has gone a long way to fulfill the development needs of GPs and in meeting the aspirations of the people.
- The teams observed that in the GPs that have been visited, no works benefitting any individual household or a particular beneficiary could be located, using the FFC funds. The GPs' functionaries and administrative set-up deserves appreciation in this regard. As the activities under FFC funds were observed to be mostly for community use. Since FFC funds are untied and the elected representatives have freedom to utilize such funds for the benefit of the village communities, especially in delivery of basic services, lots of works have been completed by GPs in villages after the receipt of FFC funds. However, improvement of basic infrastructural facilities of the GPs was noted to be given priority during the first few years, which needs to be gradually substituted with projects in the other development sectors to provide better outcome and standards of living.
- In many GPs very positive changes were noted in drinking water and sanitation situation as the FFC funds have been mainly targeted to address issues of water supply and sanitation programmes. It is also hoped that the state government targets to bring piped water to every household by 2019 may be possible with FFC fund flow to GPs. (eg. Odisha). Having observed that the works completed by utilizing FFC fund are by and large of good quality standards, GPs are now required to solicit community contributions or services for maintenance of such works.

- Another positive finding noticed was that the FFC funds were transferred electronically to GPs within the stipulated time frame of 15 days after receipt of the grant from MoF, without any deductions. The formula for distribution of FFC grants to GPs has also been displayed in the public domain. The knowledge about the quantum of resources to the GPs, by and large, had enabled them to prepare Action Plans under GPDPs and thus fix targets and achievements. It is suggested that the GPs should display the approved projects under GPDP on the walls of panchayat buildings. To ensure transparency and accountability, social audit for each work taken up under the FFC also needs to be carried out. Disclosure of receipts and expenditure of GPs needs to be “open for public scrutiny” once a month on a particular day.
- It is also suggested that Performance of the GPs in terms of ‘material’ and ‘soft’ aspects needs to be taken into account while providing suitable incentives to them. Unverified rewarding, without checking the actual ground situation can actually be highly dis-incentivizing. The evaluation parameters for disbursement of performance grants to the GPs need to be expanded by including governance indicators and levels of community participation. It can be graded and focused based on the actual needs of GPs’ HDI levels. In this regard, the GPs can be categorized into Grades 1-3 and the guidelines of State Government towards percentages of expenditures from FFC and other funds can be earmarked separately grade wise. (eg. Karnataka is the only state prepared HDI at Panchayat level)
- In all the states, Zilla Parishad (ZP) chairpersons are of the opinion that they are sidelined, as they are deprived of FFC funds. They had expressed that the so called ‘Integrated District Planning’ is a misnomer in such precarious situation. It is suggested that the ZP member from the particular Blocks, must be informed about the funds available and about the programmes implemented. Directorates of PRI in the states may mark a copy of the order of FFC funds’ disbursement to GPs to all the DDCs’ and ZPs’ chairpersons simultaneously with disbursement of FFC grant. DDC and ZP chairperson must forward the same information to respective BDO and chairperson of Panchayat samity.

Conclusion:

Considering that the sample size of the CRM Visits was quite limited, it may not be possible to arrive at inferences that would fit for the entire population of the GPs in the country. However, in the context of the present CRM exercise carried out for FFC, a mixed picture has been observed. Among all aspects of the strengthening and local governance processes envisaged for the GPs, the need for focusing on strengthening the local planning process has been observed to be the main findings of the CRM exercise. The flow of funds from FFC and other funds have made the panchayats somewhat resourceful in creation of community assets for public utility at the local levels. It is undoubtedly accepted that, in spite of some shortcomings, FFC funds have by and large impacted positively the life of citizens and to certain extent the local planning process at the GP level. Also, the fund utilisation details having been displayed in the local languages, at each project site with the inscription of FFC, have also impacted the peoples' awareness on the same, (eg. Jharlhand, Odisha) similarly to be replicated in other states also. In all the visited GPs, very positive changes were noted in drinking water and sanitation situation as FFC funds have been targeted to primarily address these issues. It is suggested that the observance of "Gram Samridhi and Swachhta Pakhwada" during 1st October to 15th October every year could be used to popularize GPDP and the effective utilization of FFC grants allocated for the next Financial Year amongst the GPs' population.

Introduction: Panchayat as an Institution of Governance

The 73rd amendment by the Parliament of India and subsequent legislation by various states and amendments by parliament of India has brought a sea change in the context of grass roots democracy in India. However, there was somewhat slow progress in terms of implementation of various provisions. None the less all most all the states followed the 73rd amendment in letter than spirit. Hence there are some inherent contradictions within the administrative system itself while implementing various provisions of 73rd amendment in the context of grassroots democracy. The state devolved funds, functions, functionaries and prepared a campaign, which is unparalleled in the country in terms of its scale and scope. The Ministry of Panchayati Raj (MoPR) document also mentioned that the statutes enacted by the States in conformity with the 73rd Constitutional Amendment Act had merely incorporated the 29 subjects of 11th Schedule without significantly altering the functional domain of the Panchayats. There was also vagueness in the listing of responsibilities or duties of Panchayats. It has also mentioned that most of the states after devolving several responsibilities upon the PRIs have not transferred the requisite staffs needed by the Panchayats to carry out the responsibilities entrusted to them. Sometime ago, it was felt as if it was a half-hearted attempt. Similarly the first round table conference of Ministers of Panchayati Raj which was held in Kolkata in July 2004, categorically mentioned about devolution in three dimensions-‘functions’, ‘functionaries’, ‘funds’. As a matter of fact most states have devolved the funds & functions but not the functionaries, which are happening gradually. This is commonly visible across the board with a few exceptions.

Fourteenth Finance Commission:

The FFC has recommended assured transfers to the local bodies for planning and delivering of basic services smoothly and effectively within the functions assigned to them under relevant legislation. It has taken a view that the measurers recommend, including the grants to local bodies should go towards supporting and strengthening their primary functions to deliver basic services, as improvements in the quality of basic services are likely to lead to an increase in the willingness of citizens to pay for the services. Therefore, it is advised that all expenditure incurred by Panchayats on basic services within the functions devolved to them under the State laws may be incurred after proper plans are prepared by Panchayats.

This is in accordance with relevant rules, regulation, plans, processes and procedures applicable in the state concerned.

The Fourteenth Finance Commission (FFC) for the award period 2015-20 has devolved an amount of Rs. 2,00,292.20 crore to the Gram Panchayats (GPs) constituted under Part IX of the Constitution which is threefold increase over the grants of Rs.65160.76 crore recommended by Thirteenth Finance Commission for the award period 2010-15 for all levels of PRIs. 90 percent of these Grants are Basic Grants and 10 percent are Performance Grant (applicable from 2016-17). Performance grants are designed to serve the purpose of ensuring reliable audited accounts and data of receipt and expenditure and improvement in own revenues. The Commission has recommended grants for Gram Panchayats as they are directly responsible for delivery of basic services without any share for other levels. The Government has accepted the recommendations of the FFC. The allocated grants are released to various States by Ministry of Finance (Department of Expenditure) (MoF) in accordance with the guidelines issued by that Ministry dated 8-10-2015. The grants are distributed to Gram Panchayats as per the approved formula recommended in the latest State Finance Commission (SFC) Report. However, in the absence of SFC formula, Grant should be distributed using population of 2011 Census with a weight of 90% and Area with a weight of 10%. For example, the 5th SFC criteria used in Assam has the weightage factor of population: 50%, Area: 25% and per capita income 25% at district level and for Gram Panchayats as 30:30:40. *The grant provided are intended to be used to support and strengthen the delivery of basic services including water supply, sanitation including septic management, sewerage and solid waste management, storm water drainage, maintenance of community assets, maintenance of roads, footpaths and street-lighting, burial and cremation grounds and any other basic service within the functions assigned to Gram Panchayats under relevant legislations.*

The FFC has recommended Grants- in- aid to duly constituted panchayats in two parts, namely (a) Basic Grants and (b) Performance Grants. In case of Gram Panchayats, 90% of the Grant will be the Basic Grant and 10% will be the Performance Grant. The FFC has not distinguished between O & M and capital expenditure within the components of basic services. However, it is advised that the cost of technical and administrative support towards O & M and capital expenditure should not exceed 10% of the allocation to a Gram Panchayat under any circumstance and the expenditure can be incurred only by the local body concerned. The FFC has recommended a basic grant of Rs. 1,80,262.96 crore for the GPs

for the period 2015-20. The grants released by the centre should be distributed among GPs only without any share at other levels, i.e. Block, District etc. The basic grant will be distributed by using the formula prescribed by the respective SFCs for the distribution of resources.

The Performance Grants are designed to serve the purpose of ensuring reliable audited accounts and data of receipts and expenditure and improvement in own revenues. This will enable initiation of action at the grassroots level for compilation of data, so that all stakeholders have access to reliable information for decision making and at the same time, it will enhance accountability of the local self-government institutions to public. The FFC has recommended Rs. 20,029.22 Crore for Gram Panchayats for the period of 2015-20. Basically the performance grants are to address the following issues; (a) making available reliable data on local bodies receipt and expenditure through audited accounts, and (b) improvement in own revenues. These grants are to be distributed from the second year of the Award period, 2016-17 onwards, so as to give sufficient time and enable the State Governments and local bodies to put in place certain schemes and mechanism for implementation of the guidelines attached with these grants.

The grants of the Fourteenth Finance Commission (FFC) to Panchayats in different provide states them a great opportunity to undertake certain works with considerable freedom because of the untied nature of these grants. Moreover, if FFC grants are utilized judiciously, they become complementary to the development agenda of Panchayats supported by the grants from the states. In order to minimize the duplication in development efforts and also to prevent misuse of FFC grants, the Government of India has provided a list of 'do's' and 'don'ts' to be observed by Panchayats while implementing their schemes. The Ministry of Panchayat Raj (MoPR), Government of India decided to review the utilization of FFC grants to obtain a first-hand view of the implementation of schemes at the Panchayat level. The Common Review Mission (CRM) constituted by MoPR was planned in such a manner that a team of experts would visit some states to begin with. In each state two districts are to be visited. Within each district, the CRM teams were advised to visit two Panchayats each to obtain a set of data on the utilization and implementation of FFC grants for 2015-16, 2016-17 and 2017-18 and give its observations. Subsequent to findings of the facts from the field, recommendations will be provided.

Objectives of CRM:

The Common Review Mission is constituted by the Ministry of Panchayati Raj (MoPR), Government of India, under the chairmanship of Mr. Jugal Kumar Mahapatra, IAS (Retd.) former Secretary Rural Development, GOI, to have an assessment of the efficacy of the utilization of the funds provided under the Fourteenth Finance Commission (FFC) to the GPs for spending it in the intended domain and its expected outcome. To measure the level of achievement in this context, 8 states are chosen, (namely Assam, Gujarat, Jharkhand, Karnataka, Madhya Pradesh, Odisha, Telangana & Uttar Pradesh) and teams were sent to various states. On the basis of the observations from the field by various team and their recommendations were compiled in this report.

ToR of CRM:

1. Assessment the efficacy of utilization of FFC in all works with reference to various basic services mentioned in FFC guidelines and review mechanism set up in the states.
2. Assess the effectiveness of GPs in preparing the plans for utilizing the FFC Grants on the basis of the functions devolved to them.
3. Assess the status of resources envelope of GPs including FFC, SFC Grants and other source income vis-a- vis expenditure likely to be incurred.
4. Assess the status of infrastructure, record keeping and training of functionaries.
5. Assess the efficacy of various other parameters (DPRs and its approval, work executed through line department, GP, etc.), of the GPs on which the effective utilization of FFC funds is dependent upon or incidental to.
6. Assess the status of utilization of 10% grants for technical and administrative support towards O & M.
7. Assess the status of computerized systems for various functional processes of the GPs.
8. Assess the efforts of GPs towards ensuring visibility, accountability and transparency towards FFC grants utilization.
9. Suggest improvement measures on various evaluation parameters for follow up at different levels, namely GPs, District, State and Central levels.
10. Assessment of whether Convergence or standalone with respect to FFC and other GoI/ State Govt./Schemes/ devolution of funds.

11. Assessment of extent of utilization of FFC in all works with reference to various basic services as per FFC guidelines

Evaluation Parameters:

The CRM is proposed to study the following parameters with respect to FFC activities of the GPs.

- Basic Information of GPs
- Fiscal Resources of GPs (including FFC Grants)
- Functions Devolved and carried out with FFC funds and Convergence with other Funds/Schemes
- Major Activities carried out by GP in each sector
- GPDP plans for FFC Activities
- Expenditure incurred using FFC funds
- Administrative & Technical Components of O&M and Capital Expenditure
- Information related to effective utilization of FFC Funds
- Information on Public perception of effectiveness of FFC Activities
- General Observations
- Suggestions

Methodology:

This report is basically the compilation of all the state visit reports of respective CRM members by taking the qualitative aspect of their findings from the field along with assessments, suggestions and recommendations to strengthen the FFC fund utilization pattern and its expected outcome. However the respective CRM teams followed a systematic approach as the methodology for preparing the state visit report along with field work, as per the guidelines of MoPR:

1. Each CRM team visited two districts in all the 8 states. In each district, two panchayats were chosen from different blocks. In the selection of district, it was taken care of that, one of them will be relatively advance district and the other will be comparatively a backward one. This is done intentionally, so that we can compare them and find out the differences
2. Each CRM Team was accompanied by representatives from the Department of Panchayati Raj from the state to all the studied locations.
3. At the Block level, meeting with the Block officials. This involved getting a general sense of FFC fund utilization in the respective Block and role of functionaries in planning and execution.
4. This was followed by meeting with PRI members and beneficiary, people at GP level, along with respective Block level officials. This included verification of awareness level of FFC funds among PRI members, their utilization and verification of documents. Interaction with people of respective GPs, to assess their general perception on FFC fund utilization and visits to work sites for physical verification.
5. Interaction with the Collector, ZP Chairman & members of the respective districts to update them on the CRM visit to Block and GPs in the districts and listen to his/her views of the challenges encountered and the plan of action for effective utilization of FFC Funds in the district.
6. Interaction with Civil society organizations, academicians wherever possible, who are actively engaged with the functioning of panchayats.
7. Meeting with the Secretary & Director of the Department of Panchayati Raj of the respective state governments, to share field feedbacks gathered during the CRM visit to the districts as well as their view points on various aspects related to utilization of FFC

Funds in the state concerned.

General Frame Work for the CRM:

The observations at the GP level and discussions at Block, District and State level functionaries relating to efficacy in utilization of FFC was structured under the following four key areas viz., Planning, Organizing, Execution and Impact. The eleven objectives (TOR) of CRM were classified under these areas; some of these objectives belonged to one or more of these four broad areas.

Planning:

This includes observations on need assessment in the GP, prioritization of the needs, conduct of Palli Sabhas and Gram Sabhas, discussions on resource envelop under the GP including resources of FFC and SFC, own resources and sources of revenue generation, other resources through convergence plan from the development schemes for the GP.

Organizing:

This includes observations on GP's systematic development of detailed project report (DPR), organizing resources/funds from different sources as planned, assessment of existing infrastructure, office systems, computer, MIS, recording keeping measures, organizing manpower; provision for any training and technical support for execution, and coordination of the PRI members of GP with Block and district officials for convergence of schemes and programme in the GP.

Execution:

This includes observations on execution of various projects as per DPR by the GP, quality of work, timeliness in completion, costs incurred, rules, regulations and contracts for execution of works, transparency and accountability maintained, handling of public inconvenience if any during execution, and utilization of 10% grants for technical and administrative support.

Impact:

This includes observations on perception of people in the GP on the utility of the works undertaken by the GP, actual usage of facilities and provisions created by the GP through the FFC and associated funds, improvement in basic services, improvement in participation of people in decision making, signs of decentralized governance and overall quality of life of people in respective GPs

State Specific Reports:

Assam:

The State has made adequate planning and elaborate arrangement for the proper utilization of the FFC fund. It has made proper planning for the preparation of the GPDP, awareness generation, participatory planning and capacity building of the GP. Although the State delayed the disbursement of the 1st installment of 2015-16 and paid penalty for this, it has streamlined the process of disbursement and had already transferred the second installment of 2015-16 within the stipulated period of time from the date of receipt of money from the Centre. The SIRD with its twelve extension Centres in the State has provided good technical and capacity building support to GPs that has been quite helpful in utilization of the FFC fund as per the MOPR Guidelines. Through the FFC, the State has made a remarkable progress in strengthening of the GPs, an important objective of the FFC and an important achievement of the State as well. *The State, however, needs to give attention to: (a) the types of works selected, though it is done through GS, (b) convergence, (c) revenue mobilization by the GP, and (d) shortage of staff at the GP level.*

Release of fund

The State Government delayed the release of the first installment of 2015-16 by about six months. It was received by the State Government in the month of August 2015 and was released in the month of February 2016. The District received the 1st installment on 2nd of February 2016 and the 2nd installment on the 10th of August 2017. Because of the delayed release in the first installment, the Centre did not release the 2nd installment until the State paid the penalty. The State paid a penalty of Rs 10 crore, which were distributed to GPS, as per the guidelines of the MOPR. The State got the 2nd installment and the same was released within the stipulated time. Because of the delayed release of the 2nd installment, none of the schemes selected and approved under the 2nd installment were implemented, although they had been given technical and administrative sanctions. Moreover, there is a spillover effect. The work of 2017-18 is also delayed. Some of the villagers were not ready to buy this idea that the Centre had not released the money. They were suspicious of the local officials.

Utilization of fund

Basic Grants

The state has already utilized the first installment of basic grants of 2015-16. The IInd installment of 2015-16 was released only in the month of August, 2017. The state was ready with the schemes/works with due technical and administrative sanctions which are to be executed based on the release of the IInd installment. The state has received the IInd installment and the process of transferring of the money to the GPs had begun by the time the team was in the field.

Performance Grants

The state has received the first installment of the performance grant of 2016-17. It has prepared guidelines for the utilization of performance grant. As per the Guidelines, a GP that increases its own revenue by 10% over the last year figure becomes eligible for the receiving performance grants. Accordingly, out of 2200 GPs in the state, 1455 have become eligible for receiving performance grant. The state is yet to release performance grants.

General Observations

Selection of types of works

As per para 7 of the guidelines of the 14th Finance Commission which recommends that basic grants under the 14th Finance Commission are provided for services like water supply, sanitation, sewage and solid waste management, storm water drainage, maintenance of community assets like roads, footpaths, burial and cremation grounds, etc. The selection of the works needs to be based on the guidelines. It seems that the GP has not been made adequately aware of the guidelines of the 14th Finance Commission. It is suggested that they should be made aware of the guidelines and should also be made aware of the fact that the State lacks in basic facilities like safe drinking water, sanitation and hygiene, solid waste management facilities and lighting of the streets for which the FFC grants are meant. For example, Assam has acute problem of safe drinking water as it contains high concentration of arsenic. As such GPs should focus to provide safe drinking water, which is not contaminated and arsenic free. Similarly, GP should also focus on providing proper drainage, sewage and solid waste management system which is almost absent in GPs.

Resource Mobilization

GPs in the State have potentialities to increase resource mobilization. At present, GPs in the state collect tax from shops, hawkers and by leasing out of community assets like ponds, community halls, market sheds, etc. Earlier the GP was collecting cycle tax. GP in the state does not collect house and water tax, collected by GPs in many other states. GPs can impose tax based on facilities like drinking water, proper drainage and sanitation, lighting of lamps, etc. provided by the GPS.

Shortage of GP Buildings

The shortage of GP buildings in the State is acute, as out of 2200 GPs, 314 are without building and 741 have dilapidated buildings. Moreover, the State has planned to carve out 1000 more GPs keeping in mind increase in population. In other words, the State would need about 2000 GP building in near future.

Internet connectivity

The State has initiated a process of providing internet to all the GPs. Until it is done some quick solution should be found out to provide connectivity to GPs, as they face great difficulty in uploading Plan plus and using other net based services.

Merger of accounts

GPs in the State maintain five to six accounts. It only increases the operational difficulties. It is suggested that all the accounts of GPs should be merged into one account and GPs may be asked to maintain separate heads under which they receive money. The usefulness of a GP having separate account for the state Finance commission, 13th FC and 14th FC is perhaps needed to be examined.

GPDP:

The idea of GPDP is to prepare a comprehensive development plan under GP converging resources from various sources. The GPDP contains the list of works to be undertaken using the 14th Finance Commission and other sources. In practice, the works are not converged in true spirit.

Convergence

The benefits of convergence are to be conveyed to the GPs. For example, many of the roads constructed under 14th Finance Commission could have been constructed under the MNREGA. The *kuccha* works of the road should have been undertaken under MNREGA and topping should have been done using the 14th Finance Commission fund, if necessary. A large part of the funds under the 14th FFC are utilized for construction works like roads, market sheds, community centers, boundary walls, etc. These assets are, no doubt, useful. But they could have been constructed in convergence with other programmes. The limited fund available under the FFC should not be exhausted in the construction of capital intensive assets.

Gujarat:

The CRM team of Gujarat followed certain procedure to select districts and panchayats so as to offer a wide spectrum of utilization of FFC grant. The necessary weightage was given to represent the areas with majority of SC & ST population. In the process enough precaution was taken to ensure an adequate representation of areas/ district/ panchayats with relatively low proportion of SC & ST population as well. However, some observations which are worth emphasizing again are mentioned below.

General Observations:

- *Utilization of FFC grant:* utilization was better in 2015-16. It deteriorated in 2016-17 and showed signs of further deterioration in 2017-18.
- *Uneven spread of utilization:* there is a strong tendency to rush project implementation towards the end of the financial year. This is likely to have adverse impact on the quality of work undertaken.
- *Monitoring:* Deteriorating grant utilization over time and permitting a tremendous rush to finish projects towards the end of the financial year is an indication of a sluggish monitoring by the Taluka Development Officer (TDO).
- *Inadequate Efforts to Raise OSR:* Only one out of four panchayats got performance grant. Rest of the panchayats have not made serious efforts to raise the base of own resource of revenue (OSR).

- *Awareness about FFC & GPDP:* The awareness about FFC & GPDP preparation among new panchayat members is low. Their participation in these matters is not effective.
- *Low availability of Technical Expertise:* Panchayats have little access to technical expertise to develop GPDP. Although the Taluka Development Office (TDO) claims that they try to provide technical advice to panchayats, but it seems to be quite inadequate. Who pays for the services of technical experts is also an issue with panchayat and TDO as well.
- *Female Participation:* there is very low effective participation by female in panchayat affairs. The only saving grace is the alertness of female school teachers and anganwadi workers.

Specific Observations of the Team:

- There is lack of adequate amount of capacity building programmes/ awareness for GP members as well as general people. Panchayat members were newly elected. The members do not know much about FFC grant and its guidelines.
- Both elected members and functionaries need training.
- Elected representatives have the impression that they can't change the plan (GPDP) already prepared by earlier gram panchayats.
- The vocal members did not indicate any resource crunch for panchayat work. Some of them were confident of getting resources from the funds available with the local MLA, if the need arises.
- The tribal members seem to be satisfied with whatever facilities the panchayat is able to provide in and around their hamlets.
- People of the village are not interested in doing MNREGA work because village has good agriculture and people are getting better wages in agriculture work.
- Anganwadi workers in the village were found to be quite knowledgeable, even on FFC. They want anganwadi building to be constructed from FFC grant.
- Constructed works under FFC are quite useful for the community.
- There was no convergence with other schemes due to lack of knowledge.

- The members pointed out some problem related to sanitation. The panchayat can afford to buy trash bins to keep village keen but enough labour is not available to clear the trash from bins.
- Utilization of FFC grant: utilization was better in 2015-16. It deteriorated in 2016-17 and showed signs of further deterioration in 2017-18.
- Uneven spread of utilization: there is a strong tendency to rush project implementation towards the end of the financial year. This is likely to have adverse impact on the quality of work undertaken.
- Monitoring: Deteriorating grant utilization over time and permitting a tremendous rush to finish projects towards the end of the financial year is an indication of a sluggish monitoring by the Taluka Development Officer (TDO).
- Inadequate Efforts to Raise OSR: Only one out of four panchayats got performance grant. Rest of the panchayats have not made serious efforts to raise the base of own source of revenue (OSR).

Recommendations:

- *Strengthening Monitoring:* The Taluka Development Office needs to strengthen the monitoring mechanism to ensure that the projects are properly implemented and spread out throughout the year to avoid the last minute rush for completion.
- *Training of Panchayat Members:* The new panchayat members need to be trained about FFC and GPDP within a short period of their assuming charge of panchayat affairs.
- *Provision for Technical Expertise:* TDO needs to make an adequate provision to provide technical expertise for development of GPDP and its execution. The issue of who bears the cost of providing technical experts must be sorted out by the state administration.
- *Convergence:* Line departments of TDO are too busy to pay attention to the issue of convergence of resources/work with FFC. One is not sure whether convergence is being affected even across line departments of TDO. MoPR, GOI should take up this matter with the concerned State authority.
- *Participation by Female Members:* The alertness of female school teachers and anganwadi workers acts as a catalyst for change. Their participation may be enhanced.

- *Digital Records:* In most cases the records and data are not kept in digital form at panchayat level. MoPR, GOI may like to take this matter up with the Government of Gujarat.
- *Other Issues:* There is no significant activity on MNREGA. We are not sure whether it is due to sluggish implementation of this programme or there is enough farm and non-farm employment available even in tribal areas. If the latter is true, it is a welcome sign of the existing level of development activity in the country side. The team also observed that the road connectivity and the availability of water were satisfactory even in tribal villages. This may lead to lack of enthusiasm about FFC grant on the part of Taluka and panchayat leaders.

Jharkhand:

The efficacy of utilization of FFC in all works with reference to various basic services

State has reported to have 60.49% FFC grant utilisation. This is similar to CRM teams visit's findings of four GPs.

- i.
 - a. GPs have utilised FFC fund mostly for repairing and maintenance works of old well, artesian well, village roads, Open air stage for tribal cultural programmes (commonly known as Akhra), drain, panchayat building etc.
 - b. GPs have also utilised the fund for water supplying tap lines in schools and few villages. (These taps are fitted with overhead tanks and submersible pump installed within a deep boring. Pumps are run by solar power or electricity).
 - c. Some GPs have undertaken construction of new PCC road and new drainage lines. Some GPs have purchased ceiling fans for Panchayat Bhavan and meeting hall at GP office.
- iii. Jharkhand Govt. had circulated FFC guidelines through its office order no. 297 dated 23.12.16. Work executions were slowed till the notification was circulated to all GPs.
- ii. There was much confusion till 2016 December as to what kind of works to be undertaken under FFC and by and large GPs only took up repair and maintenance work under FFC grant.
- iii. District and block level initiatives were found to be lacking in explaining the purpose of FFC grant to all tiers of PRI as a result of which GP functionaries developed conflict

with its own ward members, member of Panchayat Samiti and Zilla Parishad residing in the same panchayat. Such conflicts either blocked or slowed down the implementation GP schemes.

- v. No measure was taken by state or district to establish a cordial working relationship among PRI functionaries.
- vi. Only three days induction training programme was held for Mukhiya, Upmukhiya and Panchayat Secretary. CRM team observed that the educational background and competency of all three categories were on an average below Matric level and training contents were too heavy for them to grasp in three days. District and block level follow up training for these persons were not arranged yet which is extremely needed. All the members of GP have not been trained till date. Many of them expressed helplessness in attending the training programme for continuously 3 days.
- vii. Due to lack of understanding about FFC grant among Mukhiya, Upmukhiya and Panchayat Secretary, FFC guidelines were not disseminated among ward members and villagers. As a result villagers have no clear understanding about FFC and other RD programmes hence they have termed it (FFC) as 'MUKHIYA FUND'.

Effectiveness of GPs in preparing plans for utilising the FFC Grants

- i. It was found that the plans were prepared under GPDP and passed by General Meeting (AAM SABHA). No separate Gram Sabha was convened for passing of FFC plans.
- ii. It was also found particularly in Lohardaga both the districts that 'LABHUK SAMITY' was formed among the beneficiaries and the FFC work was executed by them at a lower cost than the market price. Yet quality of work was found to be good and durable.
- iii. It was also found that during 2016 along with GPDP, a separate order was circulated for making three years plan by Gram Sabha. This was quite confusing both for GP functionaries and villagers. Hence GPDP was sacrificed for the sake of three years plans.
- iv. Plans and estimates were found to be scrutinized securitised by Assistant Engineer and Junior Engineer attached to the PS/ GP on a regular basis at their respective levels- up to 5 lakhs & 3 lakhs only.

Resource Envelope of GPs including FFC, SFC Grants and other income vis-à-vis expenditure

- i. GPs have not received any fund from SFC during 2015-2017. In Jharkhand, there is no report of any GP generated any revenue within GP for the GP. Some GP enjoyed part of the royalty from Sand Ghat if the Ghat was located within the GP. However in many GPs the local revenue generation is managed by some local Mafias/ muscle man, as there was no election to panchayats for 27 years, i.e.- revenue from balu ghats, local market, parking space goes to them.
- ii. GP mostly sanctioned plans as per FFC allocation only. GP never used other funds for FFC plans/schemes.

Infrastructure, record keeping and training of functionaries.

Infrastructure

- i. By and large no new infrastructures were created in terms of roads, drain, and building. Only repairing works were carried out. These were found to be satisfactory as per CRM observation which is essentially non-technical in nature.
- ii. Repairing of well, artesian well, Akhara (Open air Stage for Tribal cultural activities) were found to be of good quality and durable.
- iii. In Lohardaga district, Tap (8 in nos.) water supply fitted with overhead tank and submersible pumps run by solar or electricity in government schools were quite impressive and of very good quality. The guidelines for hand wash were also depicted with colourful graffiti and Soharai (Traditional Santhal art form) paintings. Some villages has adopted this project and implemented in their villages. At Lakhatanga in Namkom Block of Ranchi district the GP has purchased water tanker for the purpose of providing drinking water to the hamlets deprived of proper drinking water in summer season. It is managed by the small amount of revenue generated by giving it on rent to private persons in marriage, other social and cultural functions.
- iv. Some GPs have installed new hand pumps during 2017-18. However in most places only repairing work was permitted.

Record Keeping

- i. Record keeping like minutes of AAM Sabha, GP meetings, Plan Estimates are maintained manually. No soft copy is available for two reasons, first, as none in the GP office has any

knowledge/competency in computer operation and second computers are lying idle in GP office due to lack of net service and poor electricity supply. However in some GPs it is managed properly, i.e. Lakhatanga in Namkom PS and many other basic services are provided to the citizens from the GP office with the help of E- Governance, i.e. birth certificate

- ii. Recently one computer operator cum account assistant has been appointed per three GPs who operate from block office. These persons are making entry in all software's under E-panchayats. However, they are paid a consolidated salary of Rs. 10,000/month due to which dropout rate is very high.
- iii. At district and state level MCA persons were recruited for E-panchayats but the data entry part is lagging behind by almost a year due to number of technical problems and lack of appropriate human resources.

Training

- i. Only three days induction training programme was held at PS and District level for Mukhiya, Upmukhiya and Panchayat Secretary. CRM team observed that the educational background and competency of all three categories were on an average below Matric level and training contents were too heavy for them to grasp in three days. In our discussion it was observed that these people want the training materials in simple local language which can be understood by all and having practical examples.
- ii. District and block level follow up training for these persons were not arranged yet.

Other parameters (DPRs and its approval, work execution through line Department) of the GPs on which the effective utilisation of FFC Funds is dependent upon

Preparations of DPRs, and its approval and work execution were done as per govt. guidelines. However, except AE and JE, involvements of other line departments were not reported. FFC funds were utilised only for low budget project (less than 5 lacs more specifically less than 2 lacs). Integrated project planning for projects which larger coverage was completely ignored/not considered under FFC grant. Therefore, inter GP connectivity and intra village (within GP) connectivity which would have larger impact was never taken up in any GP.

Utilisation of 10% grants for technical and administrative support towards O&M.

This grant was mostly used for developing State, District and Block level computerisation and their functioning. Although GPs has received computers but these are non-functional due to lack of physical, technical and human resources.

Efforts of GPs to ensure visibility, accountability and transparency towards FFC grants'

Mukhiya has established complete dominance over FFC grant. Ward members have less say in such matters except stalling the implementation/execution of scheme/plan. Panchayat Samity and Zilla Parishad members were kept in abeyance by most Mukhiyas. However, fund utilisation details are displayed in Hindi at each project site with the name of FFC and Chairperson of LABHUK SAMITY (Beneficiary's Committee) and Nigarani Samiti (Vigilance Committee). Mukhiya and Panchayat Secretary do not own responsibility or accountability for late execution or non-utilisation of FFC fund. There is no check and balance for checking this attitude. CRM team considered it as one of the main weakness of FFC fund utilisation.

Extent of utilization of FFC in all works with reference to FFC guidelines.

Basic services of GP are addressed to by FFC grant. There was no fake work and work quality was more or less satisfactory. Innovative practices are adopted for water supply which has presumably larger impact on health issue for children and adult, apart from providing drinking water to people in the time of need.

Suggestion for Improvement

- i. ZP and Panchayat Samity members of their respective GP (i.e. GP where they are residing and registered as voter) should be included in the GP executive committee for FFC fund as observer and participate in the planning process.
- ii. GP should be instructed to spent at least 15% fund inter GP connectivity or any other scheme having impact beyond GP in consultation with panchayat samity.
- iii. Social Audit team for FFC projects must report to Panchayat Samity and Zilla Parishad. At present it is reporting to directorate of PRI only.
- iv. There is a common problem/ objection from PRIs functionaries across all the states. FFC has made two tier of PRI i.e. ZP and PS almost defunct in all the states. Hence it is requested to make them integrated with the whole process with rest of the level of

panchayats. It is essential to make the integrated district planning more active and holistic.

- v. District & Block Panchayat officers, which included DRDA & line department officials must be made more accountable for FFC monitoring along with BDO.
- vi. Qualified persons (having graduate degree with knowledge of civil work and computer and GPS operation) should be appointed as Panchayat secretary. There are many vacancies of Panchayat secretary across states. In many states, PS is not even matriculate yet many are given dual charges of two panchayats. In Jharkhand, it was found that the Panchayat Secretary is promoted from the community who is providing services to the Mukhiya at Panchayat level without having adequate formal education/qualification.
- vii. Directorate PRI in the state must mark a copy of FFC fund disbursement to GPs to all DDC and ZP chairpersons simultaneously with disbursement of FFC grant. Similarly DDC and ZP chairperson must forward the same information to respective BDO and chairperson of Panchayat samity.
- viii. E-panchayat needs to be strengthened vigorously with all support – Technical, Physical and Human Resources.
- \ix. Some States have empanelled Chartered Accountants to audit all GP accounts. However, local level auditing along with empanelled CA would make the system more accountable.

Karnataka:

Field Observations :

The interaction with the State Officials of RD &PR department pointed to the following:

- (i) Officials claimed that the installments of FFC grants are transferred to the GPs within 15 days of their receipt.
- (ii) A portion of the FFC grants (25% of the installments) are transferred to an escrow account of the GP, which are to be used only for payment of the electricity bills of the GPs. This step has been taken up as the GPs have been accumulating huge arrears of payment of electricity bills over years. Once this is done, - as a one-time concession- the GPs would be able to pay the future bills on a regular basis.
- (iii) The FFC guidelines have been modified by the State by specifying the percentage that could be spent on the basic services. The broad proportion of expenditure to the various targeted beneficiaries like SC/ST, persons with disability, women and children etc. are specified.
- (iv) All the GPs/TPs/ZPs are provided with computers and internet connectivity to enable data entry of GPDG plans, status of works, accounting entries on revenue and expenditures in the State developed software, enabling online and real time monitoring of the GPs' performance.
- (v) The GPs would be issuing various services of essential certificates to the public under the Bapuji Seva Kendras.
- (vi) The State amended the Panchayati Raj Act in February, 2016 to provide statutory backup for the decentralized planning process from the grassroots level. District Planning Committees (DPCs) have been formed.

The following are the observations related to the various factors related to utilization of FFC funds by the GPs in the selected districts:

- The FFC funds constitute 10 – 47 % of the total annual revenue of the visited GPs. The four GPs have received both the FFC basic grants and the performance grants. They have been able to utilize a good proportion of the FFC funds (as reported by them).
- However, the awareness level amongst the ERs / Panchayat functionaries about FFC funds, their importance and features are inadequate, this is especially true of the Poor Performing Gram Panchayat (PPGPs).

- The Better Performing Gram Panchayats (BPGPs) have utilized the funds to create community assets whereas the PPGPs have mainly used them for routine works of revenue expenditure.
- The GPs are focusing more on water supply, drainage systems and roads, these are the expenditures incurred under the FFC grants. Other basic services like waste management- both solid and liquid have not been not given importance.
- The physical infrastructures like the Office of the Gram Panchayat are in better condition in BPGPs than in PPGPs. The GP office at Wadegera is in very poor shape and in dilapidated condition, even the basic facilities like toilets are lacking. However, the GP (Wadegera) reported that they have received the award of ‘Nirmal Gram Puraskar’ which given for maintaining high level of cleanliness, but transact walk in the village revealed that the number of toilets constructed is on the lower side and even the existing few community toilets were not in use.
- The basic tenets prescribed in the Karnataka Panchayat Raj Act such as holding of regular/monthly meetings, record maintenance, ensuring public display/s of information about works, beneficiaries and expenditure were better followed in BPGPs (especially Annuru) than in PPGPs. In PPGPs, mandatory requirements of GPs like holding of gram sabha and ward sabha meetings have not been fulfilled.
- The GPs visited are in shortage of staff- there were no accountants and only two of the GPs had Panchayat Secretaries.
- The functionaries and the ERs have inadequate knowledge related to the functioning of the GP. The exception are the Panchayat Development Officers (PDOs) (especially in the BPGPS) and Computer Operators.
- Preparation of plans are based on resource availability and matching the guidelines to expenditure rather than the actual requirements of the GPs. The plan preparation processes are also more dependent and driven by the panchayat functionaries. The plans seem to be more concentrating on the ‘hard’ aspects of creation of physical assets, with ‘soft’ aspects like livelihoods, and the participation of various sections of the village community being given less importance. In BPGPs, the process of preparation of plans has gone through the required stages for approval and execution by being presented to the Gram Sabha/Ward Sabha etc. while in PPGPs, the plans are ad-hoc. The plans are recorded often as piecemeal activities rather than as a part of an integrated project. Action Plans have been prepared for each project - understood as

each activity. A Vision or plan for the 5-year period is not in evidence, though one of the BPGPs is said to have attempted it.

- Project selection and design needs support and inputs from the Zilla or Taluk level:
- It was seen that solid waste management needed immediate attention but this has not been reflected in the Action Plans. In one of the GPs (Annuru) it was observed that the road construction and concretizing was faulty with no margin being left on the sides for run off of water. This would result to flooding and water accumulation when there is heavy rainfall.
- In some GPs (Annuru), the panchayat functionaries stated that the ZP exercises control over the plans as well as decision making and monitoring of FFC funds restricting their autonomy.
- Convergence between FFC funds' activities and other Schemes was observed only at Annuru whereas other GPs are not converging the funds of the different schemes.
- In PPGPs, the general practice seems to be to divide the funds amongst the council members. They get the work executed at low costs and show bills on the higher side resulting in poor quality of execution. (Examples – Drainage cleaning and also Jungle Cutting work at Wadegera)
- The GPs have maintained their FFC expenditure pattern to match the guidelines issued by the State Government towards various sections of the society. In some GPs of BPGP, there is a feeling that such guidelines restrict their ability to match the spending to the needs of local prevailing situation. However it has been observed that the focus and priority of works for marginalized sections – SC/ST, PWD, women /children were not adequately visible. Only in one GP, there was a dedicated volunteer rehabilitation worker who was reaching out to the PWD. In one GP of BPGPs, it was reported that the budget meant for PWD was spent by distributing ex-gratia cash to the persons with disability.
- In PPGPs, women's engagement in the FFC process was not visible. In the two GPs of BPGP certain amount of women's engagement was visible.
- In BPGPs, especially wherever commercial/industrial activities were taking place in the GP (for example, the sugar factory in Annur), the GPs have been able to generate larger Own Source Revenues (OSRs). The compliance to tax payments by the public was also observed to be in correlation with the economic and literacy status of the community in the GPs. In Annur, the technology of RO plant has been able to

generate water usage charges through ATMs, thus supplying purified water supply to the citizens at the same time create additional own source revenues also.

- High level of political maturity, community engagement, cooperative spirit, flow of information, caste cohesiveness, and public awareness of FFC were more visible in the BPGPs (especially Annur) than in PPGPs.
- BPGPs have the 'Jamabandhi' (a practice with historical antecedents in the state of Karnataka) process carried out which somewhat resembles the social audit requirements. The process enables participation of common citizens in the governance process and also enhances accountability and transparency.
- Capacity building for the Computer Operators/PDOs has been observed to be high whereas for other functionaries, it seems to be in adequate. The Capacity Building template on GPDP executed by SIRD has a very small component on FFC which covers sub-contents such as allocation of FFC funds and the purpose for which these were meant.
- At the State and ZP/TP levels, there is feeling that the absence of FFC funds to the ZPs/TPs restrict their ability to perform to their full capacity.
- The State has a very good on-line information system (Panchatantra website) for capturing and displaying of GP- wise details, but the figures shown in them may not be representative of the reality at the sites.

Inferences :

- There is inadequate knowledge and awareness on FFC amongst various levels of ERs and Panchayat Functionaries, these needs to be addressed.
- The resources made available may not be enough to take care of all the requirements of the community.
- The present planning process is highly 'resource' and 'activities' driven and ad-hoc and needs to be transformed into 'community-needs' centred, cohesive and aligned to larger 'vision'. Project design needs input and support from Zilla/Taluk levels, so that these are not merely contractor driven activities.
- Closeness to the city, level of awareness and history of social movements contribute to better community engagement, and wherever information asymmetry needs to be addressed, better community engagement should be encouraged.

- The GPs are presently not performing adequately on the expected governance and service delivery roles, and are not adequately sensitized towards social justice and gender issues.
- The bureaucratic class is converting the expressed needs of the community into more commercially viable proposals. Such activities should be viewed more from the 'holistic' effects such activities can produce in the society, and in the long term.
- Use of information technology tools and software can produce efficient and cost effective ways of delivering services to the public. However, mere capturing of the data in the digital form does not alone ensure integrity and reliability of the information displayed.
- Performance of the GPs in terms of 'material' and 'soft' aspects needs to be taken into account while providing suitable incentives to them. Unverified rewarding without checking the actual ground situation can actually be highly dis-incentivising.

Way Forward:

- There is need for community engagement in preparation of plans and need for alignment between the vision plan and the yearly action plans including that of FFC in its remaining time period; the plans could be further broken down into smaller components to match resource availability. The action plans are also to be clearly conceptualized to address all community needs. The GP level HDI factors can be made the basis for preparation of specific plans. Other States may also follow the Karnataka model and prepare HDI rankings of Panchayats.
- GPs should be encouraged to include more projects/activities focusing on health and education apart from water supply/ sanitation within the basic services to be delivered with FFC funds as it would enable sustainable and long term development.
- The guidelines to be issued to the GPs regarding FFC funds utilization should be graded and focused based on the actual needs of GPs' and HDI levels. In this regard, the GPs can be categorized into Grades 1 to 3 and the guidelines of State Government towards various percentages of expenditures from FFC and other funds can be earmarked separately grade wise. The PPGPs that would fall into Grade 3 would require greater intervention in order to build conditions and capacities required for effective utilization of FC funds.
- The evaluation parameters for disbursement of performance grants to the GPs need to be expanded by including governance indicators and levels of community participation.

- Capacity building programmes targeting the various levels of Panchayat personnel and elected representatives need to be strengthened and issues of social justice, equity, social accountability and social audit need to be included in them;
- Public Display of all information by the GPs needs to be mandated and facilitated to increase community awareness and participation.
- State Government may provide higher levels of funds to the ZP/TPs to compensate for their not getting any FFC fund allocations. In order to strengthen local self-governance and to make democratic decentralization effective, the link between the ZP, TP and GP needs to be reinforced through effective functioning of District Planning Committees.
- The State's model of offering on-line services for issue of various certificates to the citizens can be a good practice to be followed by other States which can also provide enhancement of own source revenue by levying user service charges.
- The CRM exercise for FFC may be extended to other States as well and may also be repeated as a regular exercise to inculcate a regular monitoring exercise for receiving grants.

Madhya Pradesh:

General Observations:

Government of MP has evolved a unique mechanism of providing minimum fund to each panchayat based on population size. The Panchayats below the population of 2000 will get minimum Rs. 5 lakh per annum, Panchayats having population between 2000-5000 will get 8 lakh, between population of 5000-10000 will get Rs 10 lakh and Panchayats above population of 10000 will get Rs 15 lakh. The FFC and SFC funds are combined to enhance size of fund transfer to each panchayat. The mechanism has ensured a fixed amount to each Panchayat and it becomes easy for each GP to know about the minimum transfer amount. However, the transfer of funds are erratic and not known to the GPs.

Panchayat Darpan, a web-enabled system has been operational over the years that are a system for transfer of funds to panchayats as well as to track expenditure of the GPs. The software provides certain information in public domain. The Panchayat Darpan is a useful system of financial management of the GPs for fund transfer as well as for booking

expenditure of the works and administrative expenses. There is constant improvement in the software incorporating emerging needs from the field.

The State Government has prioritized to attain saturation in construction of internal roads (Concrete Cement) of the villages with drains as a state priority to address the issues of health and hygiene. This has a vision to impact the health indicators of the state. Such a decision however restricts the flexible nature of the FFC grant to address service delivery priorities of the GP which may be different than construction of the roads and drains. Water supply and maintenance of water systems have emerged as important priorities in GPs. The state Government officials emphasized that the other priorities will be taken up after completion of CC roads' construction.

The Gram Panchayat Development Plans (GPDP) has been prepared in most of the GPs with an elaborate process. The plans are approved by the Gram Sabhas. Some of the GPs have well drafted plans whereas in some cases, list of approved works was noted down on a GP register. Due to lack of prior information on the resource envelope, GPs are unable to plan based on available funds. Moreover, release of FFC funds are also not known, therefore, planning and implementation get constrained to take up small works within the available budget. Due to the state's saturation approach (priority to construction of internal roads and drains in villages), the concept of GPDP and prioritization of works/activities as per community needs has become a superfluous activity.

Capacity building of the GP representatives has taken place at the block level primarily on the Panchayat Darpan and Panch Parmeshwar scheme time to time. Unfortunately, there has been a substantial delay in initial orientation of the GP elected representatives on the constitutional provisions of PRIs, their roles and responsibilities. More than two and a half years of terms of the elected representatives is already over. The capacity building is visualized more on operational issue than holistic understanding of the Panchayat's role and responsibility in governance and decentralization. Keeping the mandate of the capacity building in mind, most interventions have focused on Panchayat Sachiv and Gram Rojgar Sahayak. Inputs are neither very structured nor centralized. Rather every month, or in two months, during the regular meetings of all the Sachiv's and GRS, operational issues regarding

portal entries, record keeping, banking etc. are shared. These meetings are also the platforms for communicating new guidelines, solving technical glitches etc.

However, these interventions are more operational in nature, informal and somewhat inadequate. Many GRS quoted that they have learnt largely on 'trial and error'. The trainings are more or less for effective translation of instructions/office orders into practice. This is also used as platform for resolving operational challenges and addressing complaints and other needs. Further, since the focus of the interactions is on executive functions, the target audience for the capacity building / communication is usually with the GRS and the Panchayat Sachhiv. The Sarpanches and Panchayat members are either left behind or they stop taking interest as most of the communication is useful for only for GRS/ Sachivs.

In the Gram Panchayats visited by the CRM members, it was commonly observed that Sarpanchs were less aware of the total receipts under FFC/SFC. Mostly GRS/ Sacchiv's knew the complete financial details. Due to fixed works to be taken up in the village, there is a lesser scope for the elected representatives to engage in decision making of the priority activities.

Ways forward

- i. Increasing the flexibility in FFC grant for basic service delivery-** State's priority of CC roads and drains to meet the vision 2018 and also to address the issue of health and hygiene with this prioritization is appreciable, however in cases of urgent requirement of specific GPs for any other priority, a flexibility should be granted.
- ii. Comprehensive computerization and limiting interference of the block/technical officials-**If state Government has trusted GPs with providing one-time technical sanctions on simple DPRs, the state can articulate the same to district and block machinery so that what is mandated and written in the office orders' get translated into practice. This will reduce unnecessary interference of the civil engineers and empower GPs to undertake works with less supervision.
- iii. Clarity on resource envelope at the time of GPDP is planning -** As far as possible, an approximate projection of likely receipts to GPs from FFC and SFC grant should be communicated to Panchayats as their annual resource envelope. Since the actual

receipts have exceeded by more than two times from the assured block grants, are vision in assured block grant has become absolutely imperative.

- iv. Systematically invest in capacity building of GP representatives and staff -** Capacity building interventions for elected representatives is critical. It is essential to do the same without wasting much time as the PR representative have already completed about half of their term. It is important to engage beyond Sachivs and GRS and reach out to the elected representatives on ‘governance’ issues beyond delivering construction works.
- v. Need to use the e-infrastructure of Panchayat widely –** All the Panchayats have TV, Computer, etc. It is possible to use the television for showing modules on capacity building as well as some of the operational guidelines of the Panch Parmeswar scheme.
- vi. Improve accounting and computerization-** Since all the bills under the FFC/SFC are entered in the portal, it is possible to maintain ledgers and books of accounts for the FFC /SFC funds on the portal. Gradually, it will be possible to have online accounting system.
- vii.** In FY 2016-17, average fund transfer was of Rs 15.78 lakh per Panchayat. However, the state Government has designed a scheme known as ‘Panch Parmeshwar ’which is resourced by the FFC and the SFC grants. Some of the GP members are unaware of the name of FFC grant as it is commonly known as funds available under ‘Panch Parmeshwar’ scheme. There were many Panchayat elected representatives, who were aware of the FFC grant also.

Odisha:

The field level observations of the CRM Team have been organized into four broad areas of planning, organizing, execution and impact to assess the efficacy of utilization of FFC funds. On the whole, while quality of execution was good, resources were largely organized from the FFC and SFC funds and convergence of schemes and own resources were relatively weak. Planning through people’s participation at the GP level appears to remain as the toughest challenge.

Planning:

In Odisha, the DoPR has accordingly prepared and notified detailed GPDP Guidelines in December 2015, and in addition, issued a number of circulars clarifying the process and advising on the kinds of projects and activities which could be included. Training and other capacity development (CD) efforts for elected representatives, Panchayat functionaries and local officers have also been made for effective planning. The CD efforts were, however, interrupted by the Panchayat elections in early 2017, and the processes for the new incumbents programs are underway.

- The GPDP Guidelines are systematically laid out, and well detailed following the framework provided by the MoPR and building on supportive existing processes, they are also in accordance with similar efforts in many other states.
- “Aama Gaan Aama Yojana” (AGAY) is an excellent initiative of the State Government that has been aimed at strengthening people’s participation in GPDPs. However, the implementation of this has been slow as it requires huge pool of good trainers, training materials and effective tools and proper timing impart necessary orientation and augment capacities of GP functionaries. Moreover, a more comprehensive understanding of the perspectives, intent (and therefore, alternative processes/steps) is necessary both at the state and extended master trainer’s levels. The state has creatively facilitated GP plans for construction of public facilities such as Kalyan Mandaps and Weekly Market Yard facilities, service centres in bus stands to generate their own resources. Due to limited funds vis-a-vis the needs of the GP, these initiatives, however, often reduce attention to basic and urgent needs of the community such as drinking water and sanitation.
- On the whole, the GP Planning processes appear to be prepared by the existing local administrative structure, with the local officers and functionaries substantially more involved than the people in the communities and Gram Sabha. The actual planning is largely carried out by the Panchayat officials, Block officials and a few PRI members of the GP, though the required processes of Gram Sabha approval are carried out.
- The planning processes appear to be largely driven by the structure and volume of FFC grants received, and the accompanying advisories, than the actual priorities of the villages/ Panchayats. This has largely resulted from a combination of two aspects (a) from the fact that the entire process is directed by the “resource envelope” notified at the start of the process, and (b) a concern with developing projects which are useful to

the village, but can *also* help generate local revenues for the GP. Thus the exercise is seen ultimately as a techno-administrative exercise for utilization of the available resources, Grants are divided among the wards and then “appropriate” works are undertaken based on the funds available. For example, construction of “kalyan mandap” or renovation of village water bodies which can yield rental income to the GP was prioritized over projects for water provision, where water scarcity was a pressing and extensive issue.

- To illustrate the above concern in specifics, GPDPs were being prepared since FY 2015-16 in all 4 GPs. However, these were taken as list of works for which FFC grants were utilized. The general practice adopted by GPs with regard to preparation of GPDPs is to prepare a list of works in Gram Sabhas by end of February and submit the lists to the blocks where these are vetted from technical and admissibility point of view. After getting corrected, modified and sometimes fully altered by block level citing administrative, financial and/or technical reasons.

GPs seemed to finalize these with little or no community consultations or discussions in the Gram Sabhas.

- The above issues were even further compounded by the fact that in some GPs, Panchayat Executives did not share details of plans and budget even with the Sarpanch of the GP. Registers in some cases are kept away from Sarpanches/elected members, and information on circulars and letters was delayed. Though the ostensible reason was the recent induction of the incumbents, this appeared to be a systematic exclusion in more than one instance.
- It was also observed that while preparing the list of works, the GPs source external support of GPTAs and GPEOs to leverage experiences of GPTA/GPEO in determining technical viability and admissibility of works before sending the GPDP to the block. This appears to be a double-edged proposition – on one hand it did appear to be useful for GPs to determine the feasibility of a project (for example, by bringing in MGNREGS resources for part of the work), but on the other, it pre-disposed the pre-empted suggestions and prioritizing local needs and solutions.
- During the visits to GPs. it was noted in one GP (*Barhaipur GP in Cuttack district, a GP that the Ministry directed for inclusion in the study*) that the GPTA/GPEO

seemed to have extended external support at the time of GPDP preparation to subserve their vested interests as alleged by the new Sarpanch elected in 2017 Panchayat elections. In this GP, planning, organizing and execution seemed to have been embroiled with high external interference, both administrative and political.

- Precedence to choose “category of works” over “prioritized works” as noted in Chheligarh GP in district Gajapati where water woes in village was not prioritized and resolved. Instead, construction of water storage structures and construction of changing rooms near bathing ghats were undertaken. In R.Udaygiri GP, however, priority was given to drinking water but needed much more attention and funds.
- Convergence of MGNREGA and Swatchh Bharat schemes is evident, but is limited to primarily these two. Convergence with MGNREGA is visibly the most significant and extensive, as it is a required element. However, convergence with other existing programs, even those which can address critical basic needs, is minimal.

Organizing:

Like planning, organizing ability is one of the important tenets that build up processes for ensuring efficacy. GPDPs were well developed by all the four GPs that the Team visited. Resources were largely organized from the Central Grants, State Grants and MGNREGA Funds. Generation of capital from own resources is limited in most of the GPs. Basic infrastructure, recording keeping at GP level were observed to be good in most of the GPs. Computer and MIS systems needed much improvement. Trainings are conducted for elected representatives; usually on the various schemes that exists and how they could be implemented. Capacity building for decentralized governance is yet to be observed.

- In all 4 GPs of both developed (Cuttack) and not so developed district (Gajapati), GPs were well articulated in utilizing the resource envelope available as per GPDPs and to a great extent all GPs had maintained the 60:40 ratio in creating infrastructural assets/civic amenities under basic services component and invested in creation of avenues for livelihood and other social sectors.
- However, not much was evident to ensure that all the ongoing developmental schemes and programmes at the GP level are converged and a comprehensive GPDP is prepared. Although convergence with MGNREGA was explored to a

certain extent in GPDPs by all 4 GPs, inadequacy was noted with regard to convergence with other line departments.

- It was evident that all four GPs (more so in Cuttack district) were not able to generate sufficient Own Source of Revenue thereby had a direct bearing on the GP's inability to access the Performance Grant.
- Basic infrastructure, recording keeping at GP level were observed to be good in most of the GPs. Computer and MIS systems needed much improvement. Lack of internet connectivity at GP added to this issue. Recording keeping in Barhaipur GP in Cuttack district was, however found to be poor.
- The basic technical manpower is now available at GP level and Block level. However, more systematic effort is required to ensure that services of manpower posted at GP and Block levels are streamlined to have greater efficacy of works carried out by the GP.

Execution:

In general, there have been timely transfer of funds from the State to the GPs. FFC Grants are largely utilized by the GPs. Priorities of work listed in GPDP in some GPs are not strictly adhered to while execution. Broadly, the quality of works undertaken is satisfactory. Documentation and Office Systems in most GPs were found to be good, in general. Transparency and accountability is limited to administrative officials at GP, Block and District level. Only a few PRI members at the GP seem to have the details. Awareness among the people on the works undertaken was low in some GPs visited.

- One of the positive findings noted that FFC funds were transferred electronically to GPs within the stipulated time frame of 15 days of receiving the grant from MoPR, GoI and without any deduction at source including the escrow accounts. The formula for distribution of FFC grants to GPs has also been hosted in the public domain. The knowledge of resource envelope to GPs, by and large, had enabled them to prepare Action Plans under GPDPs and thus fix targets and its achievements. GPDPs have also been noted to be uploaded in Plan Plus and also Action Soft during the implementation stage.
- However, third party audit or social audits for FFC related activities were not conducted in GPs (Mahanga in Cuttack) which is mandatory under the FFC grants. Through qualitative consultations with villagers made us to understand that although

technical audits were undertaken, separate social audit was not undertaken.

- Over concentration of works in a particular place or village was noted in both the studied districts. In the HQ of Mahanga GP in district Cuttack, three community assets were noted to be created within a distance of 50 meters and in village Budisilain R. Udayagiri of Gajapati district, where three of the total ten works carried out in a given year were undertaken in this village.
- While need based works were taken up under GPDPs, over emphasis on unnecessary beautification could have been avoided. A bus shed looking like a club house and practically used for the same as observed during GP visit and the place to keep the dead body before cremation looking like a puja pandal nearby a shamshaan ghat in one of the GPs (Mahanga in Cuttack) were not desirable. One water storage structure was more than 15 feet deep and wide as much as a small pond was noted in R. Udayagiri block in Gajapati district.
- IT based monitoring in general and Geo-tagging processes of community assets in particular have not so far been initiated in any of the districts although time stamped photographs of assets are in practice. The assets created have not been uploaded in the National Asset Directory Application. Proactive disclosures especially about assets created under FFC funds by putting citizen information board for both ongoing and completed works specifying details about the cost, time were absent in the studied GPs.
- There were no processes in place for self-evaluation or external evaluation in both the districts as a result of which assessment of execution and gaps for improvement or building capacity based on observed weaknesses were not adhered to. State had also not prepared benchmarks for internal governance, clearly delineating the roles and functions of functionaries, which could have been used as a tool for self-monitoring of the GPs.
- Some inadequacy was also noted in optimal utilization of services of manpower appointed under MGNREGA, especially the GRS (Gram Rozgar Sewak/Sahayak) and mates in undertaking activities under GPDPs.
- Officials at both district level and state level expressed that there are no provision of funds under FFC for monitoring and supervision of FFC fund utilization at the GP level. Budget provision towards monitoring and supervision costs would be very helpful.

Impact:

- Through FFC, decent amount of funds are now available to the GPs. Functionaries are also now available to the GPs as compared to the past. Direct transfer of FFC funds to GPs has opened up a plethora of opportunities for GPs to plan as per need and spend as per need. A locally generated plan like GPDP has gone a long way to fulfill development needs of GPs and in meeting some aspirations of the people. GPs are in the process of transforming themselves as in institutions of local self-governance. However, early signs of politicization and bureaucratization of GPs are observable that needs to be consciously checked. In the studied GPs; not even a single work benefitting any individual household or a particular beneficiary was found. The GP functionaries and administrative set-up deserves appreciation. Activities taken up under FFC funds were for community use.
- Since FFC funds are untied and the elected representatives have freedom to utilize such funds for the benefit of the village communities especially in delivery of basic services, lots of works have been completed by GPs in villages after the receipt of FFC funds. However, improvement of basic infrastructural facilities of the GP was noted to be given priority during the first few years; which needs to be discontinued and funds utilized for people in villages of the GP.
- In all GPs; very positive changes were noted in drinking water and sanitation situation as FFC funds have been targeted to address issues of water supply and sanitation programmes. It is also hoped that the state government target to bring piped water to every household by 2019 may be possible with FFC fund flow to GPs. This appears to be due to lack of alignment of prioritization lists in the GPDP with the critical needs for sections of the GP community. Inadequate community participation in the identification of solutions/projects and/or a-priori listing of projects by administrative-technical staff appear to be at the root of this problem (e.g., in Chelligada)
- One of the positive findings noted in GPs that works completed by utilizing FFC fund are by and large has been of good quality. The state government stated to have issued advisories to GPs in this regard and GPs have seriously pursued to undertake good quality works. GPs should now solicit community contributions or services for maintenance of such works.

Suggestion & Recommendations: Odisha

- The most critical aspect of utilization of FFC funds is not that they are used in the GP, but how they are used. For maximal impact in terms of the achievement of local development, and attention to the most critical areas (such as water supply) where universal coverage is an urgent priority, a systematic and community-participation centered process for preparation of GPDP is most critical. Without this, the GPDP often fails to reflect the most pressing and critical needs of all sections in the GP, and often, the priority needs of the marginalized segments. Also, the GPDP is the basic document that frames, anchors and directs the utilization of the FFC funds, hence ensuring the above is crucial. *Thus, among all aspects of the GP strengthening and local governance process envisaged, focusing on strengthening the local planning process is most imperative in terms of impact.*
- Involvement of all statutory bodies within the GP like the Palli Sabha (village general body) and Gram Sabha (Panchayat general body) is mandatory in GPDP preparation. They are also required to identify priority works in different sectors and it is the Gram Sabha which eventually decides which projects would be included in GPDP. Due to poor awareness among the people and elected representatives in the GP, GPDPs are not being prepared as it ought to be. This is one of the major challenges that need to be addressed on priority basis.
- Palli Sabhas and Gram Sabhas are to be emphasized, systematically reviewed; release of grants can be tied-up to these to ensure proper conduct of these key processes. The actual processes to be followed at these levels also need to be detailed and mechanisms worked out to ensure these are undertaken.
- Provision for more holistic training and capacity building on the fundamentals and technicalities of local self-governance to the elected representatives is highly required. This must however, be rooted in a robust understanding of the perspectives and approaches, most importantly, of the local planning process, *across levels* in the structure. That is, CD should not only be undertaken for the frontline actors as is currently the practice, but for strategic-implementation and leadership levels.
- Enhancement of district & state capabilities to support the formulation of participatory GPDPs which also meet the essential content criteria is also necessary. The SIRD has made extensive efforts, but their capacities need

substantial augmentation.

- Concerted efforts may be taken to make “Aama Gaan Aama Yojana” visible in each village to generate awareness regarding the role and responsibility of the people and elected representatives. From 1st October to 15th October, all GPs are required to observe “Gram Samridhi and Swachhta Pakhwada”. This platform could be used to popularize GPDP among people and discuss FFC grants allocated for the next Financial Year.
- All the GPs should display the approved projects under GPDP on the walls of panchayat buildings. To ensure transparency and accountability, social audit for each work taken up under FFC need to be carried out separately. Proactive disclosure of receipts and expenditure of GPs needs to be done by way of “open for public scrutiny” once a month on a specified day. Like Rozgar Divas, Aama Gaon Aama Yojana Divas could be popularized.

Telangana

General Observations:

- It is evident from the above tables that FFC grants has been credited to GP’s account varies from around month to around 3 month in case of basic and performance grants and no interest has been paid due delay transfer of funds.
- GPDP approved by the Gram Sabha, but peoples’ participation is missing. Their number in Gram Sabha meetings was found to be as low as 3-4. PRI representatives reported that people are not interested in attending the Gram Sabha meetings. Even many Ward Members are not present in Gram Sabha meetings. It was also observed that no documentary evidence was available in regard with awareness generation for GPDP in the GPs. Sarpanch, Ward Members and general populace are not aware of resource envelop and situational analysis.
- In Devarakadara GP out of total 4737 voters, only 41 were present in Gram Sabha meeting held on 2-10-2015 to pass GPDP. Gram Sabha meeting for selection of works was held on 28-03-2015 but no attendance maintained. Similarly, in Gram Sabha meeting held on 18-06-2016 only 12 people were present. In 1-07-2017 meeting only 4 persons are present and they are Sarpanch, 2 Ward Members and one Anganwadi worker.
- Around 22 Gram Sabhas (GS) were reported to have taken place in Oglapur, 10 in Gangadevipally, of Warangal Rural District. Likewise 9 GS meeting has been held in

Khanapur and 12 in Devarakadara of Mahbubnagar district during 2015-16, 206-17 and 2017-18. As far as issue of quorum is concerned State government and District officials reported that concept of quorum does not exist in Telangana Panchayati Raj Act.

- As far as issues related to FFC activities discussed in Gram Sabha meetings is concerned nothing as such was reported/observed in both the GPs of Warangal.
- 7 Standing Committees, which are called Functional Committees, have been formed but minutes of meetings have not been recorded.
- It was reported that on an average one month time is taken between plan preparation and according technical / financial approval for the planned activities.
- Payments for expenditure are approved at the GP level by Sarpanch.
- Books of accounts are maintained manually. Asset register not maintained.
- For monitoring of FFC activities just MB and Muster Rolls are maintained. Works are carried out under supervision of Sarpanch assisted by Ward Members. However, FFC activities/plan/expenditure details are not publically displayed.
- Audit of accounts is carried out by the State Agency. Last audit was done for financial year 2015-16.
- GPs having substantial Own Source Revenue (OSR) which comes mainly from house tax, property tax, water tax and license fee etc.
- In visited GPs around 75%-90% FFC activities were targeted towards SC/ST/BPL/Women and Children.
- No convergence of FFC grant has been done with other schemes.
- It was observed that social audit was carried out for FFC activities in visited GPs of Warangal Rural but with very less participation from voters. Situation was observed slightly better in Gangadevipally GP. However, in Mehboobnagar district no social audit was reported.
- GPDP plans are uploaded in MoPR Plan Plus website. It was also reported that they are uploaded on MoPR Action Soft website as well. Account information is also uploaded in PRIASoft website. However, sector wise expenditure is not uploaded in FFC Dashboard website.
- As far as status of complaints / grievances is concerned, no such complaint was received in the visited GPs. However, in none of the visited GPs complainant register has been maintained.

- PRI representatives have been provided training only once or twice in their four year tenure. Issues of training consisted mainly the role and responsibilities of PRI members by Mandal Resource Person at Mandal Head Quarter. Some Sarpanchs reported that were imparted additional training at district head quarter as well.

1st District - Specific Observations:

- GP has generated substantial amount (Rs.15.22 lakh) of own source revenue which is more than FFC Grants. The main source is building permission and property tax from colleges.
- Asset register not maintained.
- Parking of funds was observed. An amount of Rs.13.74 lakh has been provided to GP under FFC, so far. Out of which expenditure is only Rs.7.48 lakh, so far.
- Lack of clarity in the utilization of FFC funds. What kind of activities actually could be taken up under FFC funds is not clear.
- Convergence of FFC funds are not taking place due to lack of awareness.
- The filled out formats provided by State has mentioned FFC grants provided to GP within stipulated time frame but through cash book as it was noticed that FFC grants credited to GP's, varies from one month to three months.

2nd District - Specific Observations:

- It is a model village. Various developmental activities taking place. Village have water ATM, Solar powered pump for filling of overhead tank which supply water to water ATM after processing.
- Have various other sources of funding from national and international NGOs
- Village is having CCTV camera and WiFi.
- People are active and taking part in the planning process.
- Display of board of the work done under Thirteenth Finance Commission Grants was noticed.
- Women Sarpanch was not been able to respond the queries of the CRM team
- Parking of funds was observed. An amount of Rs.10.83 lakh has been provided to GP under FFC, so far. Out of which expenditure is only Rs.3.95 lakh, so far.
- No visible work from FFC grants seen. However, expansion of GP building from FFC grants has been proposed.
- Lack of clarity in the utilization of FFC funds. What kind of activities actually could be taken up under FFC funds is not clear.

Suggestions:

- There is a huge need for the capacity building on sustained basis requiring the upgradation of the existing approach and activities undertaken by the State. Not only, better inputs, more inputs, intensive inputs, inputs on conveyer belt by the best training outfits are required but also a long term plan with the involvement of the service delivery institutions is needed.
- Instead of spreading the resources very thin, the programmes should be put into a pecking order to yield wholesome good results.
- Efficiency of the government functionaries in terms of overhauling the existing processes needs to be toned up.
- Coordination among the government departments need to be substantially improved.
- Fund transfers need to be speeded up and better payment systems could be put in practice.
- Whereas there is a keen eye on programme formulation, implementation and monitoring need to be further strengthened.
- Clear instructions needs to be provided to the State authority on convergence and the activities which could be taken up under FFC grants.
- Consequently, the information may be disseminated at the lowest level of PRI system by the State authorities.
- Action may be taken for effective utilization of FFC funds in time bound manner and parking of funds may be avoided.
- Elected representatives, specially women elected representatives need to be provided effective training not only on the role, power and functions but also on leadership.

Uttar Pradesh:**General Observations:**

- The sample gram panchayats (GPs) of Ballia district were relatively larger than that of Kasganj district and accordingly received large sum of grants as per the distribution norms of FFC's.
- It was also observed that GPs did not maintain complete set of information required by the CRM members only reflects that they were not adequately and properly oriented towards filling up the formats provided by the state government.
- Likewise, the lack of training, often lend error in the compilation of data and this was visible in both the sample districts as the grants provided under FFCs was shown to

have been received fully by GPs in one financial year whereas the official records showed grants were received in staggered manner often spitting into second financial year. This created unnecessary confusion.

- None of the GPs in the two sample districts have not been able to utilize the 10 percent basic grant meant for technical and administrative support towards O&M. At times, the absence of guidelines by the state government also prohibited the district administration to permit the GPs to utilize 10 percent of the grant.
- There has been an extreme shortage of manpower at the block level in both sample districts and bulk of the work was being carried out on contractual or out sourcing basis from the people who had no experience and often lacked requisite training.
- The GPs in both sample districts have been formed and were functional, however, our observation revealed that it lacked the true spirit as has been envisaged in the 73rd Constitutional Amendment and the subsequent work carried out by them did not have the concurrence of a sizeable section of people. However, it may also be added that the work of Sarpanch in both the districts, was even appreciated by all including his opponent.
- Convergence of FFC's grant with GPs other grant did not commensurate in both districts and most of the civil work was being carried out by FFC's grant only.
- The GPs did not have the resources of their own and thus not able to generate income which also denied them to avail the performance grant mentioned in FFCs. However, it was also observed that the Srinagar gram panchayat of Ballia district had big water body where annual action was done by the block, but it did not part 75 percent of the proceeds, as mentioned in the guidelines largely, because the GPs did not demand it because of lack of awareness.
- The FFC's guidelines also mentions an array of activities to be carried out by GPs that ranged from providing water supply work, sanitation, sewerage and solid waste management to burial and cremation; however in practice, the functions generally carried out by the GPs of sample districts were either the construction of drainage or inter locking of roads. In a fewer cases, repairing work of hand pumps, installation of solar lights or even construction of public platform (chabutara) too have been taken up, but these incidence were quits sporadic .
- The meeting of GPs, conventionally should be hold twice in a year, as per the guidelines and they were also been organized as per records however, the CRM team's observation

shows that participation in them was a big issue and that also puts a question mark whether the GP meeting even had quorum to approve the work to be carried out.

- Likewise, the concept of GPDP was very weak, in fact it remained non-functional in 2015-16 and only become operative thereafter, but not according to the perceived guidelines.
- For the transfer of funds from centre to state and thereafter to bank at blocks/GPs, the guideline stipulates a timeline of 15 days. Though the state did manage to send them to GP's account in the bank, however, at times, the banks defaults to transfer the amount in GP's account because of manpower shortage and other pressing issues. Though the incidence of defaulting was low but if it kept recurring, then it may hamper the GP's work schedule. It was also reported that the banks, at times, held back the transfer of funds in some GPs in lieu of pending loan, which was a violation of guidelines and needs to be streamlined.
- Though the GPs have been receiving grants from centre and state government, however, no civil work could be carried out in 2015-16 as the 1st installment was received only towards the end of financial year and second installment arrived in the next financial year. This also interrupted the work plan as it mis-matched the budgeted amount passed by GPs.
- The other issues GP faced with respect to civil construction activities which could be completed because of some dispute arising and that invariably stalled the work in progress.
- Likewise, the MIS component of both sample districts was in poor shape and needs to be substantially improved. Likewise, the records relating to civil work carried out by the GPs needs to be properly maintained and updated periodically.
- There has been no recruitment of staff at the block levels at both the sample districts and the entire work being under taken on contractual basis and many of them have been recently appointed and were quite new to the work culture and also lack training. All this eventually affected the working of GPs and needs to be streamlined.

Suggestions:

- It was observed that GPs in both the sample districts were quite weak and lacked the element of effective participation of people at large. The amount plans executed by GPDP thus lacked their concurrence; as a result, a good proportion of plan could not be fully executed because of dispute. It is therefore suggested that people of the area need to be sensitized about the rights and duties and encouraged to participate in the open house meetings through appropriate and relevant social interventions organized at regular intervals on sustained basis.
- The lack of interest shown by the people to come and attend GP meeting provided opportunities for unscrupulous elements to hijack the agenda and priority list for the village or area, this became the wish list that invariably favored a few selected people and thus defected the purpose of promoting the concept of equality.
- The problem of outsourcing or work on contractual basis should be done away with as the people cannot be held socially accountable. Therefore, there is a need to make serious efforts towards filling these vacancies and simultaneously provide training to the fresh recruits so that the problem of backlog of data filling can be taken up on war footing and records be subsequently updated.
- Similarly, the issue of capacity building of the officials and functionaries from district, block and panchayat level also needs to be addressed so that they may also develop a sense of sincerity towards their duties.
- The awareness level among the community people was also found to be quite low that also prohibited their level of participation. Accordingly, they also need to be sensitized and made aware about their right and duties, about the programme that the government has launched for their betterment. It is equally important they be encouraged to come and speak about their vision and need in the open GP meetings. This could encourage the others also to come forward and talk about the work they feel the GPDP should take into account.
- It was observed that FFCs has two basic components viz. the basic grant (BG) and performance grant (PG). It was quite unfortunate that many of the elected represented and even the locals were not aware about the conditions of availing performance grant. Efforts need to be made to make them aware of them and encourage them to increase/enhance the level of their own source revenue (OSR) over preceding years and submit the audited annual accounts of GPs. Once this process is put into place, not only the awareness level of people will enhance but even their participation level in public work will substantially improve spelling all-round development and prosperity.

General Observations across the Board: (In all the 8 states)

- Panchayat members including Sarpanch/Pradhan have little knowledge about FFC. PRI members were not adequately trained about FFC. They could not get proper training. Hence they don't know the details of gram panchayat development plan (GPDP).
- Women are not actively participating in panchayat affairs, except exceptional cases. The same with minority, backward classes, SC & ST population also. Here exception is Jharkhand, which is tribal dominated.
- Record keeping seems to be satisfactory in all states, except Gujarat & UP and weak accountability (at all levels: downward vertical, upward vertical and horizontal).
- Audit is taken to be a very important and serious exercise for ensuring the efficient utilization of funds. It has been observed that the public representatives work under many pressures from higher officials and invariably compromise that ultimately affects the quality of work. Timely audit could help to curb such malpractices and also bring forth an element of transparency into the system which could spell well in the long term.
- The issue of forging links between FFC and PRIs has been seen as a possible solution to help the and enable PRIs to emerge as institutions of self-government by availing sufficient funds. All the programmes in their guidelines/frameworks are making fairly elaborate provisions to involve PRIs at various levels.
- What is found from the field that the actual linkage is being approached more in an instrumental rather in an integrated way. This could be discerned both with regard to the purpose as well as the method adopted for such a linkage. In the context of involvement of PRIs and the role they play; wide variations could be seen across schemes & states.
- Wherever commercial/industrial activities were taking place in the GP (for example, the sugar factory in Annur- Karnataka), the GPs have been able to generate larger Own Source Revenues (OSRs). The compliance to tax payments by the public was also observed to be in correlation with the economic and literacy status of the community in the GPs.
- There is lack of alignment of prioritization lists in the GPDP with the critical needs for sections of the GP community. Inadequate community participation in the identification of solutions/projects and/or a-priori listing of projects by administrative-technical staff appear to be root of this problem.
- Enhancement of district & state capabilities to support the formulation of participatory GPDPs which also meet the essential content criteria is also necessary. The SIRD has made extensive efforts, but their capacities need substantial augmentation.

- A major fall out of such a planning process is the absence local ownership for these interventions among PRIs. The PRIs, as such are found not identifying themselves fully with these schemes. At the same time, the PRIs have been constrained to come up with their own initiatives. Much of their time and effort is focused on implementation only.
- On the whole, while quality of execution was good, resources were largely organized from the FFC and SFC funds and convergence of schemes and own resources were relatively weak. Planning through people's participation at the GP level appears to remain as the toughest challenge.
- FFC funds were utilised only for low budget project (less than 5 lacs more specifically less than 2 lacs). Integrated project planning for projects which larger coverage was completely ignored/not considered under FFC grant. Therefore, inter GP connectivity and intra village (within GP) connectivity which would have larger impact was never taken up in any GP. The funds in such cases were being found utilized more as per individual preferences than based on the real need in the community. (in all states)
- In the state of Karnataka, the FFC funds constitute 10 – 47 % of the total annual revenue of the visited GPs. All the four GPs have received both the FFC basic grants & the performance grants. They are able to utilize a good proportion of the FFC funds (reported by GPs).
- A portion of the FFC grants (25% of the installments) are transferred to an escrow account of the GP, which are to be used only for payment of the electricity bills of the GPs. This step has been taken up as the GPs have been accumulating huge arrears of payment of electricity bills over years. Once this is done, - as a one-time concession- the GPs would be able to pay the future bills on a regular basis. (Ex. Karnataka)
- The FFC guidelines have been modified by the State by specifying the percentage that could be spent on the basic services. The broad proportion of expenditure to the various targeted beneficiaries like SC/ST, persons with disability, women and children etc. are specified. (Karnataka)
- In PPGPs, the general practice seems to be to divide the funds amongst the council members. They get the work executed at low costs and show bills on the higher side resulting in poor quality of execution. (Examples – Drainage cleaning and also Jungle Cutting work at Wadegera of Karnataka)
- In MP, Panchayat Darpan, a web-enabled system has been operational over the years that are a system for transfer of funds to panchayats as well as to track expenditure of the GPs. The software provides certain information in public domain. The Panchayat Darpan is a

useful system of financial management of the GPs for fund transfer as well as for booking expenditure of the works and administrative expenses.

- Though the state did manage to send them to GP's account in the bank, however, at times, the banks default to transfer the amount in GP's account because of manpower shortage and other pressing issues. Though the incidence of defaulting was low but if it kept recurring, then it may hamper the GP's work schedule. It was also reported that the banks, at times, held back the transfer of funds in some GPs in lieu of pending loan, which was a violation of guidelines and needs to be streamlined.
- It was also found that during 2016 along with GPDP, a separate order was circulated for making three years plan by Gram Sabha in Jharkhand. This was quite confusing both for GP functionaries and villagers. Hence GPDP was sacrificed for the sake of three years plans.
- GPs are in the process of transforming themselves as in institutions of local self-governance. However, early signs of politicization and bureaucratization of GPs are observable that needs to be consciously checked.
- In Madhya Pradesh in the FY 2016-17, average fund transfer was of Rs 15.78 lakh per Panchayat. However, the state Government has designed a scheme known as 'Panch Parmeshwar' which is resourced by the FFC and the SFC grants. Some of the GP members are unaware of the name of FFC grant as it is commonly known as funds available under 'Panch Parmeshwar' scheme.
- In Odisha, 'Aama Gaan Aama Yojana' (AGAY) is an excellent initiative of the State Government that has been aimed at strengthening people's participation in GPDPs. However, the implementation of this has been slow as it requires huge pool of good trainers, training materials and effective tools and proper timing impart necessary orientation and augment capacities of GP functionaries.
- The bureaucratic class is converting the expressed needs of the community into more commercially viable proposals. Such activities should be viewed more from the 'holistic' effects such activities can produce in the society, and in the long term. (Karnataka)
- The role of state government also needs to be redefined in helping the GPs to acquire adequate infrastructure in physical as well as technical terms (many of the Panchayat Bhawan, schools need renovation, computer, internet facilities etc). The use of public private participation (PPP) model could be ideal in such setting.

Impact:

- Through FFC, decent amount of funds are now available to the GPs. Functionaries are also now available to the GPs as compared to the past. Direct transfer of FFC funds to GPs has opened up a plethora of opportunities for GPs to plan as per need and spend as per need. A locally generated plan like GPDP has gone a long way to fulfill development needs of GPs and in meeting some aspirations of the people.
- Among all aspects of the GP strengthening and local governance process envisaged, strengthening the local planning process is most imperative in terms of impact.
- In all the studied GPs; not a single work benefitting any individual household or a particular beneficiary was found. The GP functionaries and administrative set-up deserves appreciation. Activities under FFC funds were mostly for community use.
- Since FFC funds are untied and the elected representatives have freedom to utilize such funds for the benefit of the village communities especially in delivery of basic services, lots of works have been completed by GPs in villages after the receipt of FFC funds. However, improvement of basic infrastructural facilities of the GP was noted to be given priority during the first few years; which needs to be discontinued.
- In many GPs very positive changes were noted in drinking water and sanitation situation as FFC funds have been targeted to address issues of water supply and sanitation programmes. It is also hoped that the state government target to bring piped water to every household by 2019 may be possible with FFC fund flow to GPs. (ex. Odisha).
- One of the positive findings noted in GPs that works completed by utilizing FFC fund are by and large has been of good quality. GPs should now solicit community contributions or services for maintenance of such works.
- Provision for more holistic training and capacity building on the fundamentals and technicalities of local self-governance to the elected representatives is highly required. This must however, be rooted in a robust understanding of the perspectives and approaches, most importantly, of the local planning process, across levels in the structure.
- One of the positive findings noted that FFC funds were transferred electronically to GPs within the stipulated time frame of 15 days of receiving the grant from MoPR, without any deduction at the escrow accounts. The formula for distribution of FFC grants to GPs has also been hosted in the public domain. The knowledge of resource to GPs, by and large, had enabled them to prepare Action Plans under GPDPs and thus fix targets and its achievements.(all states, Odisha)

Suggestions & Recommendations:

- The most critical aspect of utilization of FFC funds is not that they are used in the GP, but *how* they are used. For maximal impact in terms of the achievement of local development, and attention to the most critical areas (such as water supply) where universal coverage is an urgent priority, a systematic and community- participation centered process for preparation of GPDP is most critical. Without this, the GPDP often fails to reflect the most pressing and critical needs of all sections in the GP, and often, the priority needs of the marginalized segments. The GPDP is the basic document that frames, anchors and directs the utilization of the FFC funds.
- Palli Sabhas and Gram Sabhas are to be emphasized, systematically reviewed; release of grants can be tied-up to these to ensure proper conduct of these key processes. The actual processes to be followed at these levels also need to be detailed and mechanisms worked out to ensure these are undertaken.
- The flow of funds to GP's account is yet another issue that needs to be properly channelized and efforts needs to be make to provide the whole grant in one financial year to enable the GPDP to plan their activities properly.
- The GPs also needs to be encouraged to make serious efforts to build community assets with available grants that could later be used for earning income. In the creation of community assets, the physical contribution could be sought from the people area. However, this could only be achieved through relevant social interventions, that provide an insight of how important community assets become for their all-round progress.
- A shift in the roles of the local bureaucracy in GP Planning and Work Execution must be initiated. To begin with; the Panchayat Executive who is supposed to report to the Sarpanch and not to the BDO to be strictly followed and inspected by the CEO, ZP.
- The role of PRIs in planning is highly significant. Even in schemes like SSA and NRHM which visualize decentralized district and local plans, line agencies carry out planning with only a perfunctory involvement of PRIs. In MNREGA, the PRIs are able to participate in the planning process to an extent. However, at present, the planning by PRIs is confined merely to identification of projects.
- Performance of the GPs in terms of 'material' and 'soft' aspects needs to be taken into account while providing suitable incentives to them. Unverified rewarding, without checking the actual ground situation can actually be highly dis-incentivizing. The evaluation parameters for disbursement of performance grants to the GPs need to be expanded by including governance indicators and levels of community participation. It can be graded and focused based on the actual needs of GPs' HDI levels. In this regard, the GPs can be categorized into

Grades 1-3 and the guidelines of State Government towards percentages of expenditures from FFC and other funds can be earmarked separately grade wise. (ex. Karnataka)

- In all the states, ZP chairpersons are of the opinion that they are sidelined by FFC. They want to know what is happening at GP as far as FFC funds are concerned. According to them, the so called Integrated District Planning is a misnomer in this precarious situation. At least the ZP member from that Block, must be informed about the funds available and the programmes implemented in that particular block. So that he can also participate in GPDP.
- Directorate PRI in the state may mark a copy of FFC fund disbursement to GPs to all DDC and ZP chairpersons simultaneously with disbursement of FFC grant. Similarly DDC and ZP chairperson must forward the same information to respective BDO and chairperson of Panchayat samity. (recommended by many states)
- The GPs should display the approved projects under GPDP on the walls of panchayat buildings. To ensure transparency and accountability, social audit for each work taken up under FFC need to be carried out. Proactive disclosure of receipts and expenditure of GPs needs to be done by way of “open for public scrutiny” once a month in a particular day.
- The vacant/ adhoc posts at GP level must be filled up immediately, in all states. Qualified persons (graduate degree with knowledge of civil work, computer and GPS operation) should be appointed as Panchayat secretary. In many states, PS is not even matriculate yet many are given dual charges of two panchayats. In Jharkhand, it was found that the Panchayat Secretary is promoted from the community who is providing services to the Mukhiya at Panchayat level without having adequate formal education/ qualification.
- In Odisha, construction of “kalyan mandap” or renovation of village water bodies, Kalyan Mandaps and Weekly Market Yard facilities, service centres in bus stands, are undertaken, which can yield rental income to the GP was prioritized over projects for water provision, where water scarcity is a pressing and extensive issue.
- While need based works were taken up under GPDPs, over emphasis on unnecessary beautification could have been avoided. A bus shed looking like a club house and the place to keep the dead body before cremation looking like a puja pandal nearby a shamshaan ghat. Water Tank was like a small pond. (Odisha)

Conclusion:

In the context of CRM of FFC, it is giving a mixed picture. Among all aspects of the GP strengthening and local governance process envisaged, focusing on strengthening the local planning process is most imperative in terms of impact, which is clearly visible from the CRM findings from the field. The flow of funds from FFC and other funds have made the panchayats somewhat resourceful in creation of community assets for public utility at local level. It is undoubtedly accepted that, in spite of its lacunas, FFC funds has impacted the life of citizens and to certain extent the local planning process at GP level. However, fund utilisation details are displayed in Hindi/ local language, at each project site with the name of FFC and Labhuk Samity (Beneficiary's Committee) and Nigarani Samiti (Vigilance Committee) in Jharkhand has impacted peoples' awareness, might be reflected in other states. Mukhiya and Panchayat Secretary do not own responsibility or accountability for late execution or non-utilisation of FFC fund. There is no check and balance for checking this attitude. There were no processes in place for self-evaluation or external evaluation many states, as a result of which assessment of execution and gaps for improvement were not adhered to. State had also not prepared benchmarks for internal governance, clearly delineating the roles and functions of functionaries, which could have been used as a tool for self-monitoring of the GPs. In all GPs; very positive changes were noted in drinking water and sanitation situation as FFC funds have been targeted to address these issues. It is hoped that the state government target to bring piped water to every household by 2019 may be possible with FFC fund flow to GPs. (ex.- Odisha).

For that purpose, the capacity building process of Panchayats must be strengthened. Unless all the elected representatives, including people imbibe and develop the qualities necessary to run Panchayats, the inclusive governance with genuine participation may not be possible. Despite having constitutional backing, Gram Sabhas across the States have been deliberately degraded to act as 'beneficiary Sabhas'. Social audit is not happening up to the expectation level. If possible, from 1st October to 15th October, all GPs are required to observe "Gram Samridhi and Swachhta Pakhwada". This platform could be used to popularize GPDP among people and discuss FFC grants allocated for the next Financial Year. The CRM exercise for FFC may be extended to all States as well and may also be repeated as a regular exercise to inculcate a regular monitoring exercise for receiving grants.

Annexures:

A. Common Review Mission Teams

1. Uttar Pradesh

Sl. No.	Expert Members	Orgn/ Institution
1	Prof. Surinder Kumar, Director	GIDS, Lucknow
2	Prof. S.K. Pant	GB Pant Social Science Institute, Allahabad
3	Dr. Sanjay Pandey, Director	Midstream Marketing Research Pvt Ltd, New Delhi
4	Shri Manoj Sharma, RA	MoPR

2. Madhya Pradesh

1	Dr. Yatindra Singh Sisodia, Director	MP Institute of Social Science, Ujjain
2	Dr. Yogesh Kumar, Executive Director	Samarthan, Bhopal
3	Ms. Shrdha Kumar, Programme Director	Samarthan, Bhopal
4	Shri Abhishek Sah, Consultant	MoPR

3. Karnataka

1	Dr.R.Balasubramaniam, Founder Chairman	Grass Root Research and Advocacy Movement, Mysore
2	Dr. Shashikala Sitaram, Consultant	Mysore
3	Dr. Mouleshri Vyas, Professor	TISS, Mumbai
4	Shri G.S.Krishnan, Consultant	MoPR

4. Telangana

1	Dr.R.K.Mishra, Director	IPE, Hyderabad
2	Dr. Pradosh Sharma, Director	LORDS, New Delhi
3	Dr. Tauqeer Khan, Consultant	MoPR

5. Jharkhand

1	Dr.Pradip Parida, Assistant Professor	IIPA, Delhi
2	Shri Himadri Sinha, Professor	XISS, Ranchi
3	Shri Manoj Panda, Director	Institute of Economic Growth, New Delhi
4	Shri Aditya Vikram Singh, Consultant	MoPR

6. Assam

1	Dr. Ashok Pankaj, Director	Centre for Social Development, New Delhi
2	Shri Durga Nand Jha, Executive Chairman	Centre for Policy Analysis, Patna
3	Dr. Kumud Sharma, Chairperson	CWDS, New Delhi
4	Shri Rajesh Sinha, Consultant	UNDP(MoPR)

7. Odisha

1	Ms. Kajri Mishra, Professor	XIMB, Bhubaneswar
2	Dr. Ambuj Mahapatra, Executive Director	Development Facilitators, New Delhi
3	Dr. Amar KJR Nayak, Professor	XIMB, Bhubneswar
4	Shri M.C.Chand, Consultant	MoPR

8. Gujarat

1	Dr. Sukhbinder Singh, Associate Professor	CRRID, Chandigarh
2	Dr. Prem Vashista, Visiting Senior Fellow	NCAER, New Delhi
3	Shri Mayank Kharbanda, Consultant	MoPR

A. Places Visited by CRM teams : District & GPs - State Wise:

1	Assam	Barpeta	Bandhasidhani GP from Bajali Block, and Paschim Howly GP from Gobardhan Block
		Siv Sagar	Rajpukhri GP from Sonari Block and Joymoti GP from Nazira Block
2	Gujarat	Panchmahal	Ranipura & Kanjari GP
		Vadodra	Bil & Segva GP
3	Jharkhand	Ranchi	Chuttu GP in Kanke block and Lalkhatnga GP in Namkom block
		Lohardaga	Manho GP in Lohardaga block and Kharki GP in Kisko block
4	Karnataka	Yadgir	Wadegera and Hayyal B GP
		Mandya	Annuru and Naguvanehalli GP
5	Madhya Pradesh	Raisen	Ambari, Bhojpur & Sunari Salamatpur
		Panna	Kunjvan, Bahadurganj & Saleha
6	Odisha	Cuttack	Barhaipur & Kurunja GP of Mahanga Block
		Gajapati	Chelligarh & R Udayagiri GP of R. Udaygiri Block
7	Telangana	Warangal	Oglapur GP of Atmakar Mandal & Gangadevipally of Geesugonda Mandal
	Telangana	Mehabub nagar	Devarakadara GP of Devarakadara & Khanapur GP of Balanagar Mandal
8	Uttar Pradesh	Kasganj	Kachhela Sherpur GP of Amapur Block & Kasganj GP of Kasganj Block
		Balia	Athila GP of Rasara & Srinagar GP of Barria Block