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## **UNIT 21    CAPACITY BUILDING OF GRASSROOTS FUNCTIONARIES**

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### **Structure**

- 21.0 Learning Outcome
- 21.1 Introduction
- 21.2 Institutional Capacity Building
- 21.3 Capacity Building of Elected Functionaries
- 21.4 Capacity Building of Local Administration
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### **21.0 LEARNING OUTCOME**

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After studying this unit, you should be able to,

- understand the significance of capacity building at the local level;
- discuss the requirements in capacity building of all ‘actors’ involved in local self-governance, that is, bureaucracy, civil society and the politicians; and
- highlight the significance of e-governance in this context.

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### **21.1 INTRODUCTION**

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The 73<sup>rd</sup> and 74<sup>th</sup> amendments have introduced local self-governance with the purpose of introducing grass roots democracy in the country. It had been a long cherished dream that is now in the process of being realised. The amendments introduce new institutions at the local level. However the ‘capacity’ at which these institutions at the local level perform would depend on the resources, the infrastructure and the technical expertise available with the personnel in these institutions, that is the elected functionaries, the local bureaucracy, and especially the subject matter specialists, in newly introduced institutions such as the State Finance Commission and the District Planning Committee; besides the community, which is slated to be an important contributor to development in the future. But, even at the initial stage of the reform effort, there are disconcerting voices being heard about these bodies being burdened with generalists who would not make them efficacious bodies, rather turn into them into ornamentations that would not serve any real purpose in the countryside. Much lament has already been heard about lackadaisical plan effort at local levels and also problems with implementation of policies. While shortfalls in planning are largely explained by lack of required data and expertise to handle that data,

and broad failure of the plan approach based on the ‘trickle down effect’; incapacity of local administration to translate policy statements into practicable action plans and have a vision for the future; implementation bottlenecks are due to the disquieting space for ‘discretion’, with local public officials which means ordinary citizens have to pay corrupt officials even for their regular administrative duties; which is, ‘rent’ or unearned income in terms of the public choice theory, derived by virtue of ‘unaccounted’ positional authority. That clearly indicates the need to establish accountability mechanisms that are oriented also, towards ‘outcomes’ not strict construction of the procedure itself. Development Administration by its very nature is “end oriented”. Hence, provisions are needed to encourage initiative, which is direly needed for innovative policy to succeed. Hence, much needs to be done by way of reform effort concentrated at the development bureaucracy at the local level. Needless to assert, political will to affect the same at the state level is crucial for desired changes in local governance since the stimulus for desired change would emanate from the state legislature.

In this Unit, we shall explore the many facets of local administration and what adaptations are needed, where, for the intent/ purpose of the recent constitutional amendments to be realised.

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## **21.2 INSTITUTIONAL CAPACITY BUILDING**

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Recent amendments have introduced two new institutions, the District Planning Committee and the State Finance Commission in local governance. The composition of the State Finance Commission and the qualifications requisite for appointment, have been left to the discretion of respective state governments. Position in this regard, as a result, differs from state to state. As brought out by Bajpai and Verma (1995). In case of Madhya Pradesh, Maharashtra and Punjab, no details with regard to composition and qualifications have been provided in the respective acts. Certain larger states like Uttar Pradesh and Bihar have smaller Finance Commissions consisting of only 3 members each. As regards qualifications prescribed for the Chairman of the Commission the states of Assam, Bihar, Haryana, Karnataka, Tamil Nadu and U.P. have not provided any details in their acts in this regard. In case of Andhra Pradesh and Gujarat, the qualification prescribed, is a broad, ‘experience in public affairs.’

The question of qualifications of members should be carefully attended since the state finance commissions, as per the constitutional stipulation would be in charge of devolution of both plan and non-plan funds, unlike the central finance commission, which has lost, plan fund allocation to the planning commission. Since the state planning commissions are not that powerful, the finance commission would need all the expertise at its command to do justice to its role as the sole body in charge of plan and non-plan funds allocation to local government bodies. The terms of reference of the state finance commissions are also likely to be broader since there is no constitutional stipulation limiting their terms of reference to any specified taxes or duties. The specific terms of reference in a particular state would be dictated by its particular needs in the light of the functions laid down in the Eleventh Schedule of the Constitution.

As regards the District Planning Committee, most states have not included enough information in their acts to give effect to the provision for a District Planning Committee, which has been made in the 74<sup>th</sup> constitutional amendment. Only 6 states, (Assam, Bihar, Himachal Pradesh, Karnataka, Rajasthan, and Tamil Nadu) have provided some information

in their acts. The pattern is more or less the same. Directly elected members, viz. MLAs, MLCs, MPs, Chairperson of the Zilla Parishad, Mayor or Chairman of the Municipal Corporation /Board having jurisdiction over the Headquarter of the district have been included in the District Planning Committee. No State has mentioned the manner in which the elected members should be chosen. No State has prepared a specific list of the functions assigned to the District Planning Committee.

These incongruities are glaring, in view of the significance of District Planning in the scheme of wider developmental planning for the district. The District Planning Committee was envisaged to bring about the much-needed integration between urban and rural planning with emphasis on small and medium towns as providers of higher order services to rural areas, like, marketing facilities, banking facilities, repair workshops etc. The Hanumantha Rao Working Group first articulated the idea which has since been pursued and finally given effect in the 74<sup>th</sup> constitutional amendment. It was emphasised that district plans should be envisaged, not just as rural plans but as spatial plans taking cognizance of linkages between rural development and urban development regarding areas closely aligned to the rural areas and to the development of these areas. It was recommended that urban areas with less than 10, 000 population should be treated as rural areas for purposes of district development planning (Ibid).

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## 21.3 CAPACITY BUILDING OF ELECTED FUNCTIONARIES

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Frequent dissolutions, suspensions and super sessions of local bodies have thwarted development of administrative capability among elected functionaries. Hence, political will at the state level to help develop local bodies as institutions of self governance is critical to develop experience of public affairs at the local level. The 73<sup>rd</sup> amendment has attended to the problem of dissolution, though only partly. Panchayats cannot be kept in a stage of suspension of dissolution for long periods, as it is mandatory now, on the part of the state government to conduct elections within six months of the dissolution. However, on what bases, a panchayat can be dissolved or suspended, and by whom, has not been clearly stipulated. Such matters have been left to the discretion of the state governments. As a result the position varies widely across states. For example, as regards village panchayats, in Bihar, the *zilla parishad or the government*, in Karnataka or Maharashtra, the *Commissioner*, in Himachal Pradesh and Madhya Pradesh, *the prescribed authority or the government* and in the rest of the states, *the government* has the powers of dissolution of the village panchayats. In case of panchayats at the intermediate and district levels, in Himachal Pradesh and Madhya Pradesh, *the prescribed authority or the government*, and in the rest of the states, *the government or any other person or officer authorised or empowered by the government* have got the powers of dissolution of the Panchayats at the intermediate and district levels. For the interregnum between the dissolution and fresh elections, work is entrusted to an ad-hoc board or a commission, or person or group of persons as per the practice in different states. The state government carries out periodic inspections during the period concerning it or on any matter in respect of which the sanction, approval, consent or order of the state government is required under the law and to determine personal liability of public officials in case of any loss or waste of public property caused due to misconduct or gross negligence of duties.

Most committees and working groups setup on local government agreed on the need for

adequate safeguards to prevent misuse of power on the part of the state governments. It was endorsed by each working group that proposal for dissolution of a panchayat should be discussed at length by the zilla parishad and the extreme step taken only if the resolution calling for the same is passed by the apex governing body. In the same vein, the legislative assembly should discuss and pass the resolution relating to dissolution of intermediate and district panchayats. Due inquiries should be conducted, by the District Magistrate in case of proposed dissolution of the gram panchayat, and, by the Commissioner of the Division in case of intermediate or district panchayats. However, the provisions of the new measure suggest that the issue has not been dealt with in desired seriousness (Ibid).

Besides dissolution, the question of membership of the newly formed local institutions for democratic self-governance is pertinent to understand the 'sociological dynamics' of these institutions. Political decentralisation may not be wholly effective, if the underlying social order remains, as is famously referred 'oligarchic' and 'oligopolistic.' Hence, provision of reservation of seats for women and the socially marginalised caste groups has been made in the 73<sup>rd</sup> amendment. Though the issue of caste- based reservations could be debated for veracity, one would agree to the fact that benefits anyhow are reaching the hitherto 'untouched' sections of society. Results are encouraging in that the participation of women and the ordinary poor farmer, though still outwitted by the powerful, are encouraging signs. In such a scenario, rule of law is the most important requirement. For the purpose, police administration needs attention. Good beginning has been made with the experiment of panchayat *thanas* to provide decentralised services at the local level. However it is the 'working' that needs urgent attention to break the order of privilege that is prevalent in the countryside. Decentralised interface between the people and the law and order machinery is also being attempted through community policing initiatives. Case in point is the Friends of Police Programme in Tamil Nadu, which enlists members of the community as partners in prevention and detection of crime. Such involvement of the local community in direct policing ensures accountability of local administration to the general people, and builds confidence among community members, which is the most important outcome of the exercise. A notable example in this respect, as per Doel Mukherjee is the Parivar Paramarsh Kendra under the aegis of the police in Madhya Pradesh, which resolves family conflicts amicably by paying attention to the root cause and nipping potential trouble in the bud (Mukherjee, 2005). Other community policing initiatives in Madhya Pradesh are, Gram Raksha Samitis, Nagar Raksha Samitis, Childline, medical Relief to injured, de-addiction camps etc.

Another reason why police administration needs attention is that *rule of law* is absolutely vital for a liberal economy, whose another tenet is, *freedom of contract*. Mafia activities and other sources of corruption need to be checked to allow fair competition between bidders for contracts, especially as the private sector would now be involved in public services provision, in partnership with the government (Tenth Plan).

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## 21.4 CAPACITY BUILDING OF LOCAL ADMINISTRATION

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Enhanced capacity of the administration has to match political decentralisation initiatives in order to get the desired results. As noted in the Tenth Plan (2002-07), the degree of democratisation achieved over the years in the political front has not been matched by progress on the economic front. "There are still too many controls and restrictions on individual initiatives, and many of our developmental institutions continue to exhibit

paternalistic behaviour which today has become anachronistic...". While the state would function as a catalyst and a promoter in many areas where the private corporate sector would participate, its role would actually increase in certain other areas, such as infrastructure provision, where private participation is negligible, such as construction, of roads, bridges, rural electrification, housing for the poor etc. Procedural delays affect performance in this regard and most funds have to be submitted at the end of the budget year. Procedural reform such as proposed single window clearance of tenders etc. in the tenth plan could go a long way in ameliorating this situation.

Also as rightly noted in the tenth plan (2002-07) the quality of agricultural research has fallen while the extension services have virtually collapsed. Agricultural research and development has to be strengthened while the extension services need to be revamped. Outlay for education is the lowest along with health. Most unspent funds at the end of the year come from these two sectors. More investment is needed in human resource development since human capital is the chief driver of the economy. India has lagged behind in this respect, as compared to other developing countries like China and South East Asian Nations (Sen, 1990).

There is too much unionism among municipal staff. They have succeeded, as in Mumbai, in extracting sizeable pay increases on the basis of their organisational strength. The question of labour law reform has lingered on for some time without much effect, since it faces tough opposition from the communist party members and others devoted to the socialist ideology. Labour law reform would boost investment and improve the employment situation considerably, since firms would be encouraged to do business and would not be bound by overly protective labour laws.

System has to be refurbished on both the input and the output sides. Input has been referred above; the output side implies the outcome of the efforts put in by the farmers in money terms. Post harvest technologies and market infrastructure demand re-look at archaic rules governing agricultural trade.

Organisational changes in local administration are also underway, though would take time to fructify. The issue areas are training of personnel in various specialized tasks in rural development, and rationalisation of the administrative structure. The District Collector is presently overburdened with the twin responsibilities of regulatory administration and development administration. There is a trend visible towards specialisation, though. His role in administration of law and order has been reduced, by transferring of administrative duties such as writing ACRs of the SP, over to the range DIG. As regards development, democratic institutions are set to share responsibilities increasingly in this regard along with the bureaucracy in the future. Situation up till now in this respect has been more conflicting than collaborative in that the bureaucracy has been reluctant to engage democratic self-governing institutions meaningfully in administration. To what extent the position will change in this respect, will only be known as things unfold. However it is rather desirable that the Collector relieves himself of some of the developmental responsibilities in the *local sector* since the *state sector* over the years has suffered due to insufficient attention on the part of the collector. Analysis of plan allocations over the years shows that much larger allocations are made therein, compared to the local sector. However as the Collector devotes much time attending to schemes in the local sector like construction of village roads, drinking water wells, school buildings etc., many important schemes in the state sector such as land reforms, rural industry, have suffered which has thwarted emergence of a self-generating agro industrial economy. Efficiency in Revenue



Offices has gradually deteriorated because of lack of adequate attention. In fact, frequent super session of local bodies by the district administration is also explained by this organisational shortcoming. Inspections were inadequate and superficial, which meant timely remedial could not be taken, which made super session unavoidable (Report of the Committee on Democratic Decentralization, 1961, Maharashtra). The experiment of Additional Collectors hasn't wholly succeeded. Hence, rationalisation of work at the district level is absolutely necessary to remove roadblocks in the implementation of plan schemes.

The joint Indo-American team on Agricultural Research and Education (1955) pointed out a major anomaly regarding *Staffing*, which persists till date in Indian Administration; which is (arguably), the problem of Generalists vs Specialists. It recommended that top positions in agricultural departments and in agricultural research institutions, should be manned by technical experts and not by generalist administrators. This is in accord with the indignation, oft expressed by technical experts that rural development is a scientists' job, not so much an administrator's. In 1957, the Food Grains Inquiry Committee noted with disquiet the mismatch in delays in the progress of major irrigation projects, utilisation of irrigation potential, apart from other delays and inadequacies in seed production and irrigation programmes. This could be correlated to insufficient understanding of issues involved in rural development (ICSSR, 1975). The need for rationalisation of work is endorsed.

There are new emerging concerns for which local administration would need to be prepared. Two such concerns are disaster management and sustainable development. With the current stress on development planning at the local level, disaster management would be a focal area since that is where the first impact and the first response efforts take place, post incidence. Hence, it is imperative that local stakeholders have a significant say in development planning in this respect, and the local communities are trained in disaster response along with suitable institutional provision for the same. The tenth plan indicates the strategy towards the end. Local initiatives would be encouraged by way of:

- Creating awareness through education and training and information dissemination to empower the community to cope with disasters.
- Incorporating Non-government Organisations (NGOs) and Community Based Organisations (CBOs) in the Disaster Management System
- Identifying the more vulnerable groups, such as women and children for special assistance.

For sustainable development, all development schemes in vulnerable areas should include a disaster mitigation analysis, to assess the feasibility of a proposed project or policy.

#### **21.4.1 Knowledge Networking**

Since information is the most important resource, speedy and efficient transmission of information across institutions to vantage decision centers in organisations and between the government and citizens is vital for efficient policy making. The information communication revolution is making that possible today. The word in practice/parlance is "digital governance". "Simply stated, *digital governance* includes both *digital government* (delivery of public service) and *digital democracy* (citizen participation in governance). A survey conducted by the American Society of Public Administration in 2003 and updated in 2005 reveals a stark 'digital divide' between developed and underdeveloped countries.

Although the average score for digital governance throughout the world is 33.11, the average score in OECD countries is higher at 44.35, while the average score in non-OECD countries is lower at only 26.50. Websites were evaluated among five e-governance categories: *security and privacy* (privacy policies and issues relating to authentication), *usability* (traditional web pages, forms and search tools), *content, services* (access to contact information, access to public documents, disability access as well as access to multi-media and time sensitive information), and measures for *citizen participation* (how provisions are being made to facilitate and encourage participation in governance). While Seoul was ranked first, closely followed by New York, Shanghai and Hongkong, Mumbai was placed 48<sup>th</sup>, Karachi at 62 and Dhaka at 73. The third evaluation is planned in 2007. This survey endorses the need and significance of research in the area of e-governance to benchmark best practices globally for incorporation and direction in less advanced nations (Holzer, Kim, 2005).

E-governance has catapulted revenues to record highs in cities, where the benefits have been procured. The objectives of e-governance initiatives in local bodies are primarily, efficiency, through the Management Information System (MIS) and accountability, and informed interest articulation on the part of people through increased information access to citizens and representative citizen action groups. Recent example is the Rajasthan State Government Initiative in this regard with the following objectives:

- Effective Revenue Collection through development of common Data Base for urban land and property records.
- Better office administration through development of Management Information System, Personnel Management Systems and Computerization of all activities of Municipal Corporations.
- Efficient accounting by incorporating Double Entry Accounting System.
- Issue of Birth & Death Certificates and Trade Licenses.
- Establishing information flow systems between zones and central offices.
- Improved Citizen Services by imparting information through web site.
- Capacity Building of Municipal Corporation personnel by training them in operating and maintaining of the proposed System.

Training of personnel in e-governance is the emphasis area currently, to enhance capacity of local administration to absorb the changes in the external sphere to requisite extent.

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## 21.5 COMMUNITY EMPOWERMENT

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Civil Society is the hope of the new world order, especially as it operates in the political space left vacant by the state and the market for different reasons; the market, for reasons of profitability since certain sectors, especially in rural development are not viable from the profitability angle; the state, for constraints; financial or managerial. There have been reported state and market failures in service provision, in that neither is a perfect instrument for distribution of all kinds of goods: public and private. While the private sector is efficient with regard to distribution of private goods, as beneficiaries can be identified and charged differentially for services as per benefits procured; benefits from public goods are not easily subtracted in that respect; as for example, we all benefit from

security equally, hence cannot be charged differentially, which makes it difficult for the market to provide these services. Hence, while the private sector does not venture into non-profitable sectors and the government is constrained by lack of funds, staff and/or managerial capacity, desired outcomes in infrastructure and human resource development remain elusive. The civil society, typified by the non-government organisations or the voluntary sector, steps in, in a constructive way, in this political space, working in tandem with the state and the private corporate sector to make up for deficiencies in this regard. As rightly articulated in the tenth plan document, decentralisation cannot stop at the level of PRIs and ULBs. The potential of civil society organisations such as water users' associations and health and education committees should be tapped since these could contribute to improving service delivery vastly. To that end, revitalisation of farmer cooperatives and encouragement to the voluntary sector by way of more active and articulate association with the people on the one hand and the state on the other, as envisaged in the tenth plan, would strengthen civil society in the desired way. The Food Grains Policy Committee, which gave the first official assessment of the Grow More Food Campaign (1943-44 to 50-51), emphasised the importance of *village panchayats* and *cooperative societies* in securing the desired increase in agricultural productivity. Significantly, this was also the guiding principle of the community development programme, which failed primarily for shortfall in this regard; people's participation could not be evoked in requisite measure (ICSSR, 1975).

Peoples' participation in administration is equally necessary. However, studies on participation exhibit bias in favour of the privileged sections since they have the 'means' to participate. Time is also a limiting factor since the poor are mostly engaged in livelihood activities and have hardly the time to participate. Social subjugation also inhibits effective articulation on their behalf. Participation therefore has to be elicited, for which the administration would have to create 'enabling environment' where the activity creates benefit and sustains interest on the part of the poor by offering tangible benefits in that participation would have to be secured in a way that it generates alternative employment avenues for the people and does not put on them the burden of cost in any form, such as transaction costs or transportation costs. Example in this respect is the Joint Forest Management Scheme (JFM), which is fairly successful in this respect. It generates extra income and an alternative employment source for poor farmers when the crops are not good, through activities such as plantations in forests in return for wages, which makes participation a fruitful exercise, both for the cause and the people involved (World Bank, 2003). In JFM, the state (state forest department) and local forest protection committees (FPCs) share rights and responsibilities pertaining to forest use and management. Its stated objectives are: (1) empowerment of poor and marginalised forest dependent tribal and other vulnerable and weaker sections of the rural society by providing them opportunities to participate in the decision making processes of forest use and management and gain benefits from it, and (2) regeneration and improvement of vast areas of degraded forests to serve the twin goals of environment protection and better forest produce for the poor. Under the JFM agreements, local users hold important decision-making powers that empower them to formulate and enforce important rules that most suits their interests. There have been little empirical studies however, regarding the nature of participation, that is, whether skewed towards the rich and the powerful, and to what extent local communities, are actually finding 'voice'. Besides encouraging and eliciting participation is an issue. When there is work, rich and poor farmers for reasons of their own, would not participate. However the attraction of added benefits, such as wages in return for services



and improved off farm activities such as animal husbandry due to forest protection, better forest produce etc. would make people attend meetings. Complementarily, community development projects are also taken up, such as construction of roads and dams for irrigation, provision of drinking water, health services and electricity, which also provide incentive for participation. Several other initiatives are also taken to improve the economic conditions of people such as distributing animals, sewing machines, etc.

However, the World Bank in its assessment study pointed out certain lacunae. Much money was spent without prioritising community needs. Lack of congruence between the attitude of the local forest department bureaucracy and the objectives of community empowerment, central to the programme have also been brought to light, which created implementation hurdles. Community needs could not be prioritised because of lack of sufficient articulation in this respect on the part of the people themselves, majority of who remain poor and socially marginalised. Kumar and Kant (2005) therefore recommend drastic changes in the organisational set-up at the field level in consonance with the objectives of the programme to attain desired results. There is therefore need for attitudinal change in the bureaucracy in keeping with the changing paradigm of Indian administration, which is exhibiting a marked shift towards a neo-liberal economy from a predominantly state controlled. Emphasis is on public-private partnership in governance and closer association of civil society with administration, which demands change in administrative culture (Beher, 2005).

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## 21.6 CONCLUSION

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Awareness of rights on the part of people is crucial to 'create' desired environment of change. Democracy presently, is working under presently among too many constraints. Besides financial and other organisational constraints, lack of understanding among people, especially the poor, constricts democracy since it makes them vulnerable to demagoguery, which distorts public opinion. Since public policy is essentially a 'vehicle' of/for public opinion, policies get distorted, in that real concerns are not put through and rhetoric reigns, which brings into question the credibility of democracy itself as an institution. Hence, the process of interest articulation, particularly, information transfer has to be paid attention to, to check/revert the current state of deliberate 'misinformation' on the part of vested interests, many in the political elite, to create conducive environment for public opinion formation. Besides misinformation, lack of information, is another problem to be tackled. That would call for measures like education with accent on information technology, e-governance particularly, and political space for the civil society to have effective say in governance related matters. Civil society is crucial to break the "monocentric" nature of governance, sine options for alternate ways of "doing things" are not open. The private sector and peoples' cooperatives, which need revitalization, presently have a vital role to play in rural development in the future- the Private, particularly in the field of marketing and insurance of agricultural produce. Introduction of new technology is also the combined responsibility of the civil society, including the private corporate sector, since in the coming years the political space for the civil society would widen, acquiring global dimensions; also in developing countries like India, where future forebodings in this regard are already in evidence. That would enable people to articulate their interests more effectively and also find ways of putting them through to the policy makers, which in turn would lead to 'fair' policies, in that 'rationality' would advance at the cost of rhetoric, which is a dire necessity if democracy is to free itself of the scourge of misinformation based on demagoguery. Also, as is now an agreed fact, good policies do get implemented.

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## 21.7 KEY CONCEPTS

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- Capacity** : Capacity is the power/scope to co-opt or internalise what is offered. To elucidate, changes are futile if the system cannot absorb them. Dr. Amartya Sen advocates enhancing the capacity of the system by human resource development measures like improved access to education, health services, more secure environment *et al* for humanity to thrive. Only then can systemic changes such as liberalisation or globalisation could have the desired effect(s).
- Community Policing** : Community policing is a proactive strategy of policing as opposed to the traditional reactive, which was not much successful in combating crime. People are organised in area watch committees or neighbourhood watch committees and made to work in close liaison with the administration.
- Monocentric** : When the government is the sole provider of goods and services without any competitors or sharers, governance is termed monocentric in nature. The opposite of “monocentric” is “polycentric” where there are alternate providers of goods and services.
- Oligarchic** : Oligarchy means concentration of political power in the hands of a few. Oligarchic explains social order where a few control power and suppress the minority will.
- Oligopolistic** : Oligopoly results when a few sellers, who interact among themselves and take crucial decisions, to control the market. They dominate the market situation to the disadvantage of the average customer. Here, oligopolistic implies, a social order where the few command economic power iniquitously, at the expense of others.

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## 21.9 ACTIVITIES

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- 1) Discuss the significance of capacity building at the local level.
- 2) Explain the significance of e-governance in the capacity building at local level.

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## **UNIT 22    SUSTAINABLE DEVELOPMENT AND CHALLENGES TO DECENTRALISED GOVERNANCE**

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### **Structure**

- 22.0 Learning Outcome
- 22.1 Introduction
- 22.2 What is Sustainable Development
- 22.3 Inter-linkage between Sustainable Development and Governance
- 22.4 Sustainable Development in Urban and Rural areas
  - 22.4.1 Basic Amenities
  - 22.4.2 Reduction of Poverty and Good Standard of Living
  - 22.4.3 Income Generation
- 22.5 Challenges to Sustainable Development and Environment
  - 22.5.1 Deforestation
  - 22.5.2 Threat to Biodiversity
  - 22.5.3 Effects of Climate Change
  - 22.5.4 Increasing Pollution Levels
  - 22.5.5 Ground Water Depletion and Pollution
  - 22.5.6 Poor Health
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- 22.6 State's Responsibilities
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  - 22.6.2 District Level Efforts and the Role of Panchayats
  - 22.6.3 Managing the Urban Environment
  - 22.6.4 Role of Local Communities
- 22.7 Implementation Strategies
  - 22.7.1 Functions
  - 22.7.2 Functionaries
  - 22.7.3 Finance
- 22.8 Conclusion
- 22.9 Key Concepts
- 22.10 References and Further Reading
- 22.11 Activities

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### **22.0 LEARNING OUTCOME**

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After studying this unit, you should be able to:

- define sustainable development;

- identify inter linkages between sustainable development and governance;
- discuss the responsibility of state and local bodies in sustainable development; and
- describe the implementation strategies.

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## 22.1 INTRODUCTION

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For the last decade and a half, sustainable development has been the catchword in most of the policies and programmes of nation states all around the world. The Rio Earth Summit has been hailed as a landmark meeting aimed at augmenting efforts towards achieving sustainable development and environmental protection. We often hear or read about global warming, environmental degradation, depletion of resources and scarcity of water, pollution of air, water and land, melting glaciers, or mass migration of people from rural to urban areas in search of livelihood means. Why have these issues become so prominent? Why has it become so important for the nations to incorporate the sustainable development dimension in their policies and governance? India, for its part, has also been playing an active role towards this end through various multilateral agreements apart from making it one of the core themes in its governance matters. The management of resources is easier said than done. It needs massive efforts not only at the Central but also at the State level to meticulously work out the modalities of integrating the goal of sustainable development with governance and decentralised governance, in particular. From a positive angle, decentralised governance can help a great deal in accomplishing these constructive goals in tandem with the national policy. It is an on-going process in India. It would definitely take a considerable length of time to measure its impact on the nation. With this background, this Unit deals, in depth, as to what sustainable development is and how it can be realised through decentralised governance.

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## 22.2 WHAT IS SUSTAINABLE DEVELOPMENT

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Sustainable development, according to the Brundtland Commission Report *Our Common Future* (1987), is defined as ‘development which meets the needs of the present without compromising the ability of future generations to meet their own needs’. This is one of the most widely used definitions relating to sustainable development. Similar definitions have been coined since then that emphasised on ‘improving the quality of human life while living within the carrying capacity of supporting ecosystems’ or ‘the development that comprises of economic and social development that protect and enhance the natural environment and social equity’. The World Conservation Strategy Report defined it as ‘the integration of conservation and development to ensure that modifications to the planet do indeed secure the survival and well being of all people’. Whatever the definition is, it carries the tenor of development that can be achieved without an undue exploitation of the natural resources. For long, it was taken for granted by the mankind that nature is bountiful and can be used unscrupulously. Accordingly, the resource exploitation continued unmindful of the consequences till it was realised that the resources are actually being overexploited. The international community called for a meet that aimed at bringing a halt to this menace and chalk out a programme to restore nature’s capacity.

The first call to these environmental threats was given as early as 1960s. A new environmental movement emerged around this time that was sparked off by Rachel Carson’s book *Silent Spring*; the book drew the attention of the world to the destruction of wildlife by the use of pesticide DDT. She warned that these chemicals contained the



prospect of a dying world in which springtime would no longer bring forth lease to new life but only silence. Carson revealed that our actions could lead to seriously damaging environmental consequences when we interfered with the natural systems we fully did not understand. There were meetings from time to time addressing these issues including the Stockholm Conference of 1972; the United Nations General Assembly, in 1983, set up the World Commission on Environment and Development (WCED) with the Norwegian Prime Minister Mrs. Gro Harlem Brundtland as the chairperson. The Report *Our Common Future* was brought out by this commission. The core theme of the Report emphasised the importance of taking into consideration environmental resource limitation before deciding the economic policies of the State. Thus a need was felt to integrate environment and economics in a co-ordinated manner without having detrimental effects on both.

In this period of market driven economies and globalisation, there is an immense competition between various nations to reap maximum benefits. This undue competition led to overuse of natural resources in the name of development. The developing countries especially are compelled to use their resources in an un-economical manner; while the poverty levels remained as they are, development eluded many a country. Keeping this in view, the Brundtland Commission argued that in a world marked by extreme poverty, people are compelled to use resources in an erratic manner for meeting their immediate needs; these means of survival result in an unhealthy environment. Therefore, the key to development is welfare of the people with a simultaneous nurturing of natural resources.

There exist two dimensions of human needs: (1) the fulfilment of basic needs like food, clothing, shelter and a clean environment; and (2) the option of pursuing a chosen lifestyle, in terms of materialistic possessions. The developed countries were successful, through early industrialisation, in providing these comforts to their population. The developing countries have not been able to secure the advanced technologies that would ensure a better life style to their citizens. To this day, they are in need of technical knowledge that would not only give them a good life but also an economically viable one. These countries have abundant natural resources but they lack the know-how to convert them into environmentally sustainable technologies and tools. In this context, the second option, that is, the option of choosing one's own life style becomes a subjective option. A good governance strategy promises a better standard of living and how this can be realised depends on the integrated approach adopted by the government. Thus an intermittent linkage has been established between both the aspects.

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### **22.3 INTER-LINKAGE BETWEEN SUSTAINABLE DEVELOPMENT AND GOVERNANCE**

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The National Human Development Report (2001) states that 'governance for human development relates to the management of all such processes that, in any society, define the environment which permits and enables individuals to raise their capacity levels, on one hand, and provide opportunities to realise their potential and enlarge the set of available choices, on the other'. The Report also reiterates that the State is responsible for creating a favourable political, legal and economic environment for building individual capabilities and encouraging private initiative. Governance, therefore, requires the states to exercise their power through various designated bodies and pursue the said goals through an equitable, socially sensitive, non-discriminatory and participatory approach involving people at large. The most important factor is the accountability of the state in governance.

While the western countries have successfully incorporated this in their governance, the State Accountability, in India, is more or less negligible. The relevance of good governance policies and strategies is lost when the State Accountability factor is uncared for and does not mirror the aspirations of the population of a nation.

The governance for sustainable governance should include an integrated approach of economic and environmental concerns in the development strategy, keeping in view not only the quality of life that has to be offered to its citizens but also an equal distribution of it with 'social equity' as its goal. Governance should also safeguard a citizen's right to develop, simultaneously holding the environmental concerns at a high pedestal. The prerequisites towards achieving this goal include democracy, autonomy, fairness, interdependence, responsibility and accountability (Integrated Environmental Management, IGNOU, New Delhi, 2005). A government should incorporate these qualities before it formulates its policies and programmes for the betterment of a society. There are many virtues related to the abovementioned prerequisites: (1) A democratic government has various mechanisms and institutions that confer certain fundamental rights to the citizens to participate in the system; (2) The development choices should be determined by the people and government together with a certain degree of autonomy; (3) the resources of the planet need to be sustained and shared in an equitable manner. The disparities that are in vogue need to be reduced by taking up anti-poverty measures and educating people. A considerable degree of fairness should operate where the resources can be left un-utilised for the future generations; (4) with an increasing level of globalisation, there should be interdependence between the nations in terms of technology transfer, providing assistance towards development projects and also extending cooperation. This should extend beyond local, regional and territorial borders so that the common problems are amicably settled; (5) It is the responsibility of every citizen to preserve and protect the environment and to achieve development without harming the interests of fellow citizens. The government is also equally responsible for controlling the damage to the environment wherever necessary and impose stringent measures to prevent any loss to the natural habitat; (6) Every nation is a stakeholder in the global environment and is entitled to sharing the common benefits. It is also accountable to the damages caused, intentional or unintentional, and is liable to pay compensation in case of occurrence of such incidents. Therefore every nation is a custodian of the natural environment in its own capacity.

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## **22.4 SUSTAINABLE DEVELOPMENT IN URBAN AND RURAL AREAS**

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Some of the fundamental principles that characterise sustainable development are:

- Conservation of natural resources and biological diversity
- Deterrence of harmful effects on environment
- Integration of environment and economy
- Training and awareness programmes on environmental protection
- Cooperative and participatory approach

Thus, there is a predestined link between governance and sustainable development; there is a need to integrate the dynamics of society, ecology and economy through the use of environmentally compatible technologies. Above all, there is a need to sustain development in urban and rural areas by providing basic amenities and good standard of living.

Despite an effort towards good decentralised governance via Panchayati Raj institutions, there exists a denial of basic needs of food, water and shelter to substantial proportion of the population. Many an effort has remained ineffective due to delay in governmental support and lack of initiatives. The provision of basic amenities, good standard of living and income generation is a crucial aspect of good governance. Even in States where the development is said to be on an increasing level, there are instances of poor governance that have widened the gaps in terms of human development.

#### **22.4.1 Basic Amenities**

Food, shelter and clothing are basic amenities for a good life and it is the government's responsibility to provide them to its citizens. This should be applicable in both rural and urban areas alike. This is also termed as human development and extends to providing health care, sanitation facilities and eliminating poverty. The United Nations has even brought out a concept paper on *Millennium Development Goals* that aims at realising the goals of decent standards of living to the population all over the world within a set period of time. The process of globalisation did bestow certain benefits on various nations including India. But it is disheartening to note that many of these benefits have not reached many secluded sections of the society. Many of the poor are still going without a square meal a day and are often rendered shelterless due to displacement and occurrence of natural calamities. The rural women often go as far as 10-15 kms to fetch water. The villagers also travel more than 15 kms for the nearest health care centre. They are also prone to unhygienic conditions of living and contagious diseases; they are often compelled to indulge in environmentally destructive activities for means of livelihood.

The situation in urban areas is no better with many people living in urban slums. Majority of this population consists of those who might have migrated from their native villages or towns to cities in search of a livelihood. As such it is a burden on the urban bodies to provide continuous power supply or water or even a better transport to their population. The migrants, especially the labour class, are the ones who suffer the most; the local governments find it difficult to manage resources to provide the people basic facilities. Without these amenities, an individual's right to well-being and sustenance are eroded. This is a clear evidence of mismatched equations where people's potential does not match with the resources available, as per social indicators.

#### **22.4.2 Reduction of Poverty and Good Standard of Living**

Good standard of living more or less implies the reduction of poverty. While the reduction/elimination of poverty is part of millennium development goals, the measures towards integrating environment and sustainable development in poverty reduction programmes are vital for decentralised governance. A good standard of living is determined in terms of a higher income level and attainment of a higher average life expectancy, higher literacy and a higher value as per human development index. This progress automatically leads to an increasing level of Gross National Product, which, in turn, makes an impact on higher public expenditure and lower poverty levels. Thus the process is round-about and interlinked. The poverty reduction measures need major initiatives from the government side; its efficacy lies in taking up key public oriented beneficial actions, policy changes and institutional reforms. These should be prepared in a participatory mode involving people at all levels. But there should be a clear cut distinction of these goals from materialistic affluence, which, of late, is seen as an essential characteristic of a decent standard of living.

### **22.4.3 Income Generation**

As has been stated earlier, there are gross inequalities between the urban and rural areas in terms of development. A substantial number of people are living below poverty level. The sustainable development becomes all the more important in the rural sector. What options can a government give to its population to earn their livelihood? What are the schemes it can undertake to generate income? The urban areas are seen as potential income generators with the concentration of many engineering, heavy metal, garment and software industries to name a few. While urban areas are preferred for their industrial base and technical opportunities, the rural areas are left with few options and that too without implementation strategies. Though agriculture is a predominant occupation in rural areas, not enough measures have been taken to revitalise the sector for commercial purposes; and where the measures were taken, there continues to be an undue exploitation of the natural wealth. The resultant effect is the mass migration of people from rural to urban areas. This has created severe crisis in terms of providing job opportunities and generating sufficient levels of income. The wide variety of natural resources was put under severe constraint for meeting the livelihood needs. Though varied efforts regarding sustainable human development have been undertaken, not enough income was generated to meet the required needs.

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## **22.5 CHALLENGES TO SUSTAINABLE DEVELOPMENT AND ENVIRONMENT**

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There are numerous challenges to sustainable development in India. While many of these problems are caused due to insensitive use of natural resources, governmental responsibility is also trifling in solving the critical issues. This deterioration of environment has a direct impact on the life of individuals, affecting the longevity of life, which in turn, affects the development process on the whole. The degraded soil, depleted aquifers, diminishing forest cover, deteriorating urban environment and destroyed eco-systems can scarcely support better living standards and quality of life in future. The challenges are both natural and man-made and are enumerated as below:

### **22.5.1 Deforestation**

The forest resources in India as well as around the world are on the verge of a higher depletion rate and are reaching alarming proportions. The individuals, corporations, government agencies etc., are responsible for this menace. In the name of developmental projects, the felling of trees is being carried out leaving behind the goals of sustainable development and human progress. The most serious problem of deforestation is the loss of biodiversity. The destruction of forests leads to not only the extinction of endangered animal species but also many plant varieties that have immense medicinal value. It is also responsible for global warming in a massive way.

### **22.5.2 Threat to Biodiversity**

The biodiversity of the earth is a crucial asset that needs to be conserved and utilised in a judicious manner. The fair and equitable sharing of these resources is a prerequisite for a good life. The massive habitat destruction, pollution of the land, water and soil has a drastic effect on the survival of biodiversity. The biological resources, due to injudicious use, are on the verge of extinction. Though the problem can be solved by applying serious restrictions on the excessive use, lack of collective will has greatly hampered the process of sustainable development at large.

### **22.5.3 Effects of Climate Change**

The drastic changes in the climatic variations resulted in poor health conditions of the human beings and earth resources. These have also spilled dire consequences on the social and environmental aspects of the society. The increasing temperature levels and the carbon emissions had severe effects like crop failures, increasing droughts, scarcity of food supply, contagious diseases, degradation of environment, increasing floods and so on. Lack of disaster management methods and systematic marginalisation of local communities in policy formulations have increased the vulnerabilities to the natural and man-made disasters.

### **22.5.4 Increasing Pollution Levels**

The degrading levels of air quality are widely recognised as a major factor of pollution, especially in urban areas. The sources of air pollution include industrial pollution, indoor and vehicular pollution. The pollution in urban areas is caused by the presence of a number of industries that emanate smoke and other chemical substances into the air. Added to this is the vehicular pollution that has been on an increase every year. The sale in the number of vehicles has been zooming at an unprecedented scale and leading to massive traffic congestions. This invariably has resulted in serious health hazards like asthma, respiratory problems, hearing impairment and so on. The indoor air pollution is caused due to the use of wood, dung cakes and crop residues. Children, especially girls, are said to be at greater health risk as they stay indoors to help women in the household chores.

### **22.5.5 Ground Water Depletion and Pollution**

While shortage of water continues to loom large, the inefficient use of water is an avoidable crisis, which otherwise can lead to imbalances in the water management methods. Apart from this, access to safe drinking water has also become a pertinent issue with major organic and bacterial pollutants being untreated. In many of the cities, untreated municipal waste/sewage is being discharged into the rivers. The urban regions are especially prone to such pollution as they are not equipped with adequate sewage treatment facilities. The shrinking ground water levels have resulted in acute shortage of water across the nation, especially during the summer season. It is only recently that the water harvesting measures are being undertaken with some of the cities making it mandatory.

### **22.5.6 Poor Health**

The developments in the health sector are confined basically to urban areas; moreover, the status of income too largely determines the access to it. Life expectancy levels, no doubt, have gone up but it is altogether important to note the high rates of infant mortality. The recent UNDP Report too expressed its unhappiness over India's inability to provide health facilities to its population. The provision of health care facilities is closely related to economic growth and social well being; better health of an individual enables him/her to bring down the production losses thereby contributing to higher levels of productivity. This has a direct influence on the resources and avoids unnecessary expenditure, which can be diverted towards ensuring better living standards. The Community Health Centres, responsible for ensuring the rural health care facilities, are often under-staffed or comprise the staff that is unwilling to work in the rural areas. Often, they lack necessary medical equipment and infrastructure to extend health care.



### **22.5.7 Literacy Rate**

One of the basic and most important components of development is education. It is a critical invasive instrument for bringing about social, economic and political inclusion and a durable integration of people, particularly those 'excluded' from the mainstream of any society. It is the best social investment, given the synergies and the positive externalities that it generates for people in their well being. The female literacy rates continue to lag behind and the progress is often overshadowed by the disparities in terms of gender, caste groups, and income groups and at urban and rural levels. Where there is a higher female literacy rate, it has substantially lowered the fertility, infant and child mortality rates. It has also instilled confidence among rural women to earn their incomes by joining the self help groups and women's development groups.

### **22.5.8 Environmental Sustainability**

The environmental quality is also threatened by the urban solid wastes in the form of garbage, household solid waste, waste from hospitals and scientific laboratories. In urban areas, one recurrently comes across heaps of solid waste including the plastic bags lying on the roadside, which serve as open dumping sites. The fungi, bacteria and virus pose enormous risk to health especially to the residents living close to these open disposal sites. Time and again this waste is disposed off through sewage system, ensuing in drain blockages and interruption in free flow of water. This further leads to the contamination of water and pollution of safe drinking water. Inadequate collection and lack of proper disposal facilities are the prime reasons for this widespread peril.

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## **22.6 STATE'S RESPONSIBILITIES**

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The State has an enormous responsibility in ensuring the conservation of resources in a sustainable manner apart from providing a decent standard of living. For this, effective policy needs to be framed at the State and local level as well. The governmental machinery should involve itself in a very big way to realise this goal. The necessary prerequisites for this are enumerated as follows.

### **22.6.1 Policy Framework at the State Level**

The policy framework includes initiatives at the Central, State and Local levels to counter the above mentioned challenges to the society. Since our concern is to discuss the efforts at the state and local level, let us look into some of the policies as undertaken at this level. The Indian policies, especially the ones related to the economy, centred on the promotion of the public and the private sector and adoption of liberal/market oriented economic policies. The liberalised phase of the economy witnessed an unprecedented use of resources as the nation had to compete in the global markets. The resulting depletion of resources had put an enormous burden on the State to pursue environmentally friendly policies. Since then, numerous efforts are being undertaken or initiated at the local levels to take into consideration 'sustainable development' as a major goal. For development without destruction, the Government initiated the programmes like controlling urban pollution, minimisation of deforestation measures, joint forest management, environmental management system, water harvesting measures to counter ground water depletion, biodiversity conservation measures and so on. The government even initiated a National Environmental Policy, which is under thorough scrutiny by various concerned bodies and organisations of the State. The government has also given due importance to rural

development programmes, development of indigenous systems and industries, enhancement of technical and indigenous know-how through social welfare and income generation schemes.

### **22.6.2 District Level Efforts and the Role of Panchayats**

The meaning of decentralised governance incorporates in itself the efforts taken at the lower levels to provide good governance. Various efforts are also being undertaken at the district level to pursue sustainable development policies. To improve the quality of life, various governments initiated rural development programmes that need coordination at the district level. The District Government machinery is usually involved in the development of the potentials of different areas and also the development of local industries in order to generate income opportunities. The development programmes need to be initiated in the backward areas and in the areas where the natural calamities wreak a havoc. The role of Panchayats, therefore, is vital for the overall development and for pursuing development from the bottom to the top level.

The goal of sustainable development is best realised through Panchayati Raj institutions. They enable the participation of locals in various development projects and let the former have a say in creating an environment most beneficial to them. The Panchayati Raj Institutions have been in existence since long but without vested powers for a long time. The Amendments to the Constitution laid emphasis on the empowerment of these local bodies for an effective development. The 73<sup>rd</sup> Constitutional Amendment has vested the Panchayats with Constitutional Status, more powers and functions including the financial matters. According to the National Human Development Report, the explicit objective of this initiative for democratic decentralisation of governance is to accelerate the socio-economic development of the rural areas within a participatory framework at the grass-root level. Since then, the Panchayats have been taking an active interest in the local governance matters enabling an effective local participation. More and more women are now contesting elections to these local bodies. In most of the places where women are elected, the development strategies are being implemented at the district, block and village levels. The areas that come under the Panchayat development plans include agriculture, irrigation, watershed management, village farming, farm produce, dairy, poultry, animal husbandry, fisheries, rural development plans, housing, cottage industries, use of energy, social and family welfare, improvement of transport and communication and public distribution system, relief and rehabilitation, educational and training programmes, health and sanitation facilities and poverty alleviation programmes.

As per the provisions of the Panchayats, the Gram Sabha is given power to control the institutions and functionaries in all social sectors, including activities like ownership of minor forest produce; selection of beneficiaries under various programmes; management of minor water bodies; and minor mineral leases. The recent proposal of National Rural Employment Guarantee scheme, if implemented in a fair manner, can bring about significant gains at the local level. The success of the decentralised governance depends much on the active implementation of these welfare schemes.

### **22.6.3 Managing the Urban Environment**

The increasing pace of urbanisation throughout the country is now posing enormous challenges to the management of urban environment. Multi-centred settlements, sprawling shopping malls, multiplication of population, scarce resources, poor urban infrastructure, inadequate housing facility, air, land and water pollution, problems of solid waste

collection, access to safe drinking water have jeopardised the economy, health and productivity levels of the urban population. Lack of careful design, planning and management further abated the existing environmental challenges. The neglect of rural areas in the development process resulted in mass migrations to urban centres for an alternative source of livelihood. This further led to job scarcity and insecurity and unhealthy living conditions.

Maintenance of the quality of life in urban regions is one of the most crucial aspects of decentralised governance. The municipal bodies are directly responsible for safeguarding the urban atmosphere. Apart from accelerating efforts towards providing civic amenities, these institutions should promote environmental ethics and spread awareness among the general public to avoid such activities that directly or indirectly lead to environmental degradation. The adverse effects can be minimised through addressing the concerns of local people and provide basic services. One of the foremost reasons for deteriorating urban standards is the poor coordination and management between these civic bodies and public sector institutions.

The duplication of work and overlapping mechanisms need to be eliminated in order to facilitate smooth functioning of the responsible institutions. Absence of accountability, lack of training and skilled manpower further contributes to the problems. Effective coordination between municipal bodies, NGOs and urban management institutions will go a long way in restoring the sustainable resources of urban regions.

#### **22.6.4 Role of Local Communities**

In order to ensure efficiency, transparency and sustainability of the development initiatives, the local participation should be encouraged as it not only brings in the democratic approach but also ensures implementation of the projects. Participatory management and techniques need to be adopted towards achieving development. If the earth's resources are to be protected from excessive human intervention, there is a need to adopt sound and stringent penal measures. The involvement of local communities, panchayats, cooperative societies and women is a must towards creating sustained and self reliant communities. This approach should be promoted in such a manner in which the expressions of the local communities are articulated. Their culture and livelihoods are dependent on the surrounding natural resources; therefore, it is necessary that they should be involved in the development schemes right from the beginning stage of the development plan to the execution stage. This approach ensures their place as stakeholders and associates of the development course of actions and also enables and empowers them to classify, plan, sustain and share the common benefits. The development process is essentially a vision of the society; it helps in utilising the knowledge and skill to solve the problems. Rural industries are the basis of income for the local people and the development strategies should include the means of effectual participatory management and enhance productivity and income.

While the potential of youth may be utilised for making the process swift, the role of women should be emphasised. Women are the most affected when there is an alteration in the strategies but they are least consulted when the development proposals are initiated. Leaving them out or ignoring their presence cannot bring in the desired results. Their empowerment is imminent as expressed in the National Human Development Report: 'the empowerment of women, the marginalised and the excluded has been demonstrated, in many cases, to be among the important means to establish countervailing forces in the society for checking deterioration in governance standards and personal exploitation by others'. Women have played the role of nurturing their families and the environment. The access to and management of resources through acquisition of land, collection of fuel,

fodder, forest produce and water is crucial for women. The process of globalisation and existence of patriarchy have limited the role of women to a great extent; subsequently they lost control over sustainable resources. The improvement in their education, health and income levels will ascertain their position as essential caretakers of the environment. Further, extending financial assistance to set up their own income modalities will enable them to join the mainstream and contribute effectively.

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## **22.7 IMPLEMENTATION STRATEGIES**

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In any development process, the policy formulation is never a problem; the problem is with implementation. There is no shortage of plans and policies in India; their implementation is the real concern and this concern is often expressed by different strata of the society. Governance requires efficient machinery/institutions. These institutions are the ones on which depend the delivery mechanisms and the supportive framework of programmes, rules and procedures. These institutions are important for fulfilling the proclaimed objectives and coordination between them determines their efficacy. As is popularly known, there are three Fs-Functions, Functionaries and Finance.

### **22.7.1 Functions**

The functions of the implementing institutions are varied. They span over a wider area of governance-political, economic, social and civil. The priority is to ensure the fulfilment of basic rights to food, shelter, water, health and sanitation. There should also be continued efforts towards decentralised form of governance rather than installing power in one implementing institution. These include an efficient means of governance at the State, District and village level. There should be monitoring of implementation of reservation in these political bodies at the local level. It should be made mandatory for women and weaker segments of the society to participate in the local administration or even take up the responsibility of heading an executive body or decision-making. There should also be mobilisation of people towards better occupational ethics, sustainable human development, environmental protection and civic responsibilities. The functions also include maintenance of law and order; ensure rule of law and freedom of speech, expression and rights of individuals as well as free press and media; ensure steady improvement in social indicators; take up anti-poverty measures; simplification of tax administration and realisation; distribute the local resources and benefits equally; cooperate with the non governmental organisations and other philanthropic organisations in relief and rehabilitation measures; and ensure transparency and control corruption at the higher levels of public offices. With the passing of the 'Right to Information' Bill, the government has taken a major initiative towards ensuring transparency in the governance matters.

### **22.7.2 Functionaries**

The first and foremost of the functionaries of decentralised governance is the government itself. It is responsible for its decisions, actions and implementation of the policies. The accountability factor is a crucial element in this context. The bureaucracy has the decisive powers in the administrative matters and is accountable to the citizens at large. In India, most of the decisions are taken by the bureaucrats who are at the core of administrative machinery. It has been ill-reputed for its absolute authority and for ignoring the concerns of the general public. Ultimately, the role of the civil administration system is considered as the most significant factor in decentralised governance. There are even demands for a clear demarcation of power between the law enforcing machinery and the machinery that is meant to carry on the development process at the district and rural levels. For example,

the District Magistrate monitors almost 167 development schemes at the block level; this severely undermines the status of the decentralised bodies and also the overall institutional capacity (NHDR, p.129). This also means a compromise in the human development initiatives and in the quality of work. Officials at the District, Block and Village levels are responsible to a great extent in performing tasks that are public development-oriented. Extending rewards and incentives to the officers who perform and taking disciplinary action against those who are malfunctionaries will ensure the transparency, efficiency and accountability in the realm of governance.

### **22.7.3 Finance**

One of the most crucial aspects of governance is the allocation of substantial funds for the development projects. Adequate funds and budget should be directed towards the implementation of these programmes. The management of the economy at the macro and micro level enables the institutional capacity to deliver effective governance. The available resources should be utilised in a wise manner and the local resources should complement them. It should be taken into consideration that the procedural delays and hurdles are likely to deter the inflow of funds and assistance and prevent them from reaching the beneficiaries for whom it is meant. This, often, is prevalent in the Indian context where the weaker sections of the society do not get their due share. This is a poor reflection on its governance and management of resources. The public investment also constitutes the finance aspect. The development of infrastructure like roads and housing schemes would provide income to many rural people; this in turn, would place fewer burdens on the environmental resources that are extracted in an injudicious manner. This also helps in tackling poverty and deprivation. The Planning and Finance Commissions play a significant role in allocating funds for the overall development of the rural areas. In spite of substantial budget allocation, many of the funds do not reach the targeted beneficiaries because of the prevalence of corruption. Enhancing transparency, social audit and financial accountability, expediting disciplinary action against corrupt officials are some of the steps towards effectual sustainable human development governance.

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## **22.8 CONCLUSION**

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Sustainable Development is the process of improving the quality of human life while living within the carrying capacity of supporting ecosystems. It carries the premise of development that can be achieved without an undue exploitation of the natural resources. The management of resources is easier said than done. It needs massive efforts not only at the Central but also at the State and District levels to meticulously work out the modalities of achieving the goal of sustainable development in tandem with the national policy. It is an on-going process in India. The governance for sustainable development should include an integrated approach of economic and environmental concerns in the development strategy, keeping in view not only the quality of life that has to be offered to its citizens but also an equal distribution of it with 'social equity' as its goal. Governance should also safeguard a citizen's right to develop simultaneously holding the environmental concerns at a high pedestal. There are numerous challenges to sustainable development in India such as loss of biodiversity, depleting natural resources, pollution of land, water and air as also poor health, poor literacy rate and environmental sustainability. The decentralised governance helps in promoting human and environmental concerns alike. For this the pace of integration of the functions, functionaries and finance machineries needs to be accelerated so as to ensure sustainable human development.



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## 22.9 KEY CONCEPTS

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<b>Constituent Policy</b>	: Policy design to benefit the public generally or to serve the government.
<b>Distributive Policy</b>	: Policy involving use of general tax funds to provide assistance and benefits to individuals or groups.
<b>Non-Profit Organisations</b>	: Organisations prohibited by law from distributing surplus reviews to individuals.
<b>Stakeholders</b>	: The many different persons who are involved in policy decisions and are affected by the results.

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## 22.10 REFERENCES AND FURTHER READING

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## 22.11 ACTIVITIES

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- 1) What is sustainable development? How can effective governance help in ensuring sustainable development?
- 2) The integration of governmental strategies at the State and local levels results in good governance towards human development. Justify the statement.

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## **UNIT 23    DECENTRALISATION: THE ROAD AHEAD**

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### **Structure**

22.0 Learning Outcome

22.1 Introduction

22.2 Impact of the Panchayati Raj and Municipal Bodies Reforms

22.3 Issues Ahead

22.4 People's Aspirations

22.5 Conclusion

22.6 Key Concepts

22.7 References and Further Reading

22.8 Activities

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### **23.0 LEARNING OUTCOME**

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After studying this unit, you should be able to:

- discuss the impact of reforms on panchayati raj and municipal bodies; and
- identify the issues and people's aspirations about local governance.

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### **23.1 INTRODUCTION**

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Decentralisation has emerged as a prominent issue in the literature of Public Administration and one of the important social invention of this century. It becomes an important policy objective during the 1970s and 1980s as government in developing countries sought to create mere socially equitable patterns of economic growth and to meet the basic needs of the poor. As a result of great increase in the variety, number and complexity of functions of the modern state, decentralisation has become a major element in the administrative organisation of governmental services. In recent years decentralisation has become the golden calf of management philosophy and it is much more compatible with the behavioural aspects of management. With the shifting emphasis in development strategies toward promoting more socially equitable economic growth and meeting the basic needs of the poorest groups in developing societies, wide spread participation in decision making considered essential to the development process of decentralize has been advocated as a way of eliciting that participation.

Many definitions of decentralisation have emerged in developing countries over the past few years and a wide variety of reasons have been offered for decentralizing development planning and administration. The importance of decentralised administrative structures for more effective implementation of programmes has long been recognized and several countries have initiated measures in this direction. Decentralisation of responsibility is a first condition, as local institutions cannot be expected to take root and they have both tasks

to perform and matching power to carry out to those tasks. The need for decentralization of planning and management function is being increasingly recognized by developing countries. The development challenges of 1980s such as increasing participation equity and access have re-emphasised the significance of decentralising financial local units of government and administration. The cause of decentralisation is now being advanced because it is assumed that a “decentralized mode of policy and programme implementation is conducive to more effective coordination and consistency, greater access to governmental activities, increased involvement of people in the development process, more efficient delivery of public services for meeting basic needs and increased accountability of government agencies. In this way, “the idea of decentralization became the ideology of decentralisation”.

According to UNs, A Hand Book of Public Administration, Decentralisation is a plan of administration which will permit the greatest possible number of actions to be taken in the areas – provinces, districts, towns and villages where the people reside.

A government to be efficient and effective needs to have the greatest amount of decentralisation of actions. Apart from administrative reasons, administrative decentralization is particularly important in the developing countries as the means of developing popular understanding, co-operations and participation in the national programmes. Infact, “decentralisation and delegation are necessary in any form of administration but they are imperative in development administration, especially when the emphasis is on rural development.

Decentralisation is a well-known and widely applied concept in the present day world, and the popularity of decentralization as a policy to promote development is increasing. In fact, reformers of very different ideological backgrounds are attracted to the idea of decentralization. On the other hand, centralisation is associated with most of the evils of the modern polity: delay, red-tape, constraints of spontaneity (Furniss, Norman, 1974, pp.958-59).

The pursuit of administrative decentralisation by the governments of developing countries is a demonstration of its popularity, in theory, as an instrument of welfare administration. (Conyers, Diana, 1983, pp.91-110 Rondinelli, D.A., 1983, pp.181-208, 1981, pp.122-45).

Many governments have begun to realize the difficulties in administering lower level units from the capital and this realization is essential for the promotion of effective administration, particularly in countries where communication systems are poorly developed and the population is poorly mobilized. Infact, centralized administration is now often considered to be a hindrance to progress and decentralisation, real or imaginary, is often regarded as a panacea for all ills. (Huque, Ahmed Shafigul, 1986, pp.79-95).

Decentralisation as a policy for Rural Development is popular in many 3<sup>rd</sup> world countries which were under colonial rule. The colonial rulers of these states were reluctant to implement real administrative reform which would interfere with their exploitative policies. Gradually, however, these states gained independence and the new governments that emerged, in many cases, adopted decentralisation policies when they reorganized local government.

Military involvement in politics is a common phenomenon in 3<sup>rd</sup> world countries, and the number of military takeovers has been continuously rising. The military rulers of these

countries come to power through an undemocratic process and usually do not fully control the political infrastructure after coming to power. They usually try to establish a supportive infrastructure by adopting a variety of supposedly welfare-oriented policies. Among these policies, decentralization is heavily favoured (Muhammad, Yeahia Akhter, 1990, p.27).

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## **23.2 IMPACT OF THE PANCHAYATI RAJ AND MUNICIPAL BODIES REFORMS**

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In view of the above assertions in the decade since the constitutional reforms were promulgated (1992), there has been a great deal of debate and speculation on their contribution and impact. All the major states, with the exception of Jammu and Kashmir, have held at least one round of panchayat elections, and in many cases two successive rounds. Some three million people have been elected to local councils at all three levels of local government, including one million women and a large number of scheduled castes and tribes. The very presence of large numbers of poor people in local councils, mainly on account of seat reservations, is a very significant development in the local political landscape of most parts of rural India where they were previously excluded from public life and political participation. How far this sizeable numerical presence has been translated into effective representation and transformation of local power relations is a hotly contested issue and constitutes a key concern of this chapter.

### **Performance Across States**

Most commentators familiar with the panchayati raj and municipal reforms would concur that it is difficult to generalise across states when attempting to ascertain their impact. A small group of six states are often identified as more progressive in implementing the provisions of the constitutional amendment and conformity legislation governing the flow of funds and transfer of powers to lower tiers of elected government. They include states that have maintained functioning local bodies since the 1950s, most notably Maharashtra and Gujarat, and others that have made steady progress in measures to strengthen panchayats such as Kerala, Karnataka, Madhya Pradesh, and West Bengal. At the other end of the spectrum are states where little progress has taken place over the decade, resulting in poorly functioning and under-resourced panchayati raj institutions. These include states such as Bihar, and Jammu and Kashmir, which delayed holding elections to panchayat bodies for many years, and Orissa and Uttar Pradesh, where political expediency and instability have undermined local bodies, despite some degree of ostensible policy commitment. .

It is evident that states considered to be in the vanguard of the panchayati raj reforms are concentrated in the west and south of the country, which are relatively better off economically, socially more cohesive, and have active civil societies. In contrast, northern states with the greatest degree of poverty and inequality and deep problems of governance generally possess weak panchayat institutions. Commitment to deepening the reform process expressed through political will, supportive legislation, and bureaucratic openness, is an indispensable condition for progress and is present to varying degrees in the six leading states. Structural conditions are also important determinants of the potential for institutional reforms to succeed, and it is evident that less marked class and caste polarisation and lower levels of inequality offer more propitious conditions for panchayati raj institutions to function effectively (Robinson, Mark: 2005).

The two states that introduced the most far-reaching reforms, since the introduction of the constitutional amendments Kerala and Madhya Pradesh – were controlled by political parties with a leadership that showed a strong commitment to empowering panchayats. In Kerala, the People's Planning Campaign was predicated on a high level of popular mobilisation that was made possible by high levels of literacy and professional support, and a social movement with a mass base. In the Kerala case, state action combined with mobilisation through civil society were integral to the success of the experiment (Isaac 2000). In Madhya Pradesh, the Congress government led by former Chief Minister Digvijay Singh had introduced a series of reforms to strengthen district governments and the role of gram sabhas in planning and priority setting (Behar and Kumar 2002).

At the same time, success in implementation of far-reaching reforms designed to empower panchayats does not guarantee their sustainability, since both experiments have proved vulnerable to the vagaries of state politics. Political commitment to panchayati raj has not convincingly demonstrated that it can produce electoral dividends, which could weaken its appeal in other states. The CPM (Communist Party of India [Marxist]) government in West Bengal consciously used panchayati raj as a means of accomplishing its land-reforms agenda and strengthening its political support base in rural areas with a significant degree of success (Webster 1992). Despite the popular appeal of the People's Planning Campaign in Kerala, the party was unable to replicate this strategy and was defeated in the 2001 state elections. The Congress in Madhya Pradesh faced a strong challenge from the BJP in the 2003 state elections without any certainty that an appeal to the electorate on the basis of its record of reform would produce positive results.

### **Deepening Democracy?**

It is generally accepted that political decentralisation has largely been successful in that the provisions of the constitutional amendments have been enacted in all states and at least one round of elections have been held for all three tiers of local government, albeit subject to procedural delays on the part of some state governments. Vastly increased numbers of elected representatives have provided new opportunities for political representation at the local level, especially for women and marginalised social groups. Rates of political participation have also increased, reflected in active campaigning (usually on a nonparty basis for gram panchayats), high levels of voter turnout, and heightened engagement with local officials and elected representatives, which in turn have helped to invigorate local democracy.

The gram sabhas, however, continue to function imperfectly in most states since they have limited powers and only meet sporadically, largely at the instigation of local bureaucrats, to ratify the beneficiaries for housing and employment-generation programmes. Attendance in gram sabha meetings is generally poor as substantive issues are rarely discussed, with the result that they do not provide an effective platform for deliberation of local policy options and programme priorities. For these reasons popular oversight is weak and the accountability of elected representatives cannot be assured.

Constitutional provision for reserved seats for women and scheduled castes and tribes distinguishes the current phase of panchayati raj reforms from earlier initiatives. The absence of affirmative action ensured a high level of elite dominance in earlier decentralisation efforts, since local vested interests played a critical role in panchayat affairs reflective of their superior socio-economic and political status. In the new constitutional dispensation, seat reservations for women and scheduled castes and tribes provide opportunities for formal representation that more closely approximate population shares,



but the effectiveness of these provisions is very uneven. On the one hand, seat reservations have provided underprivileged groups with increased visibility and an opportunity to influence local affairs. There are many instances where women have managed to generate modest local development dividends by marshalling financial resources and lobbying bureaucrats and politicians at higher levels. On the other hand, elite dominance continues to prevail in most panchayats with the result that traditional caste leaders and landed elites dominate decision making by proxy or manipulation. Influential male relatives influence decision making and, control resources. Outspoken scheduled caste and female representatives have often had to contend with violence, ostracism or non-cooperation from dominant interests (Robinson, Mark: 2005).

Evidence from West Bengal and Kerala indicates that rates of participation in local bodies have increased for women and scheduled castes and tribes, but without a clear and visible impact on local expenditure priorities, service-delivery outcomes, or rates of poverty. In the case of West Bengal, democratic decentralisation has resulted in significant benefits to the poor, especially when combined with land reforms and popular mobilisation. Popular oversight over anti-poverty programmes through elected panchayats has resulted in more effective targeting of benefits to the poor, though doubts have been expressed over the extent to which women and the landless have directly benefited (Webster 1902, Crook and Sverrisson 2001). In Kerala, the process of popular mobilisation through the People's Planning Campaign has ensured the active involvement of scheduled castes and women in decision making in panchayats with a resultant flow of benefits to these groups (Isaac 2000).

In other states, seat reservations have increased formal representation in panchayat bodies for women and scheduled castes and tribes, but in the absence of comparative data the overall impact of affirmative action is difficult to discern (Buch 2000). The best available evidence concerns the participation of women, but this is largely from a small and unrepresentative selection of states and localities. Studies from Karnataka indicate that women have made some headway in gram panchayats by using reserved seats as a vantage point to shape local development, priorities. Scattered evidence suggests that individual women panchayat leaders have registered significant success in securing government resources for sanitation and street lighting (as health and safety issues are prioritised by women), local infrastructure in the form of village roads and community buildings (such as schools and childcare centres), and ensuring that public servants such as school teachers carry out their designated responsibilities. These modest but important gains demonstrate the ability of women to use the elected office for the benefit of the community and strengthen their legitimacy as elected representatives (Stephen and Sekaran 2001).

At the same time, elected women representatives often face considerable opposition in seeking to carry out the duties of office in a responsible manner from male relatives who resent their public role and from vested interests who are opposed to affirmative action. Evidence from Karnataka demonstrates how men often continue to influence panchayat affairs through female relatives who have been elected to positions of authority in panchayats. There are numerous instances where women elected to local office have faced abuse and violence and in some cases have been murdered. More common is the tendency by influential men to pressure elected panchayat members' into supporting a no-confidence motion that can unseat women gram panchayat presidents. These responses are magnified for scheduled caste and tribal women who face social ostracism and non-cooperation by virtue of their gender and caste status. Intimidatory tactics and the lack of incentives and resources for effective development work dissuade many women from

standing for elected office, especially in unreserved seats (Vijayalakshmi and Chandrashekhar 2000; Vijayalakshmi 2002).

It is more difficult to ascertain the impact of the panchayati raj reforms on scheduled castes and tribes in the absence of detailed research. Seat reservations in proportion with their numbers in the population have provided men and women from scheduled castes and tribes a guaranteed level of representation and share of leadership positions. Some elected presidents from these communities have been able to use their new-found authority to significant effect by bringing in more resources and challenging caste discrimination in village affairs. But high-caste individuals and traditional leaders resent this intrusion on traditional patterns of leadership and have used a combination of threats and co-option to undermine the authority of panchayat representatives elected in reserved seats.

Elected members from the scheduled castes and tribes are typically assigned responsibility for minor functions in panchayats such as the social justice committees, which are legally required to be headed by a scheduled caste representative. Even though the social justice committees are supposed to ratify all expenditure decisions made by the panchayats, they invariably provide a rubber stamp for decisions taken by the dominant castes. There are instances where scheduled caste leaders have been able to make effective use of these committees to block inappropriate decisions or challenge the authority of the dominant castes.

Available evidence indicates that the enhanced numerical presence in panchayat institutions of women and men from the scheduled castes and tribes has generally not translated into sustained pro-poor development outcomes, at least not at a significant level. This tends to reflect the limited resources at the disposal of panchayats and the limited power they possess to determine local expenditure priorities. Moreover, the resources available for social welfare programmes in the form of subsidised housing and employment generation are spread very thinly with the result that only a handful of individuals receive these benefits each year in the average gram panchayat. Without a much greater devolution of financial resources, the potential development impact of decentralisation will remain limited; a marked localised effect on poverty levels is therefore highly unlikely under such restrictive conditions. Similarly, the fact that health and education remain subject to highly centralised forms of provision means that elected representatives have little influence over service delivery at the local level.

### **Financial Devolution**

Financial decentralisation has progressed to a very limited extent as resource flows are determined by the implementational guidelines for state and central government anti-poverty schemes. The scope for local revenue mobilisation is very restricted, resulting in a high level of dependence on fund flows from higher levels of government. Elected representatives, especially in gram panchayats, exercise minimal influence over local expenditure priorities. In practice, the recommendations of state finance commissions governing panchayat finances are often ignored by their respective state governments usually on the grounds of resource constraints. Most state governments in India are experiencing fiscal deficits and are reluctant to devolve greater expenditure autonomy to local governments. The budget for capital expenditure is very limited since recurrent salary costs absorb the lion's share of resources and the bureaucracy is very resistant to reform.

Political commitment alone cannot ensure well-functioning panchayati raj institutions and urban bodies in the absence of transfer of sufficient powers; responsibilities, and resources

to the lower tiers of government. Across states there has been extremely uneven progress on fiscal devolution. For the most part, development resources are tied into programmes determined by state and central governments and subject to narrowly specified spending parameters and end uses. The role of panchayats in these programmes is generally restricted to identification of beneficiaries for subsidized housing schemes (Indira Awas Yojana) and employment generation (Sampoorna Grameen Rojgar Yojana), subject to ratification by the gram sabha. Small amounts of untied funds are provided for local development purposes mainly in the form of small-scale infrastructure like village roads and community buildings. Gram panchayats are empowered to raise modest resources through local property taxes but these are difficult to collect and only a small proportion of their funds are raised through this source.

Only two states have devolved resources on a significant scale to panchayat bodies, namely, West Bengal and Kerala, both under left-dominated political coalitions. West Bengal has witnessed the most sustained attempt of any state in the country over a period spanning twenty-five years to devolve powers and responsibilities to panchayats. This has been accompanied and in turn fortified by an ambitious and reforms programme to provide sharecroppers with security of tenure and ownership rights. Under the People's Campaign for Decentralised Planning in Kerala, the extent of fiscal devolution was much greater and faster with nearly 40 per cent of state development resources devolved to panchayats in the period 1996/97-2000/01. In both states, fiscal devolution provided a significant amount of untied funds to local bodies and increased the powers and responsibilities of elected representatives. Financial devolution, however, has not been accompanied by greater responsibility for revenue raising, which leaves panchayats as well as municipalities largely dependent on transfers from central and state governments (Robinson, Mark; 2005)

Effective devolution of decision making on expenditure priorities, and to some extent revenue-raising powers, is a critical element of successful decentralisation initiatives, as it provides a legitimate role for elected representatives. Political representation without responsibility for raising resources and determining expenditure priorities within devolved budgets is a very limited form of decentralisation that can undermine the legitimacy and commitment of elected representatives at the local level. Fiscal devolution thus has a direct bearing on the democratic character and developmental potential of panchayati raj institutions. Increased availability of resources in panchayats however, does not guarantee that expenditure priorities will generate development and poverty reduction since these outcomes are a function of the representativeness of panchayat bodies, the extent and depth of political participation, and the powers of vested local interests to exert influence, as well as broader structural factors that condition developmental outcomes.

### **Administrative Decentralisation**

Limitations on devolution of financial powers relates closely to performance on administrative decentralisation, which has also been very limited. Despite formal provision for transfer of responsibilities to the lower tier of local government and legislation governing transfer of development functions to gram panchayats, progress has been uneven. In practice, few states have devolved significant decision-making responsibilities to local governments, mirrored by a lack of real financial devolution. The role of local officials is largely confined to the implementation of development programmes. Health and education programmes are formulated by line ministries at the state level with responsibility for implementation assigned to bureaucrats in local government jurisdictions. Elected

representatives have minimal influence over local development priorities and exercise limited oversight over line department officials.

Most states have been unable to effect transfer of staff from the state to the lower tiers of government. Senior bureaucrats resist transfer on the grounds that educational opportunities are more restricted outside the major urban centres and because of the possible consequences on future promotions. Public sector trade unions resist efforts to transfer staff or to downsize state administrative establishments. No state in India has managed to make significant progress on staff transfers to local governments or to ensure effective oversight by elected representatives over local officials. Bureaucrats in local governments, especially gram panchayat secretaries, continue to exercise considerable influence over elected representatives as they are privy to information contained in government orders that may not be readily accessible to elected representatives who lack an understanding of official procedures or basic literacy skills.

From this brief review we return to the question raised at the outset: what is the balance sheet for panchayati raj and urban bodies after a decade of reform? In the decade following the passing into law of the 73rd and 74th constitutional amendments, progress on implementation of the panchayati raj and municipal reforms has been patchy and uneven. Achievements from any political decentralisation have not been matched either by financial or administrative decentralisation. The powers and responsibilities of elected representatives remain highly circumscribed. Dominant interests at the village level continue to exercise considerable influence through proxy representatives.

Based on the criterion of deepening democracy there is little doubt that the reforms in local government in the early 1990s have widened the terrain of political engagement while affirmative action has broadened participation in local institutions even while there are enduring constraints on the powers and responsibilities of elected officials. On the developmental impact of the reforms it is more difficult to make generalisations, since the powers of panchayats vary considerably across states. Scattered evidence suggests that anti-poverty programmes are targeted more effectively to the poorest as a result of greater participation and oversight by local bodies in which scheduled castes and women now have statutory representation, but also that panchayats remain vulnerable to elite capture and the resources at their disposal are relatively small.

As we have seen, a small number of states continue to make steady progress in the implementation of reforms to strengthen panchayati raj institutions through increased resource flows to panchayats or by empowering gram sabhas to demand accountability from elected representatives and government officials. But in most states, especially in the Hindi-speaking belt where poverty levels are greatest, panchayats have not been granted adequate powers and resources and their impact remains modest. It is possible to discern a number of common factors in those states that have genuinely sought to strengthen the powers and responsibilities of the panchayati raj institutions. Despite differences of politics and ideology, three sets of conditions are common to these states: a politically committed leadership; a supportive legislative and policy environment; and, reasonably effective government institutions. An active civil society also helps to promote state action through advocacy and monitoring of progress on implementation of the constitutional provisions. Nongovernmental organisations can play a supportive role by offering training for elected representatives and local officials and information about the powers and responsibilities granted to panchayat institutions, but their role is not critical to successful outcomes as the West Bengal experience suggests.

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## 23.3 ISSUES AHEAD

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In regard to making PRIs and Municipal Bodies functional and effective, there are some scholars who have expressed serious doubts about the wisdom of a constitutional amendment. For example, Nirmal Mukharji raises issues like: (a) Can a constitutional provision by itself be an adequate substitute for political will? (b) Given the harsh realities of the states, would these statutes be implemented in letter and spirit or would they remain laws on paper only? (c) Is implementing decentralisation below the state level through the most centralising of all conceivable instruments – a constitutional amendment desirable? Besides, Mukharji held the view that a constitutional amendment could well mean thrusting a uniform prescription on states which are widely disparate in administrative culture, in historical background and in demographic size.

The arguments put forward by Mukharji may be valid. But there is no doubt that the constitutional amendment was highly desirable for creating vibrant grassroot democratic institutions, in the country. However, some issues relating to the amendment need to be emphasised here.

The uniform three-tier of PRIs for states having more than 20 lakh population has its own limitation so far structural differences are concerned. And so is the case of states and Union Territories having less than 20 lakh population. It would have been better had it been left to states' discretion.

The Constitutional Amendment Bill, when introduced, had the provision 'for direct elections to the post of chairpersons at the village and intermediate level. At the district level it was left to the state legislature to decide. The Joint Committee of Parliament looked into this question, but advocated for the direct elections only at the village level. The Marxist members of the Committee had objected to direct elections at any level. But in order to achieve unanimity they suggested that the issue of the election of the chairpersons at the village level may be left to the state legislatures. Without going into the plus or minus points of indirect or direct election, it may be said that direct elections to the post of chairpersons are more in conformity with the presidential form of government and indirect elections with the cabinet form of the government, the latter one has been adopted in India.

A major lacuna in the Act is the contradictory and inconsistent approach to the idea of Panchayati Raj being the institutions of self-government. The Bill had rightly defined the panchayats as an institution of self-government but later, in defining the functions of these institutions, had narrowed them down to developmental functions, as in Article 243G (a) and (b). To our mind without policing (law and order) as a function at each level, no institution of self-government is worth the name.

Since the idea of 'district-government' or 'third tier of governance' has come into being, its important point is sadly missing. Nirmal Mukharji, in this regard, rightly suggests that this dilution of the concept of institutions of self-governance is flawed thinking and drafting.

The past experience suggests that wherever panchayats have not taken roots or they have been uprooted after brief spells of success, it has been observed that the MPs and MLAs have not been friendly to these institutions. Apart from being indifferent to local governments, they have also been hostile to these bodies. They do not like to see another centre of power emerging as a challenge, nor do they like to see one's existing powers being diluted. In an attempt to assuage their feelings and to preempt any mischief from them,



the MPs and MLAs have been given membership and voting rights in the panchayats in the Acts now passed. This will certainly undermine the panchayats which we aim to strengthen. Yet another disturbing feature for PRIs is the MPs and MLAs “local area development schemes”. Many may not agree with our apprehension, but it is almost certain that these schemes will further strengthen the stronghold of MPs and MLAs over the local community and the basic concept of empowering the grassroot democratic institutions may be forfeited (Wadhvani and Mishra; 1996).

A crucial question, not yet visible, is with the states being asked by the PRIs to give more powers and departments to them, when will the Centre devolve more powers to states? This question will have to be answered, if not today; then in the near future.

Reservation of one-third seats and chairpersons for women is a step towards silent revolution. It is our firm belief that a social transformation aimed at women could be achieved by PRIs. But the initial task is beset with enormous difficulties for women.

Development of healthy convention in a democratic polity is of immense value. The British Parliamentary System is an example of such values. In our society too we have to recognise them as the backbone of our society and polity. The county and city local governments institutions below the state level in the USA have had a satisfactory existence for so many decades and one of the reasons assigned for their sustenance and success is the tradition of democracy that they have preserved with maximum care. However, in our country violation of conventions have been very high. In such context constitutional amendment may not have any meaning.

It is a sad affair for a democratic country like India that the basic ideology behind the 73<sup>rd</sup> and 74<sup>th</sup> Amendment to the Constitution of India of making panchayat an municipalities institutions of self-government had been largely, ignored in the recent state legislations. What is required is that the legislators should cut across party lines and implement the laws in true spirit with the implicit purpose of transferring power to the people, and to plug the loopholes in the existing system, only when the three-tiers of the Constitution-the Centre, the states, and the local bodies will function with regularity and efficiency, the federal nature of the Constitution, the democratic nature of the polity will be preserved. Otherwise, the Constitution will become very much distorted in its content as well as implementation.

It can be said that the PRIs in India have since their inception, remained ‘down to earth’ without ever taking roots. But the PRIs and ULBs have survived without regularity in elections show their in-built strength and, perhaps, make them the only institutions that live on despite appalling conditions justifying their departure. So what is required is the will to make the PRIs and ULBs a viable democratic institution on which the real democracy will thrive on.

It is notable that the PRIs are the primary institutions of democracy where people from village, block and district could participate. Except for them none of the other institutions can have direct participation of the local people. Devolution of power has to start here, and this is also where people at local levels got into the mainstream of development as well as public affairs. The PRIs, especially the gram sabhas, make the concept of “direct democracy” like that of Greek City-States of Plato and Aristotle days feasible at the present and centuries to come. The gram sabhas have been designed to be the place where development issues should be discussed, development programme initiated and beneficiaries of development schemes selected. The strength and effectiveness of Gram Sabhas will be visible in years to come.

It may be added that the prospect of the PRIs and ULBs would be on increase keeping in mind the pace of economic liberalisation in India. In fact, they would become watchdog bodies to ensure proper implementation of the employment generation programmes like the JRY, poverty alleviation and special programmes. In fact, the PRIs and ULBs would play an important role in accelerating socio-economic development in the rural areas.

It is quite encouraging that the states have to transfer 36 per cent of their total plan outlay to the sub-state level planning bodies from 1994-95. Of the 36 per cent outlay to be earmarked for micro-level planning, 30 per cent go to sub-state planning bodies through lump sum grants for expenditure on areas including rural water supply, roads, electricity, education and any other local schemes. The list of 29 subjects included in the Eleventh Schedule and 18 in Twelfth Schedule of the Acts is flexible giving discretion to the PRIs and ULBs to select schemes depending on local resources and problems. The five per cent of the states plan outlay are “united fund” – few transferred to district or village bodies to be utilised at their own discretion. The remaining one per cent will be for poverty alleviation and employment generation programmes which are to be planned and funded at the village level. For the proper implementation of these, the activities and functioning of the PRIs and ULBs will have to be closely watched and monitored so that they do not overstep their limits and cause irreparable damage to those living in their jurisdiction. What is needed is a consensual and uniform approach of auditing.

It can be observed that the democratisation of our pluralistic society cannot be ensured merely through legislative and administrative actions of the state. These enabling provisions will require massive mobilisational support and non-governmental organisations, academics and professional bodies, political parties and other groups should involve themselves in exerting pressure to restore power to the place where it belongs. For the entire exercise of decentralisation, people like school teachers, progressive farmers, social workers and professionals should be involved. Above all, the PRIs and ULBs elected representatives should also be trained in rising over their electoral rivalry. They should be made to understand that once the elections are over, the rivalry ends. In fact, elections to the PRIs and ULBs must carry a look of mela (festival) to attract massive turnout (Wadhwani and Mishra; 1996).

To brighten the prospects of the PRIs and municipal bodies in India, some suggestions made are as follows:

The elected representatives of the panchayats and municipalities should exercise superintendence and control over government officials, i.e., serving the panchayats instead of playing a subordinate role.

- An inter-zilla panchayat parishad should be constituted in every state with the Chief Minister as its chairman to thrash out legislative, financial and administrative matters of the panchayats. The planning set-up at the zilla-level should be headed by the chairman of the zilla-panchayat.
- The requirements of financial accountability should be designed and supervised by the CAG and the power of dissolution as well as accountability of lower level panchayat units rest with the next higher levels of panchayats and not with government officials in order to establish peer group accountability.
- A constitutional amendment for ensuring elections to cooperatives is a must because a vibrant cooperative system is important for successful Panchayati Raj.

## 23.4 PEOPLE'S ASPIRATIONS

In regard to people's aspirations two important questions arise, viz., what are the people's aspirations? And how to get them fulfilled? As far as the first question is concerned, it may be said people's aspirations include equity, i.e., social justice, people's participation in decision-making, implementation, monitoring and evaluation and sharing the benefit of change and development, representative character of grassroot democratic institutions, protection of the interest of SCs, STs and other socially deprived sections including women, maintenance of social harmony, removal of feuds and factions, sense of freedom and equality, etc.

In spite of the best efforts of the policy planners and implementing agencies, right from the community development programmes to the present-day we have badly failed in meeting the people's aspirations due to the lack of popular participation. The past experience with PRIs and ULBs also suggest that they had been incapable in harmonising local community, minimising feuds and factional fightings and protecting collective interest. As such they badly failed in honouring people's wishes and aspirations. The political developments in rural areas as a result of electoral process also suggest that PRIs and ULBs inadvertently set forth with process of parliamentary system at the grassroot level on a wrong track and gradually made these institutions a shelter house for self-seekers and power-seekers. The PRIs and ULBs, in past, failed in setting a sound mechanism of communication, influence and control from grassroot level upwards. They also failed in institutionalising people's will.

Further, they did not serve as an instrument of social and-economic change. The concept of popular participation, defined in leadership term, also failed in delivering goods. The leadership which emerged as a result of Panchayati Raj/Municipal politics did not reflect the aspirations of the people and the question remained unanswered as to how to make both the structure and the leadership responsive to the needs of the people.

There are certain pre-requisites for the survival of PRIs and ULBs. They are:

- 1) There should be commitment to the Panchayati Raj and Municipalities as a political value and the consequent political will to establish it;
- 2) It should not be forgotten that the effort to revitalise Panchayati Raj and Municipalities, in fact, is an attempt to reconstruct Indian polity by way of bringing so far deprived sections into the mainstream; and
- 3) PRIs and ULBs should be treated as the single agency for development of the rural urban/local levels.

Whatever had been the other reasons for the failure of these institutions, one that is glaring and on which there is unanimity among the scholars, is its inability to protect the interest of the weaker sections of our society. Since this did not happen, the political power at the grassroot level was unevenly distributed. As a result, the weaker sections were not only deprived of the development programmes but in most of the cases they were kept out of development process.

When the PRIs were introduced in late 50s and early 60s people's hopes and aspirations were very high. In certain cases the Panchayati Raj leadership had been alive to the hopes and aspirations of the people but in absence of adequate financial support and bureaucratic cooperation they found themselves in the state of helplessness. Moreover,

whatever, development programmes for weaker sections and rural community were introduced they lacked proper planning and effective popular participation. They had been bureaucratic oriented implemented by local level bureaucracy and far from the hopes and aspirations of the local community. In absence of the real assessment of needs and requirements of local community, they gained routinised character (Wadhwani and Mishra; 1996).

As a corollary to the second question, yet another question that arises is whether the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Act will be able to meet the hopes and aspirations of the people? In answer to this it may be said that at least on paper it appears that PRIs and ULBs will be in a position to meet the hopes and aspirations of the people. Our assumption is based on the fact that the very element of popular participation which was missing till now, may be ensured by the present Act. As such periodic elections provide local community enough opportunity to throw young energetic and action-oriented leadership belonging to all sections of rural community. Reservation of seats for women, SCs/STs and OBCs ensure their participation and effectiveness in decision-making. No doubt in initial stages elite from the above mentioned category will dominate over the scene but the local community will be in a position to judge them on the basis of their performance.

Enough care has been taken to make *gram sabha* an effective institution of grassroots democracy. If they are really made effective they can be in a position to remove the self-seekers and partisan elites by the instrument of vote of no-confidence. If it so happens, the Pareto's concept of circulation of elite will come true and there will be gradual and frequent shuffling and re-shuffling of Panchayati Raj/Municipal leadership which may help in fulfilling the hopes and aspirations of the people.

Since district and decentralised planning has been emphasised in 74th Constitutional Amendment Act and District Planning Councils have been constituted, it is hoped that a need-based planning, reflecting the hopes and aspirations of the people, will be the usual feature. At the same, time, they will not remain only on paper but effectively implemented as implementing agency will be the PRIs/ULBs themselves.

One may hope that the centrally - sponsored developmental and employment generating programmes for the benefit of the local community will also be implemented effectively as they are supposed 'to be implemented under the direct supervision of PRIs. Even identification of beneficiaries is also to be done by them. These brightening provisions under the Act force us to be optimistic in regard to fulfillment of hopes and aspirations of the people.

The constitution of State Finance Commission and provision for effective local tax administration in the Act also present a rosy picture about the financial health of PRIs and ULBs. In past, lack of financial resources made these institutions totally handicapped and did not allow them to fulfill the hopes and aspirations of the people.

Moreover, for the last few years there has been a sharp shift in the perception of rural people towards the change in developmental activities. Political and social awareness have also opened the eyes of so far deprived section of the rural society. However, any administrative innovation to bring about deliberate change in PRIs and ULBs for better results cannot be effective unless devolution of power from the Centre to states, states to districts and districts to panchayat units is rationalised and exercised in true sense. Any talk of power to the people becomes meaningless unless power is exercised by the people at the grassroots level for the society and political awareness is channelised in the

right direction. The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Act further, aim at reducing political and bureaucratic interference in rural and urban development programmes. For this, many states have redefined and redesigned the role of state bureaucracy in order to facilitate effective functioning of PRIs and ULBs. It is felt that what Gandhi said in 1946 is going to be materialised with the help of the 73rd Constitutional Amendment Act. The statement of Gandhiji is as follows:

Independence must begin at the bottom. Thus every village will be a republic or panchayat having full powers. It follows, therefore, that every village has to be self-sustained and capable of managing its affairs even to the extent of defending itself against the whole world.

He further added:

In this structure composed of innumerable villages, there will be ever-widening, never ascending circles. Life will be a pyramid with the apex sustained by the bottom. But it will be an oceanic circle whose centre will be the individual always ready to perish for the circle of villages, till at last the whole becomes one life composed of individuals, never aggressive in their arrogance but even humble, sharing the majesty of the oceanic circle of which they are integral units. Therefore, the outermost circumference will not wield power to crush the inner circle but will give strength to all within and derive its own strength from it.

While supporting the idea of Mahatma Gandhi and the ideas of some of the revolutionaries of pre-Independence era like Shaheed Bhagat Singh, one may hope that a people's movement can be launched to demand that the devolution of funds for development works in Panchayati Raj system should first come to gram sabhas on per capita basis. It would be "the responsibility of gram sabha to decide its needs according to its priorities, how much to keep it for itself, how much to contribute for the intermediate level and how much for the district level panchayats. For example, a particular gram sabha may decide to have with floods rather than have an embankment. Initially, it would mean lengthy negotiated settlements between gram sabhas and panchayats at intermediate and district levels and, therefore, slow pace of progress. But then participation of beneficiary and a slow pace of progress is certainly better than the existing non-development and dependence paradigm. Moreover, the whole process, will be geared towards increasing the understanding and raising the consciousness of the masses and activating them.

Let us examine yet another possibility. A gram sabha could, in the interest of unemployed persons (who *ipso facto* are its members), ban the entry of some articles (such as toothpaste, bathing and washing soaps, etc.), in its area either singly or in combination with the neighbouring gram sabha. In this process it could encourage village and household industries and generate employment. If such a phenomenon remains confined to a few pockets, it is likely to be ignored. But if it catches the imagination of the people and spreads to a large area, it will hurt the interests of multinationals, foreign collaborators and their Indian lackeys and finally the interests of neo-imperialism. Pressure will be mounted to suppress it for the sake of 'free market' commitment. The Indian ruling class, in all probability, will succumb to the pressure. But the problem is that all other institutions of the Panchayati Raj system can be superseded but not the gram sabhas. Their existence will always be legal and constitutional. How the struggle will proceed, what course it will take, when it will acquire a revolutionary character, all this will depend on the members of the gram sabhas. There may be many other possibilities depending on subjective and objective conditions prevailing in different gram sabhas. But one thing is



certain, along with the struggle (whatever be its form) mass consciousness will increase. This is the lesson which history teaches us and increasing mass consciousness is the singular need of the hour.

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## 23.5 CONCLUSION

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While concluding, one more question comes to our mind which may be everybody's apprehension, as to what would be the fate of PRIs and ULBs by 2020 AD? In regard to this apprehension, we are quite optimistic about the future of PRIs and ULBs as the units of grassroot democracy. No doubt most of the successes of PRIs and ULBs will depend upon the political will of the concerned state governments. However, making Panchayati Raj and Municipal elections a regular phenomenon and giving them constitutional status may ensure their bright future. No doubt the elections at the state and Central levels are the regular phenomenon but still we have not been able to take our democratic polity towards a bright future. However, this situation, to our mind, is not going to affect rural political system in a substantive manner, the rural masses are, of course, illiterate and ignorant but very sensitive and capable of taking suitable decisions in the larger interest of the community. Moreover, due to mandatory and periodic elections, they will be in a position to shuffle and reshuffle the leadership of PRIs and ULBs making them to realise that only those leaders could stay who are committed, non-partisan and take care of development of the village community. Besides, it is our hope that gram sabhas are going to play a very decisive role in coming years as a result of growing consciousness among the rural masses. In such a way we hope that by the end of 2020 AD, the PRIs and ULBs may be deeply rooted in the rural community and become the real vehicle of change and development in the countryside. The only danger which, we visualise, is from the side of the state governments. This apprehension is because of the fact that the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments have provided maximum latitude to the states to make suitable amendments in their Acts as and when required and this process has, perhaps, already started. And as such, if such negative approach of the state governments continues then it would be difficult to save the PRIs and Municipal Bodies from the callous attitude of the state government. Even then we are optimistic that future of Local Government looks bright and they shall be in a position to fulfill the hopes and aspirations of the people as the societal norms, social stratification and values are changing very fast as a result of democratic process in the country.

In regard to futuristic trends in Panchayati Raj and Municipal politics, affectivity of gram sabhas, changing social relationships and emerging social movement, similar optimism has been expressed by many social scientists. For example, Rajni Kothari is of the opinion that as a system of managing the affairs of the society, the long experienced model of "top down" has failed. And it is against this failure that the rise of new actors and levels, new forms of political expression and new definition of the content of grassroot politics acquire significance.

Now the question is who and what are these new actors and definitions? There is, first, the resurgence of the 'people' themselves, both in consciousness and in behaviour, asserting their democratic rights and challenging the established order, at local levels affecting the entire social and political order. And, the second is the emergence of a new class of mediators in the political process, generally called the activists, upper and middle class in their social origin but identifying themselves with the lower orders of society – the poor, the oppressed and the segregated, ranging from the untouchables and the destitute

among the tribes and ethnic minorities all the way to the victims of sexual, ethnic, ecological and generational discriminations, atrocities and violence. It is in this, background that we feel that the rural asses will rise to the occasion and help see the future of local bodies bright which could fulfill the hopes and aspirations of the people in years to come.

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## 23.6 KEY CONCEPTS

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<b>Regulation</b>	: The totality of government controls on the social and economic activities of its citizens; the rule making process of those administrative agencies charged with the officials interpretations of laws.
<b>Reinventing Government</b>	: The latest manifestation of the progressive tradition of continuously improving government – this time with an emphasis on privatisation.
<b>Republic</b>	: A form of government in which sovereignty resides in the people who elect agents to represent them in political decision-making.
<b>Authorising Legislation</b>	: Legislative action that permits establishment or continuation of a particular programme or agency.

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## 23.8 ACTIVITIES

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- 1) Discuss the impact of reforms on the local governance in relation to devolution of financial powers and administrative decentralisation.
- 2) Explain the people's aspiration about the local government.

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# **UNIT 1    CONCEPT, EVOLUTION AND SIGNIFICANCE OF DEMOCRATIC DECENTRALISATION**

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## **Structure**

- 1.0    Learning outcome
- 1.1    Introduction
- 1.2    Concept of Democratic Decentralisation
- 1.3    Evolution of Democratic Decentralisation
- 1.4    Significance of Democratic Decentralisation
- 1.5    Democratic Decentralisation in India
- 1.6    Conclusion
- 1.7    Key concepts
- 1.8    References and Further Reading
- 1.9    Activities

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## **1.0    LEARNING OUTCOME**

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After studying this unit, you should be able to:

- Understand the concept of Democratic Decentralization;
- Know the evolution and significance of Democratic Decentralization; and
- Describe the Democratic Decentralization pattern in India.

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## **1.1    INTRODUCTION**

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The dawn of 21<sup>st</sup> century is marked by decentralized governance both as a strategy and philosophy of bringing about reforms and changes in democracies. These changes led to such virtues of transparency, responsiveness and accountability and ensures good governance. Today decentralization and democracy are the most significant themes in the development discourse. In the present context of rapid social change and development activities, debureaucratization and decentralization have been found to be much more appropriate to deal with contemporary trends of globalization, liberalization and privatization. In this scenario an attempt is made in this unit to discuss conceptual aspects and the significance of democratic decentralization as an institutional mechanism to govern rural and urban areas of the society.

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## **1.2    CONCEPT OF DEMOCRATIC DECENTRALISATION**

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Democracy is considered as one of the best forms of government because it ensures liberty of thought, expression, belief, faith and worship, equality of status and opportunity,

fraternity as well as the right to participate in political decision-making. Participation and control of governance by the people of the country is the essence of democracy. Such participation is possible only when the powers of the state are decentralized to the district, block and village levels where all the sections of the people can sit together, discuss their problems and suggest solutions and plan, execute as well as monitor the implementation of the programmes. It is called the crux of democratic decentralization.

The words, “democratic” and “decentralization” form the key to the understanding of the expression “democratic decentralization”. The word “democratic” explains the nature and purpose of the concept as also its basic claims in an institutional set up. The word ‘decentralization’ is essentially indicative of the method to realize the end as contained in the word ‘democratic’. Decentralization means transfer of planning, decision-making or administrative authority from the central government to its field organizations, local administrative units, semi-autonomous organizations, local governments or non-governmental organizations. Different forms of decentralization can be distinguished primarily by the extent to which the authority to plan, decide and manage is transferred and autonomy is achieved in their tasks. In simple under decentralization authority is not concentrated at the centre, it is distributed to smaller administrative units.

There exist a difference between democratic decentralization and delegation. Delegation means the grant of authority from a superior to a subordinate, to be enjoyed not as a right but as a derived concession and that also to be exercised at the pleasure of the superior. The term ‘democratic decentralization’ on the other hand means grant of authority by a superior to a subordinate as a right to be enjoyed by the subordinate and not as a concession. Thus, ‘democratic decentralization’ is an extension of the democratic principle aims at widening the area of the people’s participation, authority and autonomy through dispersion or devolution of powers to people’s representative organizations from the top levels to the lowest levels in all the three dimensions of political decision-making, financial control and administrative management with least interference and control from higher levels.

The expression ‘democratic decentralization’ is to be distinguished from ‘administrative decentralization’. Democratic decentralization is wider than administrative decentralization. Democratic decentralization envisages association of more and more people with government at all levels, national, regional and local. Democratic decentralization stands for people’s right to initiate their own projects for local well-being and the power to execute and operate them in an autonomous manner. Administrative decentralization originated in the need for efficiency in terms of initiative, performance and speed of administrative personnel, particularly at the lower levels. Administrative decentralization means the right to freedom of implementing projects. It involves the right of the administrative personnel to do associated planning.

The term ‘democratic decentralization’ should also be distinguished from ‘democratic centralism’. Democratic centralism seeks to combine democracy with centralism. It is centripetal. There is transfer of authority to the extent of complete surrender and concentration to the top levels from the popular levels which form the base of the pyramidal structure. Democratic decentralization is centrifugal, which implies there is transfer of power from top to lower levels. The democratic principle finds a wider application in the concept of democratic decentralization than in the idea of democratic centralism. The underlying idea of democratic centralism is to widen the area of democracy, which may exist at the top by granting both authority and autonomy to lower



level representative bodies of the people. Further, democratic decentralization and local self-government are not one and the same. Though both aim at greater participation by the people and more autonomy to them in the management of their affairs, it can be said that democratic decentralization is a political ideal and local self government is its institutionalized form. Democratic decentralization is a plea to further democratize local self government to enable it to enjoy more authority, shoulder greater responsibility, take more initiative and experience greater autonomy in the management of the affairs of the local area. Decentralization is regarded as a necessary condition of social, economic and political development. It establishes social harmony, community spirit and political stability. Decentralization is not an end in itself, but it depends on the circumstances under which decentralization occurs. Democracy provides the best environment for nurturing its growth and realization.

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### **1.3 EVOLUTION OF DEMOCRATIC DECENTRALISATION**

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After Second World War, the newly – formed nation-states adopted the growth-centered model for development. In this model, the state assured the moral and political responsibilities for the development of the society. It became gradually evident that the growth-centred model for development aimed only at economic growth and increased Gross Domestic Product (GDP) of the country. But, it could achieve these at great social and environmental costs. This development model had bypassed large sections of the society, leading to a greater disparity, further marginalizing the deprived sections. The special programmes initiated for the vulnerable sections failed to make an impact because the people were treated as mere ‘beneficiaries’ and ‘objects’ of development. World-wide discontent and disillusionment generated by this dominant model for development led to its severe criticism.

A crucial debate is on in developing countries regarding the degree of control that central governments, should exercise over development planning and administration. The past experience of planned development for the last 50 years in India and the results thereof have raised doubts regarding achievement of the welfare objectives, removal of poverty and social inequalities, economic growth with social justice, etc. There was disillusionment with the results of highly centralized planning. It resulted in economic inequalities, regional disparities and increased absolute poverty. Therefore, the basic premises of development theory came into question during the 1970s.

The growing realization among policy analysts that as government activities expand, it is increasingly difficult to plan and administer all development activities effectively and efficiently from the centre. Hence, local autonomy in making decisions of primary concern to the locality and greater responsibility for designing and implementing development programmes became a necessity. This revived interest in the notion of decentralization.

Participatory development has emerged as an alternative paradigm over the past two decades as a result of the criticism of the dominant model for development. Development would mean a process of change from the present situation to a better one, with deliberative interventions by citizens and institutions. New perspective of development stressed that along with economic growth, development of the quality of life of individuals, families and community should also be ensured. It can be feasible through greater people’s participation in decision-making, creating opportunities for productive employment,

access to consumer goods and basic services such as health, sanitation, education and communication. Development can be sustained if special efforts are made to systematically involve the deprived sections of the society in the process by taking into account their special needs. It can reduce inequalities and bridge the ever-widening gap between the rich and the poor. Participatory development strategy should also ensure that more people have access to and control over their resources.

The alternative participatory development paradigm necessitates creation of pressure from the grass-roots which can enable them to participate actively in planning, involve them in execution and monitoring and more equitably distribution of resources. People-centred development model make people active in development process.

Further, it is now realized that the upward shift of functions from the districts to the states and from the states to the union has not contributed either to the strengthening of the centre or to making planning more effective. Indeed it has had the opposite effect on both counts. The machinery of government has become excessively flabby at the centre as well as in the states. Planning has become so out of touch with ground level reality that is in danger of losing credibility. These developments have made political parties and scholars think in terms of reversing the upward trend, which unambiguously put means decentralizing functions from the union to the states and from the states to the sub-state levels. In addition, everywhere the leaven of democracy has started a process towards mass politics. People are beginning to demand a say in the running of their own affairs. It is this, more than the creeping decay of centralized governance that has impelled political parties to turn their attention towards decentralized governance. The major thrusts of decentralized governance are bringing administration at the door steps of the people and establishing direct relationship between the client and the administration. The local institutions, the private sector, and the civil society organizations, all play an important role in decentralized governance.

Post-Independence India adopted a democratic system of governance. Institutions of democracy in India infact began to grow during the colonial rule. The provisions of democracy found their place in the Government of India Acts of 1909, 1919 and 1935. Following the deliberations within the Constituent Assembly, democracy was introduced in the Post-Independence India in 1950. In India, Mahatma Gandhi, Jawaharlal Nehru and Jai Prakash Narayan described democracy as the government that gives 'power to the people'. Gandhi said "True democracy could not be worked by some persons sitting at the top. It had to be worked from below by the people of every village". Democracy at the top could not be a success unless it was built from below.

In India the Panchayati Raj Institutions can set an example for the world for to emulate in the matter of democratic decentralization. On the first point of decentralization there are broadly three views. The Balwantrai Mehta Report favoured the block as being nearest to the people (1957). The Sukhamoy Chakravarty (Economic Advisory Council, 1984) Report on decentralization of planning considered even the district to be too small for proper area planning. The Ashok Mehta Report (1978) on the Panchayati Raj, however, categorically favoured the district because historically it had been the pivot of local administration for centuries and also because the requisite expertise for planning and related purposes could be mustered at this level and not lower. The Dantwala Report (1978) on block level planning and the Hanumantha Rao Report (1984) on district planning endorsed this view in essence. In political parties too thinking has crystallized on the district as the most appropriate level for first-stage decentralization from the state level.

The principle thrust of Balwanta Rai Mehata Committee report was towards decentralization on democratic institutions is an effort to shift decision centres close to the people to enable their active and continuous participation under local popular control. The Ashok Mehata committee's principal thesis was the functional necessity for decentralization of administration level closer to the people. Both Balwanth Rai Mehata Committee report and Ashok Mehata Committee reports can be considered as landmarks in the history of democratic decentralization in India. With the introduction of the 73<sup>rd</sup> and the 74<sup>th</sup> Constitutional Amendments, the decentralization has been democratized and the scope of democracy has expanded to include the women, OBCs and dalits at the grass root level. Prior to this the dominant social groups exclusively dominated the institutions of the local self-governance. This defeated the very purpose of democracy. Democracy has to be grounded in the reality of society. This view of democracy can be termed as the substantive democracy. In the past two decades, in India substantive democracy has found a significant place in the discourse on democracy.

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## 1.4 SIGNIFICANCE OF DEMOCRATIC DECENTRALISATION

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Today democratic decentralization is a global phenomenon. Decentralization should be seen as a theory of development, which requires a variety of institutions for empowering and uplifting the marginalized and the poor. It is expected to work for the building up of an administrative space at the cutting edge level where the felt needs of the poor could be ventilated. Decentralization is a prime mechanism through which democracy becomes truly representative and responsive.

G.Shabbir Cheema and Dennis A.Rondinelli, in their book *Decentralization and Development*, have enumerated the following advantages of decentralization:

- 1) Tailor-made plans as per the needs of heterogeneous regions and groups are possible.
- 2) It can cut red-tape.
- 3) Closer contact between government officials and local population is possible.
- 4) It can allow better penetration of national policies to areas remote from the national capital.
- 5) It will ensure greater representation of political, religious, ethnic and tribal groups in development decision-making that could lead to greater equity in allocation of resources.
- 6) Capacity of local institutions and their managerial and technical skills will develop.
- 7) Top management would be relieved of routine jobs and devote time to more important jobs.
- 8) It will ensure better coordination.
- 9) It will institutionalize the participation of the citizens and exchange of information.
- 10) It will offset the influence of the elite people.
- 11) It will lead to a more flexible, innovative and creative administration.

- 12) Local people can execute, monitor and evaluate better than the central agencies.
- 13) Increased political stability will be ensured by increasing the participation of the local people in decision-making.
- 14) It will also reduce the cost of planning and increase the number of public goods.

A new framework of decentralized governance for the society can be laid down by taking the following measures.

- i) Providing people the opportunities and the forums to articulate their views and perceptions;
- ii) Taking the points of service delivery closer to the peoples;
- iii) Strengthening the local bodies as self-government institutions.

Decentralization leads to the empowerment of the local people through deconcentration and devolution. Decentralized governance seeks to tap local initiatives and practices by involving grass roots organizations such as self-help groups. Representative democracy and participatory democracy both become possible through decentralized governance. Another important feature of decentralized governance is interactive policy making which leads to decentralized decision-making. Interactive policy is a process where government and non-governmental sectors such as private sector, non-governmental organizations, communities, grass roots organizations, pressure groups all participate in decision-making so as to influence issues and suggest alternatives. Therefore, decentralized governance is an alternative strategy of development, which is people-centred, participatory and bottom-up development mechanism.

Decentralised governance is good for the people. The people will have a better understanding of what the government does. It is a concept based on the right of the people to initiative and executes policy decisions in an autonomous manner. It is a more effective way meeting local needs. It also provides a mechanism responsive to the variety of circumstances encountered from place to place. Decentralize governance enable poor people to take part in politics, which is necessary for successful implementation of anti-poverty programmes.

In the context of the Third World, decentralized governance has special significance because the target group of development in the Third World is the poor people. The World Bank Report indicates that all about 12 of the 75 developing countries with more than 5 million inhabitants have implemented some form of decentralization, with varying degrees of financial and political power. Parallel to these developments establishing legal frameworks and institutional mechanisms for people's participation at the local levels have been developed in countries like Philippine, India, Honduras, Bolivia, Namibia, Uganda, Tanzania, Brazil and Nigeria. Many countries like India have embarked on constitutional amendments to strengthen the process of decentralization. The seventy-third and seventy-fourth constitutional amendments in India have sought to create a new tier in country's governance structure by giving constitutional sanction to panchayats and urban local bodies. The amendments provide a long list of functions to be devolved on the local self governments, both urban and rural. These amendments have institutionalized peoples' participation through gram sabhas and ward committees.

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## 1.5 DEMOCRATIC DECENTRALISATION IN INDIA

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Gross roots governance has been a major concern of the planning process in India ever since the introduction of Panchayati raj in 1959. The spirit of democratic decentralization that evolved over the years is being practiced only in a limited way. It is realized that development efforts in India did not address the issues of equity and to the development of the poor. Therefore, there is a need to redirect development efforts towards the poor and those at the gross roots. The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts have been major steps in the direction of decentralized governance in India. The 73<sup>rd</sup> Constitutional Amendment Act relates to introduce reforms in rural local bodies whereas the 74<sup>th</sup> Constitutional Amendment Act relates to bring reform in urban local bodies. These amendments have accorded constitutional recognition to rural and urban local bodies. The Acts aims at integrating the concept of people's participation in a formal way with the planning process on the one hand and the devolution of responsibility to the people themselves on the other. These acts have addressed the persistent problems of irregular elections, suppression, inadequate representation, insufficient devolution of powers, lack of administrative and financial autonomy, and inadequate resources.

- **Democratic Decentralisation in Rural Areas**

After independence, rural development forms the crux of India's development strategy. Rural development programmes aim at the improvement of the living standards of the rural poor by providing them opportunities for the optimum utilization of their potential through active participation in the development process. Development programmes have a better chance of success when the target group and the general public participate in the various stages of the developmental decision-making process. In order to improve the participation of rural people in the process of development and involvement in decision-making and decentralized planning, the government of India has made 73<sup>rd</sup> Constitutional Amendment in 1992 to provide constitutional recognition to Panchayati Raj Institutions.

The constitution through 73<sup>rd</sup> amendment, visualizes panchayats as institutions of local self governments, it is subjected to the extent of devolution of powers and functions to the will of the state legislature. For the first time, self-government is located at the Panchayat level. Locality has become the basis of planning. The gram panchayat is entrusted with the responsibility for planning that is done by the people through gram sabha. The amendment provides for decentralized governance at the district and even lower levels. It has created people-centred institutions at the district, block and village level. The amendment devolved a package of powers and functions, to Panchayati Raj institutions. The eleventh schedule lists out 29 subjects to be transferred to panchayat raj bodies. The Panchayat Raj institutions are responsible for the planning and implementation of programmes related to social justice and economic development.

The constitutional amendment has provided for the establishment of State Election Commission and State Finance Commission. With the establishment of these commissions in the states, there is a considerable improvement in the process of democratic decentralization in rural areas.

- **Democratic Decentralisation in Urban Areas**

India, like many other developing countries, has been experiencing rapid growth in recent decades. India's urban population, which was hardly 10 percent at the



beginning of the 20<sup>th</sup> century, reached 26 percent in nine decades. At present, urban population is doubling every two decades. It is estimated that by 2025 about half of India's population would be urban. The Tenth Five Year Plan is predicted that India's urban population is expected to rise from 28 percent to 40 percent of the total population by 2020, placing increasing strain on the country's urban infrastructure.

Municipal bodies like the panchayats are not functioning effectively as units of local government due to structural, functional and financial constraint. From time to time many committees and commissions are appointed to suggest measures to revitalize them. Almost all committees recommended strengthening the Urban Local Bodies (ULBs). To strengthen the urban governance, parliament enacted 74<sup>th</sup> Constitutional Amendment Act 1992. This Act provided constitutional recognition is a milestone in the history of Urban Local Bodies. This amendment not only provides a constitutional status to the urban local governments, but also a number of other measures are incorporated to strengthen their democratic functioning, resources and powers. This Act is intended to give a more focused thrust to decentralization and the creation of a democratic governance structure at the urban areas.

- **Democratic Decentralisation in Tribal and Schedule Areas**

Special provisions are made in the constitution through the Fifth and Sixth schedules to protect the interests of Tribals their autonomy and rights. The Fifth Schedule envisages notification of tribal dominated areas as Scheduled areas and the formation of Tribal Advisory Council at the state level. The Sixth Schedule provides for establishing autonomous district councils and autonomous regions empowered with legislative judicial, executive and financial powers.

The government of India has appointed a committee headed by Dileep Singh Bhuria to work out the details as to how structures similar to panchayati raj institutions can take shape in tribal and scheduled areas. The following are the main recommendations of the committee.

- **Gram Sabha**

Every habitation community to have a Gram Sabha which will exercise command over natural regions, resolve disputes and manage institutions under it, like schools and cooperatives.

- **Gram Panchayat**

Elected body of representatives of each Gram Saha, also to function as an appellate authority for unresolved disputes at lower level.

- **Block / Taluk Level Body**

This is the next higher-level body suggested by the committee. In addition to this the committee has suggested an elected body of autonomous district council at the district level with legislative, executive and judicial powers for tribal areas covered under the Sixth Schedule.

Bhuria Committee has also recommended the powers and functions of the three levels in details. The Committee also proposed in general terms that the scheduled areas and tribal areas should be vested with adequate powers to deal with the problems like growing indebtedness, land alienation, deforestation, ecological

degradation, displacement on account of industrialization and modernization, excise policy, alcohol and drug addiction, hydel and water resources etc.

In accordance with the recommendations of the Bhuria Committee, an Act was passed on 24<sup>th</sup> December 1996 extending the provisions of part-IX of the Constitution relating to the Panchayats to the scheduled areas.

Local self-government is one way to operationalise decentralized pattern of governance. A note worthy feature of the above constitutional amendments is an emergence of a new generation leadership at the local level from disadvantaged sections of the society. The hitherto denied fruits of democracy have been made available to weaker sections of the society. The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts have democratized the local self-governments at rural and urban areas and brought substantive democracy at local level.

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## 1.6 CONCLUSION

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Today decentralisation and democracy are the most significant themes in the development discourse. Decentralisation means transfer of planning, decision-making or administrative authority from the central government to its field agencies. Democratic decentralization is an extension of the democratic principle aims at widening the area of the people's participation, authority and autonomy through devolution of powers to people's representative organizations.

Today democratic decentralisation is a global phenomena. In India 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts have widened the scope of democratic decentralisation both in rural and urban areas. These Acts have institutionalized people's participation through gram sabhas and ward committees. A note worthy feature of these amendments is an emergence of a new generation leadership at the local level from women and marginalized sections of the society. The Amendments have contributed to bring substantive democracy at local level.

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## 1.7 KEY CONCEPTS

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| <b>Decentralisation</b>                | : Transfer of planning, decision-making or administrative authority from the central governments to its field organizations, local administrative units, semi-autonomous organizations, local governments and non-governmental organizations.   |
| <b>Democratic Decentralisation</b>     | : It is an extension of the democratic principle aims at widening the area of the people's participation, authority and autonomy through devolution of powers to people's representative organizations from the top level to the lowest levels in three dimensions of political decision-making, financial control and administrative management. It stands for people's right to initiate their own projects for local well-being and the power to execute and operate them in an autonomous manner. |
| <b>Administrative Decentralisation</b> | : The right to freedom of implementing projects. It involves the right of the administrative personnel  |

particularly at the lower levels to do associated planning for administrative efficiency.

**Democratic Centralism** : It seeks to combine democracy with centralism. It is centripetal. There is transfer of authority to the extent of complete surrender and concentration to the top levels from the popular levels.

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## 1.9 ACTIVITIES

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- 1) Prepare a small note on local self-government institutions structure, powers and functions of your district.
- 2) Examine the implementation of XIth and XIIth the schedules of 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts in rural and urban local governments of your state and prepare a report.

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## UNIT 2    CONTEXTUAL DIMENSIONS OF DEMOCRATIC DECENTRALISATION-1: POLITICAL, CONSTITUTIONAL AND ADMINISTRATIVE

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### Structure

- 2.0    Learning Outcome
- 2.1    Introduction
- 2.2    Post Modernist Critique
- 2.3    The Political Environment of Choice
- 2.4    Constitutional Dimension
- 2.5    Administrative Argument
- 2.6    The Decentralisation Debate
- 2.7    Conclusion
- 2.8    Key Concepts
- 2.9    References and Further Reading
- 2.10    Activities

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### 2.0    LEARNING OUTCOME

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After studying this Unit, you should be able to:

- Understand constitutional provisions/stipulations for democratic decentralisation in India;
- Identify the political and administrative possibilities inherent in decentralisation; and
- Analyse the issues relating to the decentralisation.

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### 2.1    INTRODUCTION

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Democratic decentralisation needs to be appreciated in the context of *post-modernism* which marks an ideological shift in political terms from “authority to individuation values” and from “material welfare to aesthetic and spiritual concerns” epitomised by the generic, ‘sustainable development’. ‘Modernist’ emphasis on order and conformance is giving way to plurality and diversity in secular, religious and cultural matters, redefining the concept of ethic/what constitutes right. This paradigm cultural shift is increasingly manifest in public policy for development administration. Democratic decentralisation is being advocated as an alternative to central control, particularly planning, which shows scant regard for local diversity (Ingelhart, 1997). Pluralism is the essence of democracy. To incorporate all interests in public policy, institutional is a must. In this unit we shall attempt to understand the political, constitutional and administrative ramifications of decentralisation. Emphasis would be on impact of decentralisation on administrative efficiency

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## 2.2 POST MODERNIST CRITIQUE

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Post modernist critique comes down heavily on top- down technocratic planning processes; instead, calls for public-participatory planning processes incorporating indigenous ideas and allowing for the same in/through public policy. Also as per the New Public Management “roll back of the state” phenomenon/precept, ways are being explored to make governance, more broad based, participatory and representative, in the sense of creating options/alternatives to government ‘monopoly’ over public goods services provision (“moncentric order”) by introducing/involving the private corporate sector and other civil society actors, such as interest groups, pressure groups, non government and community based organisations in matters of governance (“polycentric order”). The aim as per ‘post- modern’ approach is to impart a pluralist- representative character to the modern nation- state, moving beyond the limitations of ‘oneness’ to incorporate/*emphasise* diversity on religious, linguistic, ethnic, *et al* lines by articulating the same in policy craft in order to institutionalise minority representation. As per public choice critique, such ‘majority orientation’ negates democracy since the opportunity cost of options foregone in policy choices in favour of one alternative translates into real costs to the society both in tangible and intangible terms. Apart from the political marginalisation of affected groups, which results thereby, democracy is rendered less representative; consequently policy choices and decisions get tinged with arbitrary character which confuses the idea/purpose of ‘public interest’, which is the central theme of public policy. Such governance is not ‘efficient’ since it is less ‘rational’ in the sense of ‘inclusiveness’ of the *process* of articulating public interest in all political, economic and social aspects (s).

As per World Bank explanations, democratic decentralisation implies more than the downward delegation of authority. It entails a system of governance in which citizens possess the right to hold local public officials accountable through the use of elections, grievance meetings and other democratic means. Decentralisation is purported to be democratic in that the key word is accountability of officials to the local public. ‘Popular control’ is the essential condition for any variant of decentralisation (*delegation, deconcentration, decentralisation*) for effectiveness. (The same can be read in key concepts).

Change in system orientation from “top- down” to “bottom- up” is expected to break entrenched oligarchic interests that further traditional/charismatic privileges through subversion of state authority; foster prevalent inequalities. This could/is being attempted by empowering the ‘passive publics,’ referring particularly to the inert backward segments through proactive measures like reservations, institutionalisation of ‘communitarianism’ inherent in social groupings which implies institutionalization of ‘social capital,’ via the gram sabha and catalytic promotion of non- government organisations and social action groups on the part of the state, for rational “interest articulation” and “public accountability” of officials. This structural reformation of government is being referred famously as, “reinventing government” (Osborne and Gaebler, 1992).

Also, for true democracy, governance should be ‘economically efficient’ in that the taxpayers’ money should have been properly spent and accounted for. There should be transparency about fiscal decisions, not just for the purpose of professional audit, policy analysis and evaluation, but also for the sake of information/awareness of the general ‘public’ whose resources are spent on/for public purposes. Needless to assert, they must have ‘voice’ (of ‘exit’ and ‘voice’) to express dissent to exert needed pressure or in



extreme cases of *malafide*, explore the 'exit' option to avail of better services. For the purpose that fiscal deficits be in control, government machinery can/should be less expansive, which is possible if the other sectors, viz. the private corporate and the non-government sectors partake in governance related to production and distribution of public goods. Decentralisation is being perceived as a 'means' to 'the' end of such pluralist "polycentric" governance. {Efficiency, for the purpose of this discussion, is understood in Simonian terms, i.e. maximum benefit/minimum cost}.

Therefore, the three main arguments most cited in favour of democratic decentralisation as a legitimate 'end' to the value of 'public freedom' encompassing all virtues aforesaid, are as follows:

- Democratic decentralisation makes developmental policy more 'responsive' to public interest, since problems can best be understood and articulated by local representatives with active involvement of the people whose needs are to be addressed. Environmental protection and law and order are other emerging areas where the contribution of local bodies is expected to be significant.
- It *empowers* local communities, who are otherwise usually 'passive' with regard to governance related matters. This makes governance transactional/participatory. Civil society actors(s) effectively articulate and press for public interest at successive stages in governance through social activism, representation or lobby pressure public interest litigations, et al. It brings administration closer to the doorstep of the poor. This is also because accountability is much more clear and direct, and officials are more easily accessible, which improves organisational culture since officials are put under obligation to answer questions posed by civil society.
- It leads to efficiency in resource management, since community ownership and application of local innovative management strategies based on past practices/indigenous knowledge prevents a lot of waste.

The aforesaid features will be put to critical analysis in subsequent sections in the Unit. At this point, suffice it to say, that democratic decentralisation is emerging as an exciting proposition for scholars and practitioners in social sciences in that it is generating immense positive expectations regarding better institutionalisation and grounding of democracy, rendering it more stable against possible arrogation of power or otherwise arbitrary behaviour on the part of the central and state executives.

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## 2.3 THE POLITICAL ENVIRONMENT OF CHOICE

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Public choice theorists favour a decentralised politico-administrative set up where in case of extreme dissatisfaction, people can "vote with their feet" (Tiebout,——) or relocate to a different jurisdiction, where services are comparatively cheaper and/or more efficient. In third world economies, which remain largely regulated or under ubiquitous government control, 'rent seeking opportunities/behaviour' on the part of public officials is alleged, which entails compromise on public interest, since people lack the information/awareness to question administration or hold it accountable for omissions/commissions. According to Craig Johnson, (2003) decentralisation can create such 'political environment of choice' by creating the 'political space' for self help on the part of people which could also be catalysed through devolution of authority to local user groups, community based agencies, energise civil society and create opportunities for creative interface synergy between the

government and civil society agencies operating at the local level. Some of the possibilities are explained below as “exit” and “voice” options.

### “EXIT” OPTIONS

K.V. Sundaram foresees development of “polycentric institutional arrangements” by way of spontaneous cooperation and aggregation of interests at the local level for binding consolidating, and unifying spontaneous groups and promoting group interests. These user groups/ interest groups could be traditional indigenous institutions, which would need to be revitalised around the fulcrum of elected bodies. These polycentric or non-central institutions are expected to perform functions across jurisdictions acting as instruments for collective action covering a spatial extent, in developing and maintaining, for instance, common property resources such as water conservation systems and credit societies and providing various public facilities based on self help. They could also be “receiving mechanisms” (user groups) which, interact with the government’s delivery system in distributing the benefits to the target groups. These could also be special purpose groups that provide for, operate and maintain certain small infrastructures like roads, water supply irrigation, community buildings, and irrigation systems (indigenous institutions) under the aegis of local administration. This would help revive traditional infrastructure, which has remained dormant for lack of emphasis in development planning, which could form sustainable local infrastructure. This would require catalytic intervention on the part of the administration by way of proactive efforts to institutionalize social capital inherent in communitarian ties. According to Sundaram therefore, “enabling potential beneficiaries of infrastructure and other types of public goods to organize themselves into polycentric limited purpose functional groups, with circumscribed governmental authority should be the top most priority in the development agenda for/in development planning. Researches suggest that such organisations perform efficiently, control corruption and economise a lot better such as the *Chattis Mauja* (36 villages), a farmer managed irrigation system involving 25, 000 people in about 54 villages. What is being suggested largely by academics, mainly new public management advocates and public choice theorists is catalytic government action in institutionalizing inherent social capital in communities which could be self help groups of artisans, traders framers, social action groups et al, organized spontaneously in productive activities in an entrepreneurial mode of functioning across spatial contours.

It is strongly urged that the basic concept/approach of land and water management on the basis of *natural watersheds* should be adopted and where need be, existing district/block boundaries could be accordingly re-arranged to accommodate and adjust the natural watersheds or groups of watersheds.” Such flexibility can only be provided if local governance is effectively ‘institutionalised.’ Besides “common” or uncultivated lands, wastelands, ravines and river beds, but also the local grazing and pasture lands can be placed under local care and management, possibly of Panchayat, Panchayat Mandal, or the Panchayat Samiti, depending on the area of a natural physio-geographical or topographical unit of which such land may constitute a **Watershed**. (Hooja, 1986).

The establishment and empowerment of local resource user groups (through delegation or privatisation) can improve the ways in which local people manage and use natural resources. The functioning of local credit agencies shows that identification of beneficiaries leaves a lot to be desired. This process has to be affected through the Panchayats if benefits of policies have to reach the target population (Bhattacharya, Datta, 1991).

Collaboration between public agencies and local resource users can produce ‘synergistic’ institutional arrangements based on positive social capital in which citizens and civil

servants cooperate to provide goods that would otherwise be unobtainable (if acting alone). Pertinent examples of this would be, joint forest management, fisheries co-management and participatory watershed management (Johnson, 2003).

### **“VOICE” OPTIONS**

In China and Nigeria accountability of public officials reportedly increased with mass participation (Meenakshisundaram, 1999). Experience from Bolivia, Honduras, India (Karnataka), Mali, Ukraine and the Philippines suggests that civil society organisations have succeeded in fostering strong accountability in peripheral rural areas; officials have acted more in consonance with formal and informal norms of responsibility/responsiveness when mass participation was evoked (Blair, 2000).

Craig Johnson (2003) highlights other social and economic benefits of local participation. Participation in local, democratically elected bodies leads to heightened self esteem among local people which dilutes/mitigates identities based on/of caste inequality. Besides, active participation in democratic procedures improves knowledge through membership of local administrative bodies in skills such as bookkeeping, leadership, etc. which can be used elsewhere.

Economic Liberalisation is throwing immense opportunities, which have to be absorbed by rural India. Employing Amartya Sen's (1990) terminology, more 'entitlements' have to be created for people by way of quality education, better health, and better connectivity through rails, roads, better law and order for these are the prerequisites for further development. The difference between the Indian situation and the Chinese and South Asian is that the latter have opened up after securing the essential prerequisites with respect to human resource development. The human capital in these countries is therefore better prepared to avail of the opportunities in the liberalised globalised world, whereas Indian people suffer from "capability deprivation". Instead of reforming education health and law and order to see that the teachers teach, public health officials attend to duty, police are better trained, the government is throwing money almost aimlessly. Rural areas can be empowered if Panchayats are given the power to hire fire and discipline absentee teachers and health staff. Increasing spending without effecting necessary structural reforms will be a waste since neither skill enhancement nor empowerment is likely to result. (Aiyar, 2005)

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## **2.4 CONSTITUTIONAL DIMENSION**

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The Constitution deals with the subject of local government in its 7<sup>th</sup> schedule under Article 246 of the Indian Constitution. Local government legislation is reserved to the states. The entry is very wide and empowers the state legislature to legislate with respect to local government, that is to say, the constitution and powers of municipal corporations, improvement trusts, district boards, mining settlement authorities and other local authorities for the purpose of local self government or village administration. The state government can also confer such powers including the power of taxation to a local authority as it itself possesses. The only constitutional provision, which can be invoked, is the presidential veto over state legislation, which has been referred by the state governor. For example, such a veto was used with respect to Madhya Pradesh legislation which made membership of the Zilla Parishad entirely nominated by the government and restricted the voting rights for the Panchayats. Accordingly, the bill was drafted in accordance with more democratic norms (Bajpai, 1995).

In this context it is also important to refer to the Directive Principles of State Policy that enunciated some of the ennobled Gandhian Principles. The Constitution 73<sup>rd</sup> and 74<sup>th</sup> constitution amendment bill draws its inspiration from Arts. 40, 46, 47, 48 and 48- A of the Indian Constitution.

Article 40 deals with the organization of village panchayats. The promise held out is that the “the state shall take steps to organise village panchayats and *endow them with such powers and authority*” as may be necessary to enable them to function as units of self government.”

Art. 46 deals with promotion of educational and economic interests of Scheduled Castes, Scheduled Tribes and other Weaker Sections. Article 47 enunciates the duty of the state to raise the level of nutrition and the standard of living of its people and the improvement of public health as among its primary duties, and, in particular, take steps for preserving and improving the breeds and prohibiting the slaughter of cows and calves and other milch and draught cattle.

As per article 48, the State is enjoined to endeavour to organise agriculture and animal husbandry on modern and scientific lines and shall in particular, take steps for preserving and improving the breeds and prohibiting the slaughter, of cows and calves and other milch and draught cattle.

Article 48 A stipulates that the State shall endeavour to protect and improve the environment and safeguard the forests and wild life of the country. To that end local self-government is considered the appropriate level for bottom up policy making and delegation of power and authority to local administration.

### **Move for Constitutional Status**

The movement for vesting panchayat bodies with constitutional status, gained momentum, particularly in the period, 1985-1992, with initiative provided by the then Prime Minister, late Mr. Rajiv Gandhi. Five workshops of District Magistrates and Collectors were organised between December 1987 and June 1988 at different places in the country on the generic theme of ‘responsive administration.’ The broad consensus emerging out of these deliberations was that a democratic framework at the local level with constitutional legitimacy was essential to develop these institutions as ‘responsive’ instruments of planning and development at the local level. This was essential for bottom up policy planning, which is the identified goal of a representative democracy. It had been observed for some time that rural and urban local bodies could not function effectively. Their growth throughout the country had been patchy and uneven; there was lack of uniformity with respect to the institutional set up, powers and functions and resources; also, there were political and administrative hurdles like, political apathy with respect to their state, unwillingness on the part of the bureaucracy to share power and resources, which could be explained as partly owing to lack of trust in administrative circles regarding the efficacy and legitimacy of local institutions as instruments of representative democracy and primary actors/medium in/for national building. Hence, problems like, irregular elections, lack of funds, frequent super sessions and dominance of the bureaucracy continually thwarted local self-government attempts at the grass roots level. It was felt that this was so due to lack of dignity and status attendant on constitutional guarantee. It was therefore accepted/realised that constitutional status was imminent, to secure timely elections, periodic and appropriate funds, avoid frequent dissolutions, institute planning *et al* to ensure these the status of viable and responsive local bodies, especially to enable

assertion on their part, of their position *vis a vis* the bureaucracy which had long asserted its right as the prime agent of national development against panchayat institutions, and the argument had acquired considerable weight, post CDP, (community development programme), and the subsequent shift of approach in rural development strategy in the 1970s. The Community Development Programme was launched in selected blocks across the country. It was an ambitious attempt at rural development through peoples' active participation. It promised economic and social development in the countryside. The actual achievement however fell far short of what was envisaged. The main reason behind lack of success was diagnosed as failure to evoke peoples' participation and over reliance on the administrative machinery, which was found lacking in expertise to translate policies into action plans. Establishment of grass roots democracy through concrete measures at institutionalization of cooperative effort at successive spatial levels, rationally related to implementation vantage points was therefore considered a necessary precondition for success of any such future ventures. This was asserted by the study team constituted under Balwanrai Mehta to inquire into the causes behind lack of expected success in the CDP. A three-tier model was suggested by Balwanrai Mehta, which was promptly accepted and followed up by states. However, practice was far removed from precept. The increasing clout of local politicians was resented both by the state MLAs and the bureaucracy, which did not appreciate the idea of patting with developmental responsibility. Decline of the PRIs started in the sixties. Frequent suppressions, irregular elections, general ill attention on the part of state governments became the order of the day. Meanwhile a paradigmatic shift was necessitated in rural development strategy from the long-term goal of 'self government' to enhanced productivity in fertile areas through application of science and technology in agriculture. The shift in emphasis was necessary/affected to address the imminent food crisis that plagued India in the 1960s. To answer the immediate concern, the goal of participatory democracy was, for the time being, set aside in favour of the 'Grow More Food' campaign, which ultimately became the rallying cry of the Green Revolution. The shift in emphasis also caused a related policy shift in favour of the rich farmers who could grow more food employing modern capitalist farming techniques; away from the poor landless; and towards richly endowed regions (fertile soil, good rainfall quotient etc.) which could produce the required quantum; hence entailing the inevitable compromise on balanced regional development. To rectify the imbalances subsequently, generated as a result of the exigent policy shift, the sectoral development schemes aforesaid were launched, for the benefit of the small and landless farmers, who had been left out in the lurch in the earlier approach; which could be implemented by the state machinery, through the bureaucracy and not the local institutions. The orientation of the economy had changed from participatory grass roots democracy to area-wise sectoral development approach, through schemes such as the IRDP and the NREP, (later integrated under the JRY) which could be implemented mainly through the instrumentality of the bureaucracy (Maheshwari).

Hence the pendulum shifted decisively, from the newly emergent panchayat raj institutions, following the Balwant Rai Mehta Committee Report, once again to the time tested bureaucracy, which once again got an opportunity in the prevailing circumstances and the existing scheme of things, to assert its right as the principal agency for development; its stance reinforced by reported lack of success of panchayat raj institutions.

This has led scholars to retrospectively question the wisdom of launching the Community Development Programme in the absence of essential prerequisites. The community development programme was the first ambitious attempt of independent India to attempt



rural development with financial backing from the USA. The focal point of development effort was slated to be the Block. The venture however, did not meet expected success. Principal reason for a failure is understood to be failure to evoke peoples' participation in requisite measure along with administrative hurdles like lack of trained staff, coordination and the power struggle between the Panchayat Raj institutions and the bureaucracy.

It has by hindsight, been criticised as a precocious attempt on the part of a nascent democracy to capture in an incredibly small time, fruits of development attained in the developed states through a protracted evolutionary process spanning years.

Since then, such false promptings by the developed states to nascent nations were also shunned as an erroneous conception of development. This caused a paradigm shift in development administration in that the blue print approach, whereby 'development packages' were prepared and transferred by the developed states to the developing nations with the purpose of doctoring/dictating development therein, exogenously, was rejected in principle and replaced in time by the Ecological Approach which advocated taking the environmental context comprising cultural, socio-economic variables particular to the country /region which comprise the "environmental setting" of public policy in the area. These factors determine the operational success or otherwise of the any measure. Doctored solutions do not work since policies are at best generic in nature; specific features reveal/unfold only in the process of application, with reference to the context in which they are played and the requirements.

Subsequently, grass roots democracy through a three tier institutional set up at the local level, as gram sabha at the village level, the panchayat samiti at the block level, and the zilla parishad at the district level was envisaged, stressing fundamentally peoples' participation in administration to articulate local needs and factor the same into policy and correct the balance of power which had tilted unfairly towards the bureaucracy, in the post CDP phase. The Janata government came to power and attempted afresh initiative by constituting the Ashok Mehta Committee. The report articulated the need for constitutional status to PRIs for long-term viability. Thereafter the issue was lost in political vicissitudes in the period 1985-1992. The congress government under late Prime Minister Mr. Rajiv Gandhi introduced draft legislation in the form of 64<sup>th</sup> and 65<sup>th</sup> constitutional amendment. The bill lapsed due to stiff opposition in the Rajya Sabha. It was construed as a pernicious attempt to subvert democracy on the part of local institutions in non-congress ruled states. Thereafter the Janata government came to power in Dec. 1989 elections and introduced a fresh legislation, which too lapsed because of dissolution of the Lok Sabha. Fresh elections in 1991 brought the Congress back to power under the leadership of P.V. Narsimha Rao. Subsequently, the 73<sup>rd</sup> and 74<sup>th</sup> amendment bills were introduced and passed in Dec. 1992 (Bajpai, 1995)

Local institutions are now envisaged as three tier developmental agencies. Significant innovation is the District Planning Committee, which would institutionalise development planning at the Micro level. Requirement of area based spatial planning, which had been expressed for sometime, has been addressed. Requirement of integrated rural -urban planning has also been addressed via the new institutions. The intent is clear in the acts. Local bodies are to be developed into agencies for socio economic planning and not just passive instruments for plan implementation as had been till then (Tenth Plan, 2002-07).

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## 2.5 ADMINISTRATIVE ARGUMENT

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Decentralisation is expected to tackle the colonial hangover of *disjointed* administration at the local level. Since administration during the British rule was heavily top centric, local administration could not develop. Reliance was placed on ad-hoc bodies for plan implementation, which proliferated in time to produce a chaotic state in the district. Establishment of Local self-governance is expected to facilitate rationalisation of the administrative apparatus at the local level since make many such agencies would be rendered irrelevant. Technical know how and funds as per requirements should be provided to facilitate local planning and implementation of development programmes. Presently, specialist expertise as also implementation of development policy is disaggregated in that rural development has a department/sector orientation, implying that the staff functions within their own specialties without being organically and horizontally linked/aligned with related specialties for comprehensive/cohesive effort at coordinated spatial development with required inter-sector linkages. For example, soil conservation, supply of credit and minor irrigation work as isolated sections in the field when cross-disciplinary integration is required. Precisely, integration is more desired among personnel involved in related specialties. This would create the desired dispensation of area-wise, regional, sub-regional, district or lower level field units of development manned by multi-disciplinary teams of experts and technical personnel under their control. Accordingly, some modifications would be desirable in financial administration as, providing budget provisions not for the department as such but for the an aerial unit which could be a **watershed** as stated earlier or other administrative cum developmental unit, with considerable delegation of autonomy, to local staff head to sanction transfer of funds from one activity to another as per local requirements.

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## 2.6 THE DECENTRALISATION DEBATE

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International experience puts up a mixed picture with respect to decentralisation. Despite great strides at devolving power to local, democratically elected bodies, decentralisation in Colombia, Brazil and the Philippines appears to have achieved little in reducing poverty or improving regional disparities. Experiences in Bolivia, and Bangladesh are equally pessimistic. As Crook and Sverrisson's cross-country comparison (2001: 52 in Johnson, 2005) concludes,

"The notion that there is a predictable or general link between decentralisation of government and the development of more 'pro-poor' policies or poverty-alleviating outcomes clearly lacks any convincing evidence. Even the most successful forms of democratic decentralisation have been unable to overcome economic and political disparities, both within and among regions. This, in part, highlights the problem of raising public revenue in rural areas, in which economic surplus (and therefore taxable revenue) is typically poor."

Decentralisation therefore should not be uncritically accepted as a panacea. Instead it should be critically analysed taking cognizance of both the arguments and counter arguments. As brought out in studies conducted by the World Bank, political opportunism often takes precedence over administrative concerns in decentralisation. In fact political benefit forms the *rationale* as also the *criterion* for evaluation/continuation of/with decentralisation. If wider community interests are served and people are mobilised enough, as expected/intended for short-term political benefits, decentralisation should be persisted

with, otherwise discontinued. Also, significantly, most countries embark upon decentralisation for efficient management instead of addressing the weaknesses directly in the existing administrative set up. Hence, decentralisation is an 'indirect' reform effort in most countries (Rondonelli, Nellis, Cheema, 1984). Moreover, along with the good governance agenda in general, decentralisation has been prompted as a technocratic means of reducing or smartening the central state rather than as apolitical project aimed at transforming state legitimacy and forging anew contract between citizens and the local state (Hickey and Mohan, 2003).

Local governments in most Asian countries for example, still function as "bureaucratic instruments of the center, rather than as generators of alternate values, preferences and aspirations." Central government officials see local leaders merely as "communicators and solicitors of support for national policies rather than as instruments for articulating local needs or mobilisers of local resources for planning." It has been realised through case studies of area specific programmes, such as the SFDA at local levels, post CDP, that local planning and control over resources is an imperative condition for success of development plans. Though the programme succeeded reasonably in increasing the incomes of poor farmers through asset creation such as irrigation tube wells in the 1970s, the study of Always shows that it was less successful in constructing physical infrastructure, providing technical assistance, or strengthening local institutions. The reason was that in most fiscal years SFDA was able to allocate less than half the funds provided to it because of lack of trained staff. SFDA also suffered due to rapid staff turnover and unwillingness on the part of local officials to innovate or to deal with local problems. They had difficulty in translating central government guidelines into actions effectively (Rondinelli, Nellis, Cheema, 1984). Also, decentralisation is a complementary arrangement whereby success in one sector is dependant on corresponding reform in the other (related) sectors. As experience in Kerala has shown without adequate training and support, the devolution of large sums of money can also over-burden local bodies whose members lack the resources and expertise to spend large and complex budgets.

Also, as pointed out by Harris (2001 in Johnson, 2003), social capital and civil society are likely to be ineffective without active external support from the bureaucratic state. In the absence of support, local activism is likely to dissipate into mere rhetoric. External support is needed in the form of political will, resources, as even participation involves costs of transportation and other requirements of mobilisation which cannot be persisted with in the absence of resource availability.

Meenakshisundaram (1999 in Johnson, 2003) argues that effective decentralisation is dependent on the existence of three necessary conditions:

- strong political commitment from higher level authorities within government;
- relative autonomy of the local body in decision making and implementation of local schemes;
- the availability of internally generated resources at the local level.

Hence, without active catalytic intervention, which stems directly from political will, decentralisation is likely to be ineffective. In fact this has been the lament of local self-government bodies in India and the principal cause of lack of success of decentralization initiatives elsewhere in the World. Without effective devolution of powers and functions and the overbearing resource constraint, local bodies are unable to translate plans into actions.

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## 2.7 CONCLUSION

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Decentralisation is being looked upon as an *imperative* of democracy as per post-modern thought. It has political merit apart from administrative, which translates into tangible economic gains as policies are more relevant, policy making process, more democratic which results in better interest articulation. Better service delivery, which makes for efficiency of the policy implementation process. Though reports following experiments with democracy in different parts of the world have been mixed, the option is being persisted with in respect of its viability as a long term political arrangement following failure of central planning in bringing expected benefits. It was found seriously lacking in real *input* for policy-making and resultant failure of policies. Hence, an alternative arrangement by way of democratic decentralisation is being explored to bring about desired structural reform and thereby development at the grass roots level.

Two well-known causes of failure ascribed to the working of the self-governing institutions have been lack of control over financial resources and the absence of strong and qualified executive machinery at the local level. Decentralisation is expected to cure the system defect by shifting focus towards local institutions. Effective devolution of powers and functions is expected to generate desirable spin off effects by way of training local administration and volunteer groups in different facets of administration, leading to their education and empowerment overtime.

Defects of overlapping, duplication and diffused responsibility in the policy implementation process are also attributed to lack of efficient administrative arrangement at the local level. Such defects can also be addressed by energising local administration. The potent socio economic benefits of proposed measure are being considered as a viable means to make up for policy failures of the past. In the end it would be pertinent to add that decentralization is a not a panacea nor should centralisation and decentralisation be viewed as dichotomous arrangements. Each country has to evolve its own suitable mix of centralisation and decentralisation to meet its individual requirements.

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## 2.8 KEY CONCEPTS

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### Community Development Programme

: The Community Development Programme was launched on October 2, 1952, with a view to involving popular effort in the development of rural areas. It ushered in an era of development with peoples' participation. This was followed in 1953 with the introduction of the National Extension Service, which created the community Development Blocks as units of development. Initially popular enthusiasm was considerable, leading to creation of roads dispensaries, schools, but by the end of the fifties the programme lost momentum. This was phase I of rural development, which lasted from 1952-1960.

Post CDP, in Phase II (1960-70), the focus shifted towards grows more food (Green Revolution). Resulting inequalities in regional development and income distribution, led to area development and beneficiary oriented programmes after 1970.

**De-concentration**

- : Clogging work at headquarters/ a central ministry, can lead to concentration of authority, fact confusion in policy inputs, role confusions among players, delays in decisions, poor logistics and inefficiency in other myriad forms. De-concentration is availed which is transfer of authority and functions to field units, of/within the central ministry. It is attempted for better reach and effectiveness of work of the organisation and also for the sake of administrative economy since de-concentration has been empirically established as being conducive to economy of administrative processes.

**Devolution**

- : Powers and functions are devolved on sub national units of government, which could exist, or are created at subsequent tiers to enable them to carry out the enjoined tasks. Devolution is an instrument of decentralisation / the way by which decentralisation is affected.

**Delegation**

- : Delegation takes place both within an organisation and from government agencies to outside agencies (involved in synergetic partnership with the government) who may be assigned specific functions. Delegation refers to transfer of managerial authority with regard to specifically defined functions to organisations that are outside the regular bureaucratic structure and that are only indirectly controlled by the government. In developing countries, responsibilities have been delegated to public corporations, regional development agencies, special function authorities, semi-autonomous project implementation Units, and a variety of parastatal organisations. Delegation has long been in use in administrative law. Within an organisation it involves transferring work to subordinates along with broad discretion to carry it out. Accountability remains with the Executive, though of the delegate, may be enforced by in-house formal/informal means. Formal indictment occurs if there is reported transgression of authority, implying overstepping or subversion of intent of the policy itself on the part of the subordinate authority enjoined with the administrative task. Delegation thrives on mutual support, confidence and teamwork. The Accent is on the administrative ethic of 'responsibility.' (Source: *World Bank Working Papers*)

Hence, authority is delegated, power is devolved and work is de-concentrated. In order that decentralisation be meaningful, correct correlations entailing the above, need to be invoked to get desired effect; in other words, meaningful decentralisation.



**Modern and Post Modern** : There is a distinct shift away from the scientific rationalism and materialism of the twentieth century, towards a more accommodating culture with humanist concerns. These include/imply a wide array of issues/concerns, ranging from plurality in democracy, instead of stress on order and conformance, more representative ness, respect for the mythical, unexplained aspects of life, apart from the strictly scientific, emphasis on environmental concerns in development, epitomized by the idea of sustainable development. This has significant implications for developing societies since public policy has significant exogenous influence, since ‘suggestions’ from international bodies are frequently forthcoming. Hence, rural development, urban planning, et al will increasingly reflect post- modern concerns.

**Public Choice** : Public Choice is new look on democracy from an economic perspective. Scholars from both economics and political science as also other social sciences lie sociology and psychology, involved in studying group dynamics are engaged in scholarly deliberations about how to make collectivities operate in social benefit I that both individual and collective interests are served. Public Choice studies behaviour in democratic processes, like elections, decentralization, accordingly voting mechanisms et al with a view to making them more conducive to larger benefits such as making democratic processes more *representative* and *participatory* in order that democracy be inclusive, therefore ‘truly democratic’. Presently, there is allegedly, rent seeking on the part of bureaucracy and the influential elite representing majority interests, in government processes in the absence of adequate competition from the private and the non- government sector in public service provisions (public goods) lack of transparency and inadequate involvement on the part of the people in governance. Hence on most occasions what passes for public interest could just be some form of oligarchic lobbying leading to/implying suppression of minority interest by majority will.

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## 2.10 ACTIVITIES

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- 1) Discuss the three main arguments cited in favour of democratic decentralisation. Do you agree with these arguments that they are in favour of the democratic decentralisation in the Indian context?
- 2) Describe the various clauses and amendments which favours democratic decentralisation in India.

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## UNIT 3    CONTEXTUAL DIMENSIONS OF DEMOCRATIC DECENTRALISATION-II: SOCIAL, ECONOMIC AND GEOGRAPHICAL

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### Structure

- 3.0    Learning Outcome
- 3.1    Introduction
- 3.2    Social Dimension of Democratic Decentralisation
- 3.3    Geographical Context of Democratic Decentralisation
- 3.4    Economic Context
- 3.5    Democratic Decentralisation: Means for Good Governance
- 3.6    Conclusion
- 3.7    Key Concepts
- 3.8    References and Further Reading
- 3.9    Activities

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### 3.0    LEARNING OUTCOME

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After studying this Unit you should be able to:

- Understand the concept of decentralised administration;
- Throw light on the Constitutional context of decentralisation; and
- Highlight the contextual dimensions of decentralisation from the point of social, economic and geographical.

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### 3.1    INTRODUCTION

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*The concept of **Democratic Decentralisation** has become fashionable in modern economic and political theories for political restructuring and for fashioning new strategies for economic development. The term is however is not of recent origin. It has been much discussed and debated by writers, social reformers, political philosophers, modern pluralists and liberal socialists. Democratic decentralisation has been described by various names in India such as ‘ functional democracy’ ‘ grassroots democracy’, ‘ building from below’. Panchayati Raj’ etc. (Malik, 2004). Strictly speaking, the term ‘ decentralisation’ does not necessarily contain a democratic connotation; hence the adjective ‘ democratic’ is used to impart a special meaning to the term. It is democratic in the sense, that the source, from which power is decentralised, has its democratic base and the body to which power flows is also democratically organised. The meaning of democracy is that people may determine the whole process of rural development, right from the formulation of policies to implementation and evaluation.*

However, much more importance has been assigned to democratic element in all of them than to its development aspect. The concept of democratic decentralisation in the Indian context has mostly been associated with the Gandhian philosophy of non-violent social order consisting of self-sufficient village republics”

Centralisation according to Mahatma Gandhi, “as a system, is inconsistent with the non-violent structure of society” (Harijan, 18, January, 1942). Since centralisation cannot be sustained and defended without adequate force, he suggested that, if India were to evolve along non-violent lines, it would have to decentralise. Mahatma Gandhi regarded it as essential for restoring order in the contemporary period of change and conflict, political instability and inefficiency in administration. It would be apt to say that in the absence of a viable economic policy, the alternative is to examine critically and dispassionately, the Gandhian economic and political ideas. These provide, to a great extent, a rational approach to our problems of national reconstruction and regeneration. In this Unit we will discuss the contextual dimensions of democratic decentralisation, particularly, social, economic and geographical.

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### 3.2 SOCIAL CONTEXT OF DEMOCRATIC DECENTRALISATION

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There is an attempt at concretisation through institutionalisation, of grass roots democracy. The theoretical ideology is ‘institutionalisation’ or ‘social construction’ through ‘agent-structure’ interaction. The premise is that human behaviour is not an independent variable in the social scheme of things, but is rather conditioned by the environment. ‘Environment’ is a generic term, which includes, broadly, the social, political, legal, administrative and economic environment that generally conditions the way we think and perceive, broadly, implying culture. If human behaviour were indeed a ‘dependent variable’, as professed by the ‘institutionalist’ sociologists, introducing the right structures in the social domain, would impact on the pattern of socialization and consequent internalization of values, thus modifying behaviour desirably, over time. Structure-agency viewpoint is primarily accredited to eminent sociologists like, Talcott Parsons, George Simmel and Robert Elias, though there has been much development accredited to modern sociologists such as George Ritzer and Nicos Mouzelis et al. In the Parsonian scheme of things, institutionalisation is described, “both as a process and as a structure”. The process is described as per the following steps or developments in social behaviour: a) actors with different orientations find themselves in situations where they must interact; b) their orientation stems from their ‘need structure’ and how the same is conditioned/influenced/determined by the cooption of cultural values on their part (from their social environment); c) through specific interaction processes, ‘norms’ emerge which guide subsequent behaviour, while actors adjust their orientation to each other; d) such norms emerge as a way of adjusting the different orientations of actors to each other to find a (common) ground for mutuality, but is constrained by the general cultural environment; e) in turn, however, these norms get established and regulate subsequent interaction giving ‘behaviour’ stability; thus bringing about desired change; though the extent or degree of such change could not be predetermined/anticipated (Roy, 2004). This theory belongs to the generic field of *social ontology*. Social ontologists attempt to inquire into the cause- effect phenomenon that orders social relations. Accordingly, in time, it is believed, that with local self government institutions in the villages promising equal opportunity in matter of membership to the socially and educationally backward and powerless segments in the social matrix, the traditional oligarchic/feudal social order would in time give way to a more equalitarian and



democratic social order. This would effect, what is referred in sociology as ‘social construction.’ Hence, there shall be a Gram Sabha in each village level exercising such powers and performing such functions at the village level as the legislature of a state may provide by law. The idea is to impart people “voice” in governance related matters at the local level in a form that is akin to direct democracy as has not been attempted until now. The attempt at democratic decentralisation marks a paradigm shift from a passive to an active democracy, where people participate in and actively articulate their concerns on a day-to-day basis, rather than express ‘choice’ once in five years and thereafter remain dormant, till the next state or central elections beckoned. Hitherto, large masses of the people who reside in villages had been left unaffected by the fruits of democracy for the simple reason that the accountability and responsiveness of administration and the political masters could not be enforced at the local level, where most of the development effort and fruits are concentrated. This well nigh negated the plan effort, since targets remained unmet, largely due to ineffective implementation of development policies and fraudulent practices on the part of government functionaries that went unreported and unscrutinised. Physical proximity would lay open officials to public scrutiny, both by lay people who are more likely to know and thus question wrong, or willful omissions on the part of government officials and claim their right in schemes, and by the voluntary organisations that have been active in the country side in the recent past. The hypothesis that physical distance is directly correlated to responsiveness and efficiency of administration; would be tested in the coming years. The idea distinctly draws upon the ideal of Swaraj or self-governance in that the attempt is empower sovereign people to take the lead in matters that concern them so that they are effectively addressed, rather than rely on a distant government, be it the State Government or the Central that neither has the time and allegedly, the inclination to inquire into their everyday concerns; more so in the present era of globalisation and liberalisation, where the yearly budget allocations suggest distinct shift in emphasis from rural development to commercial concerns. However, major lacunae in this regard would be lack of literacy among the rural masses, which greatly compromises their right to question. For provisions like right to information to yield expected benefits, it is imperative that literacy campaign be given an urgent fillip. Provisions for “Gram Sabha” (village assembly) as an institution for ‘direct democracy’ existed in majority of Indian states like, Gujarat, Karnataka, Maharashtra, Orissa, Punjab, Uttar Pradesh, Himachal Pradesh, etc; there is a statutory provision for Gram Sabha. On 26<sup>th</sup> January 1963 the Ministry of Community Development and co-operation set-up a study team on “the position of Gram Sabha in Panchayati Raj Movement” under the Chairmanship of Shri. R.R. Diwakar, a former member of Rajya Sabha and a Gandhian Diwakar Committee report revealed, “Our experience is that even in those states where the institution of the Gram Sabha has been introduced by statutes as 1947, it cannot be said that the institution had been functioning there in any real sense of the term. Generally, these Gram Sabha meetings are thinly attended and quorum is seldom achieved” Though the team put forward recommendations to review Gram Sabha, no such move has taken place in improving the position of Gram Sabhas in the country. In January 1964, the then Union Minister of Community Development, Co-operation and Panchayat Raj admitted at the All India Panchayat Parishad Seminar, “We know that in spite of statutory provisions, members of Gram Sabha are not taking interest in the deliberations of this body. This is the experience all over the country” ((Rajneesh, 2002).

Continuing, in the same vein, reservation of seats for SC/STs has been provided in proportion to their population at each level. Not less than one-third of the total membership has been reserved for women and these seats may be allotted by rotation

to different constituencies in a Panchayat. Similar reservations have been made in respect of the office of Chairman also. This is a direct intervention in the social order through constitutional guarantee of equal opportunity, since democratic institutions, superimposed on a traditional feudal social order would work contrarily, to empower the rich and the *enabled sections of society*. *Desired social construction would only expectedly and predictably, be a gradual process*. It has been realised that there is a need of empowering the people, especially the disadvantaged sections of the society. Participation has a goal, which the community commonly shares. This common sharing makes the members of the community come together to take collective action to achieve the common goal. The goal sets the parameters and defines, in different situations, which the participants are? The roles different participants perform depend upon their capacity and capability like skills, technical knowledge, formal position, education, control over funds, and connection with those in power.

Weaker sections of the society have also been given an opportunity to get elected to the posts of Adhyakshas and Upadhyakshas. If this provision were not made in the Act, the disadvantaged groups would have been reduced to mere numbers, having no great say in decision-making process. There should not be mere participation but empowerment should be entrusted to poor people. Arvind K.Sharma rightly mentions:” This reappraisal attributed poverty not just to a violently iniquitous distribution of wealth and resources but equally to an oppressive system of governance in which power was unequally distributed. This, it was asserted, prevented the majority from participating in the political process; and therefore this majority has no opportunity to influence the decisions, which affect them. The silent majority remains an object of development, not its agent”(Sharma, 1996).

Experiments with local government have ended in chaos and bankruptcy; ‘ decentralised’ structures of administration only act as a more effective tool for centralizing the power; these are at best regional and district committees in which government officials make decisions while the local representatives sit silent; village councils where local people participate but have no resources to allocate (Bhargava and Raphael, —). The social hierarchy makes the powerful participants active and others passive. This affects participation in favour of those have the power to make decisions for others. The poorer groups, who are generally the most affected by the development process, are the least endowed and least powerful. The poor are automatically excluded from the participation process. Decision –making is the first step in the development process. Therefore, a key objective of participation is to find out ways to include the hitherto neglected groups, who are directly affected by the negative impacts of development in the decision- making process. Participation is a process of giving weightage to the poorer groups in the development process so that they may have say and control over decisions, which affect their lives; participation is a process of empowering the poorest. The indicator of genuine participation is the extent to which the poorer groups have power over decision-making and over resource management.

Status of women especially in rural villages is pathetic. Even after 60 years of independence, the grassroots reality is something else from what the official papers say. Their participation is still in proxy in majority of cases because of socio- economic cultural reasons based on certain customs and values. Apart from voting in the elections, 80 per cent women don’t have any experience of active politics. They had contested mainly to satisfy the urges/commands of their family members or local leaders. Understandably, they were particularly hesitant to express views that were contrary to or in opposition to the views expressed by dominant and powerful male members of the PRIs. Women’s participation

in the political process of development is of crucial importance from the consideration of both equity and development. India has also heralded the new millennium by following the year 2001 as Year of Women's Empowerment; nearly seven lakh women occupy positions as members and chairpersons of grassroots democratic institutions in India, following the reservation clause in 73<sup>rd</sup> and 74<sup>th</sup> Amendment providing one-third seats at district, taluk, village and municipal level for women in public life and large members have come forward to tackle the challenge of leadership at all levels of Panchayats. In fact, right from the days of the freedom movement the Indian women have been consistently encouraged to take part in the active politics. But due to the vitiated political milieu, resulting from increasing politicisation and criminalization of politics, the level of political participation of women has been a marked increase in the level of literacy and political awareness of women (Singh, 2000).

### **3.2.1 PRIs as an Instrument of Social Transformation**

The 73<sup>rd</sup> (1993) amendment act provides reservations to the weaker sections of the society up to a minimum of 51 per cent of the total membership of the PRIs. The Scheduled Caste and Scheduled Tribe communities are statutorily elected to a minimum of 15 per cent and 3 per cent seats respectively. Another 33 per cent seats are reserved for the backward classes. Further, one-third of all seats, including the above reserved seats, have to be necessarily filled up by women. As a result, majority representation has been provided for the underprivileged sections, in order to undo the socio-economic handicaps thrust on them, in the traditionally exploitative society. These weaker sections of the society have also been given an opportunity to get elected to the posts of Adhyakshas and Upadhyakshas, in the same proportion. If the provision were not made in the Act, the disadvantaged groups would have been reduced to mere members, having no great say in the decision-making process. Due to their illiteracy, ignorance and social backwardness, they could not have mustered enough courage to stand up to the cause of their communities. Study has proved that the people have accepted the need for reservations in the PRIs, although it has been pointed out that the functioning of the Gram Panchayats, in particular, suffer a set back due to lack of strong leadership, on account of filling up of these posts through reserved categories. It is proposed to prescribe some eligibility criteria or minimum qualification to ensure that the elected Chairperson smoothly runs the administration. It is also suggested that these Adhyakshas and Upadhyakshas should be provided adequate training in leadership and communication skills.

The reservations proposed in the Act are proportionate to the population of the village. Numerically stronger communities, which had been hitherto governed by the dominant rural elite, have now gained confidence to realize their unorganised potential. Thus, for the first time the local governments have been transformed into a system of people's governance of themselves. As the programmes of rural development are aimed at ameliorating the conditions of the poor, ignorant and backward, the elected representatives, being part and parcel of these target groups, can empathise with their needs, aspirations and problems. They can also mobilize the prospective beneficiaries. To participate in the process of planning as well as execution they can, therefore, effectively initiate a process of bottom-up approach to development. Among the elected members of PRIs, we also find the emergence of younger generation, which is more enthusiastic and impatient in bringing about a social change.

However, the youth among the weaker sections have been represented in sufficient numbers and generally women above 40 years of age and men above 50 years of age

have been contested from the reserved seats. The older generation among the weaker sections is more submissive to the commands of the dominant classes and they are traditionally attuned to accepting injustice and discrimination. Hence, even if they are elected as Adhyakshas, they do not succeed in bringing about radical changes in the social structure, as contemplated by the Panchayat Raj Act. However, process of social change is always gradual. The State Government should ensure that it is steady and smooth.

The fresh legislations by the states include the reservation of seats for the office of Sarpanch for SC/ST and women. The Punjab Panchayati Raj Act, 1994 provides that not less than one-third of the total number of offices of Sarpanch of Gram Panchayats in the district shall be reserved for Scheduled Castes; and not less than one-third of the offices of Sarpanch shall be reserved for women including SC women. Some states like Bihar, U.P, Karnataka, M.P, Gujarat and Rajasthan have provided for the reservation for the office of chairperson for BCs, while in Punjab there is no reservation in the offices of Sarpanchas for Backward Classes. The offices reserved are to be allotted by rotation to different Panchayats.

Chandra B.P. Singh in his Article, "Institutionalising Panchayat System in India" in IJPA, Oct- Dec 1998, rightly examined the quality of leadership required in Sarpanch. After having been elected, a Panch as well as a Sarpanch is required to take an oath affirming faith in the Constitution of India, faithfully discharging duties and doing good to people without fear or favour, affection or ill will. This can be put to practice through appropriate leadership training and empowerment, especially in case of weaker sections.

Reiterating the theory of institutionalisation explained above Roy (2004) citing Mann (1985), explain it thus; "institutionalisation as a process means the gradual growth and crystallization of rules of behaviour in various social and organisational settings. Examples of institutionalisation include the routinisation of charisma and the gradual emergence of legal rational administration, or the process of state formation and associated civilizing processes, or the institutionalisation of class struggle, in modern societies through regulated union management bargaining and the competition of mass democratic political parties etc." Routinisation of charisma is a strong contradictory force to democracy, for which a legal rational system is imperative. However charismatic authority is so entrenched in social relations, especially in the countryside in India, that positive intervention is needed to replace it with legal rational authority. With the structural intervention, it is hoped mores would change, giving way to healthier tradition in due course of time. However political will for giving effect to these changes would be a crucial variable in the effectiveness of these structural interventions. Desired apocalyptic social transformation may not seem a far-fetched idea, if the logic of the process is understood. Man made systems should be attempted to be altered suitably if found working contrarily to social welfare.

### **Programmes for the Socially Weak**

As per 1991 Census, the population of SC and ST is 13.82 crores and 6.78 crores respectively, accounting for 16.48per cent and 8.08per cent of the total population of the country. Further, the census data also revealed that *SC and ST children in the age group of 0-6 years constituted 19.63per cent and 20.18per cent respectively of the total SC and ST population.* This means that about one-fifth of their population belongs to this vulnerable and formative age group. The percentage of SC and ST people below the poverty line are much larger than those in the rest of the society as seen from the data collected from NSSO Surveys.



*Nearly half (49.06per cent) of the SC and one –third (32.69per cent) of the ST main workers are engaged as agricultural labourers.* Agricultural labour is characterized by seasonal and low-wage employment with high dependence on monsoon. 77.11per cent and 90.03per cent SC and ST workers were engaged in the primary sector of the economy, 9.83per cent and 3.85per cent respectively in the secondary sector and 13.06per cent and 6.12per cent respectively in the tertiary sector. However, considering the extent of poverty amongst SC and ST, it is imperative that the occupations in which they are engaged should generate sufficient income. While the work participation rates of male SC and ST workers are higher (51.48 per cent for SC and 54.74 per cent for ST) as compared to female participation rates (25.98 per cent for SC and 43.71 per cent for ST), the SC and ST female participation rates are significantly higher than that of their counterparts in the total population. The difference is even more conspicuous in respect of SC female workers. This only confirms that the SC and ST women have to work harder and in greater numbers because of economic compulsions.

### **Need for Substantial Functional Devolution**

Professor S. Guhan argues that the provisions of 73<sup>rd</sup> Amendments strengthen administrative federalism in order to facilitate and encourage delegation of administrative and financial powers from the states to local bodies. The Eleventh Schedule lists 29 subjects that will involve functional devolution to the local bodies. Study of the subjects contained in the list suggests a motley- mix of functions, in respect of which requisite expertise would have to be developed at the local level. However, most authority and responsibility with regard to development administration, specifically the subjects lined up for devolution, has rested with the bureaucracy. The situation is not likely to change much if required expertise is not developed for successful accomplishment of allotted tasks. Another important factor would be willingness on the part of state governments to devolve the functions, which is essentially correlated to the former condition. Since, administrative powers to discharge the responsibilities are entirely derived from legislation that will have to be passed by the states, the ball is clearly in the states' court that could continue with the super ordinate bureaucratic predominance in this regard, if so be the intention. In the context of expertise, the constitutional amendment, notably, is silent on committees that nevertheless exist, though would have been considerably entrenched, had constitutional guarantee endorsed their status and position. Committees exist in most states at all three levels, however their number (varies from 2-5), composition, structure, scope and functions vary from state to state. The membership too leaves a lot to be desired. As regards the number of members of the standing committees, it varies from 2-6. As regards membership, in almost all cases, the members of the committees are to be elected by the elected members of the panchayats and in most cases, The Chairperson or the Deputy Chairperson of the Village Panchayat perform the duties of the chairperson of the standing committee (Bajpai and Verma, 1995).

Functional devolution without concomitant resource transfer is an exercise in futility. The state legislature have been given the power to authorize the Panchayats to levy, collect and appropriate suitable local taxes and also provide for making grants-in-aid to the Panchayats from the consolidated fund of the concerned state. A Finance Commission has to be constituted once in every five years to review the financial position of the Panchayat and to make suitable recommendations to the state on the distribution of funds between the state and local bodies. Though it remains a matter of concern that states that remain perpetually indebted to central governments may not really be in a position to aid local



governments in any substantial measure. Improving the financial position of state governments would thus be a prerequisite to strengthening urban and rural local bodies as institutions of self-governance.

### 3.2.2 Impact on Urban Sociology

As could not be denied, we are facing today, urban crisis as per the following:

- a) The massive of scale migration from mostly rural to urban centres as a consequence of 'pull' and 'push' factors and the fundamental right of the people to settle in any part of the country could not be overlooked. This coupled with 'population explosion' has posed a colossal problem for urban administration; much beyond the resources, which could possibly be mobilised to address the issues involved.
- b) Slums and squatter settlements have mushroomed where about 50 per cent of urban population lives in de-humanising conditions, especially the poor and the disadvantaged population, including women and children in particular. The combined phenomenon is referred to as 'over urbanisation' by sociologists, which denotes excess demand over capacity in urban areas which create problems of space and assimilation in the urban setting. To tackle the problem of mushrooming slums, "governments allot large proportion of scarce resources to social investment at the risk of productive investments" (Abraham, 2006). Quoting Hauser (1970), Abraham (2006) states that there further problems caused like "internal disorder, political unrest and government instability fed by mass misery and frustrations in the urban setting" and himself adds "inadequacy and ineffectiveness of infrastructures to plan for and provide health and welfare services, education, et al. To absorb the extra labour force, governments are forced to adopt labour intensive techniques of production, which hampers technological development in the country.
- c) Housing for all, as a basic human right, is a far cry despite government's intervention by setting up housing boards, city development authorities, and other local-self government agencies. Unauthorised colonies come up, which pose serious hazards for the environment and difficult policy choices for the government. Environment of conflict creates disorder in that pressure groups develop around rational policy processes and press for vested interests. Subversion of the electoral process and rule of law and rise of particularistic demands are direct consequences of this state of disorder.
- d) Lack of essential services like potable water supply, sewerage and drainage, collection and disposal of garbage are the main cause of great health hazard to urban people and due to paucity of financial resources, urban administration has not been able to ensure proper sanitation, hygiene and healthy living for the urban people.
- e) Inadequacy of power supply, roads and bridges, transport, communications has come in the way of economic development of cities in many ways, particularly industrialization are called 'the engines of growth'.
- f) Pressure of demand causes overexploitation of natural resources. Acute environmental degradation has occurred in many urban centres, particularly in the metropolitan centres having more than million plus population adversely affecting the health of people and threatening their very existence,
- g) Unsustainable urban development has also been the bane of urbanisation in our country arising out of inappropriate techniques, out-modelled and out-dated regulatory

measures, and lack of foresight and comprehensive perspective of development which have vitiated rural-urban balanced development, conservation of indigenous resources, ecological imbalance and destruction of nature.

- h) The problem of socio-economic exclusion of marginalized sections, such as women, children and the backward castes in economic development, post liberalisation is another sociological problem to be tackled via policy in these regards.

Urban sociology by above enumerated concerns characterises therefore, chaos and inhuman living conditions for the majority of the urban poor. The major issue at stake is improvement of urban infrastructure. Also, in an environment of deprivation, lawlessness and cultural deterioration are most likely to result. To pre-empt the undesirable social condition, the people need to be involved in 'choices' that concern them. Endorsing the point, to quote from the Economic Survey 2003-04, read in Thomas (2004), "international experience suggests that without reforms in the institutional framework for urban infrastructure, central of state level government funds directed into the urban sector will not have the expected economic or social returns. On the contrary, the urban sector, could make larger fiscal claims when faced with acute problems of infrastructure or poverty, and thus exacerbate India's fiscal problems. The institutional reforms are identified as follows:

- The strengthening of urban local bodies (ULBs) as provided under the 74<sup>th</sup> amendment to the constitution
- The strengthening and further diversification of community structures so that the people right down to the grass- roots level have representative bodies through which they can intervene in social and economic activity (GOI, 2004, *ibid*).

This may not be possible without strengthening the urban local bodies. First and foremost, there is need to strengthen their resource base to improve service delivery on their part. Charges on public utilities have been regressive in impact, that is, the poor have ended up paying more than the rich. The failure to collect appropriate user charges is actually failure to make the rich pay equitably for use of public utilities (The problem lies in how these services are run (Thomas, 2004). In the past when municipal, functions were few and the pressure on infrastructure was not that much, local bodies could meet the cost of water supply from general revenues, and property owners were assured of free water supply upto an agreed level. It has been hard to get the rich to pay in the first place and that at a heightened rate, because effective demand has gone up, as the quality of services has not improved and prospective payers have put service quality as a condition for more charge. However, quality can improve only when there are resources, and people have been unwilling to pay more creating a vicious circle of inadequate capacity and poor service. Also, as stated in the Tenth plan (2002-07), in small and medium towns especially, water supply and sewage services do not fetch sufficient revenue to cover operating expenses. There is no matching of revenues against expenditures. Collection efficiency is low; tariffs are low resulting in direct subsidy. Institutions dealing with water supply and sanitation have very little autonomy on personnel and financial matters. Information systems, necessary for effective management are generally lacking. Responsibility is shared between a multiplicity of agencies, namely the state level Board/ Department/ Corporation with little initiative coming from the ULBs. Funds from financial institutions like HUDCO depend on the state's willingness to share the project cost and guarantee the loan on behalf of the ULBs.

The 74<sup>th</sup> amendment increases the civic responsibilities of urban local bodies considerably by adding subjects to their list of functions (twelfth schedule). In view of augmented responsibilities, improvement of services cannot be affected without involving the local bodies in appropriate reforms and ensuring to them, the wherewithal, such as decision-making autonomy, resources, O&M improvement, wherever found insufficient. Some proposed measures in this regard are external assistance, involvement of the private sector and market finance and involvement of the community as active participants in governance. Another significant problem is that administrative processes are exasperatingly protracted and complex which can leave people frustrated and sceptical about their condition. There is therefore need for rationalisation and simplification of administrative processes to achieve better outcomes and also reduce corruption, which is bred on inefficiency. Importantly, peoples' participation could greatly reduce administrative hurdles (Chapter 6.2, GOI Tenth Plan, 2002-07).

The most significant means in this regard is the Right to Information act that guarantees access to the ordinary citizens to official information that had hitherto remained concealed in official files, coupled with e-governance initiatives for process improvement from the point of view of efficiency as also democratisation of the process through ensuring transparency.

The mid term appraisal of the tenth five year plan (2005) document reveals that a National e-governance plan is underway. The project involves the Department of Administrative Reform and Public Grievances and beneficiary departments. The objective is to overcome infrastructural inadequacies, reengineering the process to weed out outmoded procedures and make them user friendly, strengthening e-governance drivers, building institutions for capacity building and training and putting in place appropriate laws. Design applications would respond to citizen needs and aspirations, and systematic implementation of projects with the less complex preceding the more complicated processes.

As far as the question of 'social exclusion' is concerned, quality public education services and equal opportunity in employment to the girl child and children of deprived sections would be needed apart from effective say in administrative matters and political empowerment would be needed to counter contradictory historical pulls in this regard would be necessary. As per Kumar (2004) these sections have been ignored in the New Economic Policy. The author alleges that initiate has retarded in this regard since the state has chosen to withdraw from the social sector and has concentrated instead on corporate sector friendly policies.

The 74<sup>th</sup> amendment provides for reservation of one-third seats at level of local governance and one-third of all chairperson seats. As a result there are at present one million women representatives at the local level in India. The reason why women have not made it in sufficient numbers in political circles is that they do not constitute safe bets for political parties in a system where money and muscle power account for most gains. As read in the tenth plan (2002-07) document, studies of parliamentary participation suggest that women members participate more actively in women's issues- health, welfare, atrocities against women, crimes like dowry and violation of human rights. Hence, more women members would certainly give a boost to activism in these regards.

### **Decentralisation of Urban Administration**

It is a potential means to promote the benefits of development for all, especially designed to. It enables better accessibility of local population to come in contact with the urban

administration to redress their grievances. It facilitates many working operations of administration. It also accounts for economy, speed and efficiency in administration closer to the people, which pave the way for greater public participation in urban development, which is a matter of vital significance.

Participation of public in urban administration is unavoidable and appropriate measures have to be devised and adopted. This can be done in the following manner:

The elected representatives of the people like the Members of Parliament and State Legislative Assemblies should be actively involved as has been provided for by the Constitution of India.

- The Non-Governmental Organisations should be provided opportunity to play their role more effectively by giving them necessary support and also assigning specific responsibility.
- As many people as is possible should be actively associated and kept informed of the administrative measures in order to enable the effective implementation for the benefit of the society. The concept of democratic administration, decentralised governance and public participation appear to be simple. However, as these are aligned to ideologies, systems of government and ethos of the people, much explorative work taking into account local problems, which may be unique, needs to be undertaken on the lines of observations having been made in the paper.

### **Recommendations in this Regard**

It is not easy to frame a set of recommendations to tone up urban administration to be more democratic, decentralised and pro-people. However some salient points are proposed here for consideration:

- i) Accent on pro-people policies and programmes,
- ii) Accessibility of all sections of society, especially the poor and women should be ensured,
- iii) Affordability should be one of the main criteria for the various services, which should be user-oriented also,
- iv) Accountability to people should be the primary responsibility of administration, which can be fulfilled to a great extent by informing the people, motivating their cooperation, redressing their grievances, catering to their needs more satisfactorily above all developing a clean and transparent administration that could win their constant appreciation and confidence (Singh, 2004)

### **Assessing Civil Society Activism**

These are healthy linkages, between the nuclear family at one extreme and the state at the other. This means civil society is of paramount importance for the democratisation process. At the same time, however, as clearly noted by a number of observers, civil society can have its own problems and negative consequences for democracy. Examples of these are excessive particularism, separatism, ethnic strife, pressure exerted by the state to conform its own policies to those of voluntary organisations, consolidation or alignment of existing elites within the voluntary sector thereby limiting the political impact of the latter. Indeed, in the face of these and similar hurdles in many Third World countries, the

road to a mature democracy is still full of uncertainties. One should be also aware of the fact that democratisation processes can take different forms following diverse historical traditions, and form different functions for different configurations of interests. Finally, it is worth noting that the form and the content of democracy cannot be determined abstractly beforehand.

The attempt in this amendment is to intervene proactively and reverse the negative historical trends; since one is encouraged by the fact that local self-governance is in fact rooted in indigenous culture in India, and thrived as a formal institution during the ancient historical period before the interregnum in the medieval age, when administration was highly centralised, till the present times when much emphasis is again being put on their empowerment. The continuum was impeded during the medieval and the British times, before the British decided to 'reinvent' local governance in India, though as per British tenets.

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### 3.3 GEOGRAPHICAL CONTEXT OF DEMOCRATIC DECENTRALISATION

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The UN definition of the term focuses upon the geographic dimension to highlight the centrality of popular participation in the 1960's. It is noted that effectiveness of any decentralisation scheme, especially from the point of view of participation and democracy, depends on the proper mix of differential degrees of both processes. Parker notes that "a successful programme of decentralisation will need to include the right combination of political, fiscal and institutional elements" (Parker, 1950).

#### **Reliance on the Geographical Regions is Another Dimension**

The greatest advantage is that it is well-recognized administrative unit or boundary offers an established frame of reference for the functioning of the different sector- activities, the administrative units concerning them and the institutional structure, which goes with them. Where scientifically, one may think of homogenous regions like water resources, forest resources, the mineral resources, one may also, and more practicably, have to think of the simple methods of bringing about inter- regional decentralised planning. This does not imply that the resource regions are to be ignored in the process. It is possible to synthesize them with a good decentralised planning set up. Where a district is found to be too large or where it is found to distort the urban-rural mix of population that is to be served by development programmes, bifurcating such a district into two can be desirable. One of the interesting examples is from Karnataka where two districts were created like the Bangalore District for notional proposes by the Planning Department; but later it was accepted on administrative grounds also.

Some have argued that a division may be taken as the level next to the State for decentralised planning. Some of the advantage claimed for the district as the unit is there for the division also. It appears that a division is more suited in some States. One way, is to allow the States to choose whatever they feel is more convenient— division or district. Removing imbalances is yet another important aspect. The approach has to take note of the characteristics of a region. The sub-regions in the districts are to be studied for developing the strategies " for correcting any intra-district imbalances must be emphasized that decentralised planning has to a great extent depended upon the regions which are in some way or other already carved instead of trying to do the exercise de novo in the first phase.



Another major but highly neglected issue is of rural-urban integration. Somehow, so far, even while using District Planning as synonymous with decentralised planning, the district plans are conceived as rural plans only. With the introduction of IRDP and other area-oriented schemes, the need to integrate the rural activities, particularly with the small and medium towns, has become a crucial issue. The small and medium towns, has become have to function as focal points for certain activities and for providing certain amenities including the marketing facilities or the banking services. In this context the working group on District on District Planning has recommended that the towns with a population of less than 10,000 should be treated as an integral part of the District for the purposes of over all planning and implementation of development programmes in the District.

On the contrary, there are the bigger towns with higher incidence of poverty and unemployment. There are implications for State level planning in view of a series of activities like warehousing, dairy, agricultural research, agricultural implements, industrial development, electricity generation and distribution, road transport which are implemented by certain autonomous bodies or other line Departments/ Boards. There are also the major plan schemes of the State sector which are to get located in one or more districts.

There can be the State as a whole as a unit of planning although the location of some of the activities do fall within the district some of them being of infrastructural nature and others of the nature of end products. The decentralised planning at the district will be incomplete if all these development programmes that are to take place within the district are not integrated with the other schemes of the district. This is all the more important when some of these activities provide the much needed linkages, supplying even infrastructure. The endeavour should be to develop suitable integrating mechanisms for bringing all these within the ambit of the decentralised planning at the district level. (Kumar, 2001).

As per the present arrangement, the extent of geographical area covered by each tier of local governance is quite substantial. There is the village panchayat at the village level, block panchayat for 100 villages, and a district council for a district comprising about 1000 villages.

The urban local bodies are of three grades: municipal corporations for cities with a population of more than 0.3 million, municipal councils for towns smaller than this and Nagar Panchayats for villages in transition to becoming towns.

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### **3.4 ECONOMIC CONTEXT**

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Decentralisation has become necessary to ensure efficient and economical administration, speedy and realistic decision- making which is a prerequisite for a big and complex organisation like those involved in rural development. The number of decisions to be taken from time to time is so large and the points on which such decisions are to be mentioned are so many that it becomes a necessity to distribute decision-making powers among a number of field organisations or field institutions rather than concentrate them at the headquarters. This is expected to prevent the frequent emergence of bureaucratic bottlenecks, which bedevil highly centralised power structures.

Decentralisation can protect the individual against the threats from large, remote and impersonal bureaucracies, as well as provide a preparation and foundation for a healthy democratic society. Decentralisation is said to counter bureaucracy by restoring local autonomy and initiative in decision-making procedures. Decentralisation could also allow

better political and administrative” penetration” of national government policies into areas remote from the national capital, where central government plan are often unknown or ignored by the rural people. Decentralisation might allow greater representation for various political, religious, ethnic and tribal groups in development decision making that could lead to the development for greater administrative capability among local governments and private institutions in the regions and provinces, thus expanding their capacities to take over functions that are not usually performed well by central ministries, such as the maintenance of national capital. *Decentralisation can lead to more flexible, innovative and creative administration.* Regional, provincial or district administrative units may have greater opportunities to test innovations and to experiment with new policies and programs in selected areas, without having to justify them for the whole country. If the experiments fail, their impacts are limited to small jurisdictions; if they succeed, they can be replicated in other areas of the country (Meenakshi, 1994).

### **Economic Aspects (Financial arrangements and funding of PRIs, Rural Urban local bodies)**

Economic decentralisation has not taken place in the true sense, because most of the rural development programmes are being carried out as centrally sponsored schemes. The PRIs have to act according to the directions of the higher levels in spending the money given to them. In the age of shifting paradigm of development from ‘ top-down ‘ to ‘ bottom-up ‘ approach, the recognition of local level realities is foremost on the agenda of developmental perspectives, The most critical element is that of financial resources, which sets the tone of flexibility in charting the course of socio-economic development. The economic survey, 1991-92 has rightly stated that the financial sector is the centre of economic activity; its health affects the entire economy (Govt. of India: 1991-92). A reasonable financial resource base and its flexibility for PRIs is a major constituent for ensuring grass-root democratisation of development process (Mukherjee, 1996).

The Ashoka Mehta Committee (1978) had observed that, part of the inability of Panchayati Raj institutions to come up to expectation lay in their weak financial resources.’ The Constitutional Amendments of 1992 for the local governments, so far as financial issues are concerned, have not pursued any good attempt to guarantee autonomy and freedom from the conventional godfather, the state government. Firstly, these amendments have not made a clear –cut finance provision for the lower tier as the Constitution has made for the centre-state fiscal divisions. The claim for financial betterment has been assured only by mere provision of the constitution of State Finance Commission, which cannot create resources but can make recommendations for distribution of the same amount in different propositions in a situation of financial deficit in either side. The second confusion it has allowed to continue in Indian local governments is on the d=sources of income in different states. It should have streamlined the income from specific sources to be appropriated for the local governments.

### **Financial Devolution is a must for PRIs**

The State Government has ensured that the funds relating to the functions carried out by each tier are scientifically specified, through a formula of weightages, on the basis of population, agricultural backwardness and unemployment. As per Schedule- I of the Act, the GPs have been entrusted with the community development projects, while the TPs and ZPs have been given the specialized role of monitoring the regional imbalances in infrastructural development, as per Schedule-II and Seclude-III, respectively. The ZP,

which has adequate number of personnel for planning, monitoring and evaluation, has to play the role of co-coordinator for the entire district, through a mechanism of DPC. The DPC has to work towards the comprehensive development of the District, in order to tackle the rural-urban dichotomy, as well as directly under the State Government.

The study has shown that the PRIs have only 14 per cent of the total funds allocated by the State as united funds, which can be used for fulfilling local needs and priorities. The functionaries are therefore dissatisfied with insufficient autonomy devolved on PRIs. Moreover, the parameters of funding are also centrally defined and may not be suitable to the local conditions. The ZPs are totally dependent on the state and central funding. Even when they are able to raise their own resources through Horticultural/ fish Farms, etc., the same has to be deposited with the State, thus leaving no incentive for their enterprise and innovation. GPs are given powers to raise their own resources through taxes etc. The flat administrative grant of Rs. 1. lakh given to each GP is adequate for bigger GPs, where the electricity bills for water supply schemes and street lighting itself is huge. The GP tax revenue constituted 26 per cent of its budget, while the state governments grant from 57 per cent of GPs resources. The non-tax revenue is only 17 per cent. As GPs own resources are found to be having a potential for growth, the administrative machinery needs to be strengthened to realize the same. The PRIs by and large have been perceived as agencies for spending of government money. The budgeting is not linked with performance. Thus, the activities of rural development are not sustainable. It is proposed that not only should the PRIs be empowered to generate their own resources, but they should also follow the process of zero-based budgeting for achieving better results. At present, auditing of accounts at ZP, TP and GP is quite a laborious and rigid process. The initiative and creativity of the PRIs is killed due to rigours of accounting and reporting. At GP level, Gram Sabhas should be the ultimate instrument of social auditing. The GP secretaries should be encouraged to be development-oriented rather being paper-oriented.

### **Sources of Income of Local Governments in General**

Here, local finance is dealt together, though there is qualitative difference between municipal finances and panchayat finances. Whereas the former relates to projects for urban agglomeration, with advantages of resource mobilisation, tax collection, tax realisation and utilisation and utilisation of funds, the latter has a lot of problems. The municipal finance is capital intensive; the local governments find some funds out of taxation and receive a large share from the state government by tax sharing, grants-in-aid and loans. Tax sharing must be on a flexible basis so that it can be followed year after year. Grants-in-aid may be fiscal need grants, conditional grants or matching grants. In the state as a whole, the regional disparities can be minimised by variation of the grant amount to different localities.

Against this background, the need for providing local self-governments a firm constitutional status became necessary and, after a great deal of effort, the 73<sup>rd</sup> and 74<sup>th</sup> Amendments have been passed providing constitutional status to PRIs and Urban Local Bodies (ULBs). Thus, the long cherished Gandhian dream of fostering local self-governments in India has come to be partially realized by the 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Constitution. However, it is necessary to mention here that the ULBs and PRIs do not enjoy the powers of a government, as they are not assigned any police powers. They are mainly local level institutions comprising elected representatives to identify, formulate, implement and monitor development and welfare programmes. Accordingly, the state governments are

required to pass necessary legislation to create ULBs and PRIs, and endow them with such financial powers and functional responsibilities, as they deem appropriate. The 73<sup>rd</sup> and 74<sup>th</sup> Amendments also require the state governments to these bodies in the form of tax shares, grants-in-aid, tax assignments, as also measures to improve their financial position.

In India, the 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Constitution have no doubt created fiscal federalism but there is a lot of vagueness in this framework. The provisions under these amendments do not specify clearly the expenditure functions and the revenue sources. Though they are mentioned in the 11<sup>th</sup> and 12<sup>th</sup> Schedules, the actual assignments are left to the state governments legislations. However, what is lost in the framework of fiscal federalism is to some extent gained in the provisions relating to the federal finance, i.e. transfer of resources from the state governments to the PRIs and ULBs. The 73<sup>rd</sup> and 74<sup>th</sup> Amendments provide for State Finance Commissions, which are expected to recommend periodically the financial transfers from the state governments to the PRIs and ULBs. The provisions relating to federal finance are much stronger and firmer ground than the provisions relating to fiscal federalism in the 73<sup>rd</sup> and 74<sup>th</sup> Amendments to the Constitution.

Coming to the specific focus of the emerging trends in local government finances, it implies that some new trends have emerged in recent years. But after studying the finances of urban as well as rural local bodies in Karnataka, any such new trends are not discernible in the horizon of local government finances. Before highlighting the financial problem of these institution, it is necessary to mention here that, on spite of the 73<sup>rd</sup> and 74<sup>th</sup> Constitution Amendments, all the state governments have not passed the necessary legislations and held elections to these local bodies, Further, though a number of states appointed the State Finance Commission to make recommendations on the financial transfers, many of them have not yet submitted their reports and, in the case of those State Finance Commissions which have submitted their reports, no tangible action has been taken on their recommendations. This would mean that some state governments have continued to remain as indifferent to the financial needs of the newly created PRIs and ULBs as they used to be.

It may be appropriate to examine first as what happened to the finances of these local bodies. Though the Panchayati Raj Institutions have not been continuously in existence, the ULBs have been functioning more often under the state government appointed administrators. They're economic and hence, revenue base has been much stronger because of the concentration of non-agricultural economic activity in the urban centres. But most of the state governments and even the central government tapped the revenue potential available in urban areas and used that money for large-scale investment in public sector, and poverty alleviation programmes in rural areas. Both the central and the state governments hardly gave sufficient money to the ULBs also provide even the basic minimum urban civic services to the people living there.

There is a feeling that ULBs can raise their own resources as they have rich potential tax base. But unfortunately the constitutional division of source of revenue has left very little for the urban as well as rural local bodies. The three direct taxes, which were historically recognized as local sources of revenue, namely, property tax and motor vehicle tax, are no longer with them. Motor vehicle and entertainment taxes have been taken over by the state governments and paltry compensatory grants are handed over to them. Property tax is made to yield as low revenue as possible by putting restrictions on the maximum rates,

which municipal bodies can levy. Thus the emerging trend in the finances of urban local bodies would be that the property tax will continue to be the only major source of revenue for ULBs. Users' charges may emerge but very slowly. Consequently, the financial transfers from the state governments will have to be substantial in the years to come. It is a happy augury that the central government has accepted its own responsibility for improving the finances of the local bodies by accepting the recommendations of the Tenth Finance Commission. We only hope that future National Finance Commissions will contribute to make recommendations to the central government to give a share from its own revenue.

There are a number of other suggestions made by experts to improve the finances of the ULBs, like creating income-yielding assets. But, with the existing rent control legislations and easy accessibility to civil courts, they have become unremunerative. The ULBs will have to depend upon property tax and user charges, and a substantial flow of financial resources from the state and central governments. However, it is possible to raise loan funds for capital works like water supply and underground sewage disposal through municipal bonds. But municipal bond financing requires some pre-conditions to be fulfilled. First, the municipal body should be financially viable to service the bond funds. Second, the funds raised through municipal bonds be excluded from the coordinated borrowing programme of the central and state government so that it becomes an addition in financing urban development plans. Third, it may be useful to give tax concession to those who invest in municipal bonds.

In regard to the PRIs, it is a dismal picture. The state legislations, which empower the three levels of PRIs, do not give any sources of revenue to the zilla panchayats and the taluk panchayats. Most of the local sources of revenue are assigned to the village panchayats. A major source of revenue for village panchayat is the house tax, corresponding to urban property tax. All other sources of revenue put together are inconsequential because they do not fetch much revenue, for example, fees on shandies, tax on bullock carts, bicycles, and licence fee for building houses or for holding entertainment shows. All these do not add up to much. But rural residential and commercial properties are fast developing, so much so that in some of the villages in states like Kerala, Haryana, Punjab, Tamil Nadu, Andhra Pradesh, Karnataka, Maharashtra and Goa, they are as impressive and fashionable as in urban areas.

Against this background, what are the lessons we learn for strengthening finances of urban and rural local bodies in India? There is a need to evolve a specific practical scheme of property taxation both for urban and rural areas. That should become an important source of revenue in the years to come. Second, identification of specific user's charges for the ULBs as well as for PRIs other than water rates is necessary. In other words, these ULBs should have an important indirect tax to meet their liquidity requirement. Third, both ULBs and PRIs should be encouraged to raise loans for creating income-earning assets. Correspondingly, the state governments should provide legal support by amending the existing laws regarding rent control and make it difficult for people to approach lower courts for frustrating the efforts of these local bodies from earning revenue from their assets. Fourth, it would be appropriate to encourage big urban centres, i.e. state capital cities, to become financially viable and raise funds through municipal bonds. The Government of India should treat any additional borrowing by the municipalities through bonds as an additionally and should not be treated as a part of their total market borrowings. So far the Government of India has not included them as part of the market borrowing. The treatment should continue notwithstanding the compulsion to reduce the overall fiscal



deficit of the governmental authorities. On the expenditure side, fragmentation of municipal functions should be avoided and all urban development-related agencies functioning independently should as far as possible be brought under the control of elected municipal bodies.

### **Financial Control**

In the sphere of financial control, the following policy options and recommendations are given. *Firstly*, the approval of budgets of the gram panchayats by their respective gram sabha should be made mandatory, before the former adopts them. *Secondly*, the gram sabha should have the right to conduct a social audit of the expenditure of the gram panchayat and to call for any document of information from the gram panchayat. *Thirdly*, the requirement that the local governments should submit their annual budget for final approval of the state government should be removed. The elected bodies should have full powers to adopt their budget and also effect mid-term re-appropriations. *Fourthly*, the existing lack of arrangement to dovetail the annual budget of the local governments with the five-year development plan of the concerned area needs to be looked into. *Fifthly*, the budgeting and accounting at the local levels should follow the same format as is specified by the state government or comptroller and Auditor General of India. The adoption of performance budgeting and commercial accounting will considerably help planning and monitoring of expenditure execution.

### **Finance: Essence of Panchayati Raj Institutions**

The essence of PRIs lies in the freedom of local self-government. The local self-government institutions enjoy in selecting their own course of development, planning for it and finding it independently and hiring and firing of their own staff under their own condition of service. “For this essential objectives to be realised, it is necessary that they should have their sources of finances which should be assured sources not spending donations like grants-in-aid. And, secondly, they should have complete choice of spending these finances on such development and maintenance schemes as they way choose” (Girglani, 1994).

The finance has become the sine qua non of PRIs. Hicks (1961) has rightly observed, “If local bodies are to play any sufficient part in economic and social development, they must clearly have access to adequate finance.” Jai Prakash Narayan also emphasised the need of sufficient resource and pointed out that, “in the absence of these resources PRIs cannot run administration properly” (Narayan, 1961). Panchayati Raj Bodies are institutions of local self government in the matters of economic planning and development as envisaged in the 73<sup>rd</sup> Constitution Amendment Act (Girglani, 1994). Decentralised Planning is concerned with Panchayati Raj Financial Management Planning

### **Committees on Panchayat Finances**

Various committees and commissions were constituted for suggesting measures for establishing financial autonomy of the Panchayats. In the light of these suggestions, the state have made appropriate provisions in their suggestions, the States have made appropriate provisions in their Panchayati Raj Acts (MahiPal, 1996).

### **Finance Enquiry Committee**

In 1951, the Local Finance Enquiry Committee studied this problem and recommended unconditional assignment of 15 per cent of land revenue rose in the Panchayat area and

the proceeds of the surcharge levied on the transfer of immovable property to the Panchayats. Panchayats were also to be empowered to raise their own resources by levying certain taxes in their territories.

### **Taxation Enquiry Committee**

In 1954, the Taxation Enquiry Committee recommended reserving certain taxes such as tax on property, tax on profession, tax on advertisement other than newspapers, theatre tax, duty on transfer of property, etc. for Panchayats.

### **Santhanam Committee**

In 1963, this Committee strongly recommended that it was essential for stability and growth of these institutions to have substantial and growing resources, which were entirely within their power to exploit and to develop.

### **Ashok Mehta Committee**

In 1978, the Ashoka Mehta Committee recommended that besides government support, Panchayats should mobilise enough resources of their own, as no democratic institution can continue upon external resources.

### **Singhvi Committee**

In 1986, the Singhvi Committee among others, suggested pattern of compulsory and optional levies. A list of subjects in respect of which powers to levy taxes and fees may be entrusted to PRIs with a provision that for given period, the State governments shall levy and collect on behalf of PRIs and shall disburse to them, on the basis of the recommendation of the Finance Commission in each State (Jain,1996).

### **Finance Commission**

To ensure that its scheme is properly implemented, the 73<sup>rd</sup> Amendment mandates the establishment of a Finance Commission by each state, every fifth year, to assess the financial position of the Panchayats and to make specific recommendations on the following:

- a) The principles which should govern:
  - i) distribution between state and PRIs of the net proceeds of taxes. Duties, tolls and fees, leviable by the state,
  - ii) determination of the taxes, duties, tolls and fees, which may be assigned to, or appropriated by the Panchayats and
  - iii) the grants-in-aid to the Panchayats from the Consolidated Fund of the state.
- b) The measures needed to improve the financial position of the Panchayats
- c) Any Governor shall cause every recommendation, made by the Commission under this article, together with an explanatory memorandum as to the action taken thereon, to be laid before the legislature of the State.

The State Finance Commission (SFS) appointed by the government of Karnataka, in its report in 1996, has suggested that 36 per cent of the own gross non-tax revenue shall be devoted on local bodies to be shared in the ratio of 80/20 between rural and urban local bodies (The State Finance Commission (SFS) was appointed by the government under the chairmanship of Dr. G. Thimmiah).

### Issues Before State Finance Commissions

The state Finance Commissions have a crucial role to play in making institutions of local self-governance vibrant bodies by recommending resources in consonance with the functional allocations. Since they are in the process of developing recommendations, it may be pertinent to identify the issues, which are the important.

- How far is the distinction between plan and non-plan funds justifiable, especially in the context of division of finances?
- How should the state taxes, tolls, etc., divisible between the state and local bodies, be identified?
- Should such division take place tax-wise either on the basis of origin of collection or a formula?
- Should all state taxes, etc., identified for such division be pooled and devolved on local bodies on the basis of a formula?
- Should the net proceeds of all taxes, tolls forming what may be called the global income of the state be divided between the state government and the local bodies on the basis of a formula?
- If the net proceeds are to be distributed, how to identify the shares of the state and the local bodies?
- On what basis should the proceeds be divided between the urban and rural local bodies?
- What should be the basis for the vertical division between the three-tiers of panchayati Raj and also the division between different types of urban local bodies takes place?
- If the division was to be on the basis of a formula, then how to work out a reasonably good formula?

Prof. M.A. Oommen suggested that the finance commission should consider the following criteria while recommending the transfer of resources (Oommen : 1996).

#### i) **Autonomy**

The essence of decentralisation is self-rule and autonomy. The transfer mechanism in no way should result in a dependency syndrome. Fiscal discipline and own resource mobilization is the key to autonomy.

#### ii) **Equity**

The well-known dictum of equity, viz. from each according to one's needs is relevant in considering resource mobilisation and intergovernmental resource transfers as well. It should be noted that Panchayats at all levels are very unequal in size, resources and development attainments. Given the extreme regional disparities, decentralisation in such conditions can produce the desired results.

#### iii) **Predictability**

The PRIs should know the amount and timing of the transfers to make provision for planning, budgeting and implementation of their activities. Irregular payments are not

conducive to efficiency. Quite often it happens that allocations may not even be paid, resulting in overdue, which eventually may be permanently lost to them.

**iv) Efficiency**

The resource transfer should be so designed as to facilitate efficient management and discourage inefficient and uneconomic practices. The transfer mechanism should not turn out to be a “gap-filling” approach.

**v) Absorptive Capacity**

The resource transfer should be in tune with the utilisation ability (which includes availability of personnel) of the receiving Panchayat.

**vi) Simplicity**

The formula for transferring the inter-governmental resources should be simple and transparent.

**vii) Promotion of Incentives**

There should be adequate built-in arrangements for encouraging resources mobilisation and penalizing wasteful and uneconomic practices. Thus, there is an imperative need for the philosophy of decentralisation penetrating from the centre to the states. The freedom and autonomy of PRIs cannot be maintained only by political (democratic) decentralisation, although it is essential and it must precede (Noorjahan, 1996).

Amit Vardhan (1996).has rightly pointed out the problems pertaining to Panchayat Raj finance, which need to be examined in detail.

**Lack of Will/ability to Impose Taxes**

Taxes, in general, are compulsory payments for which no direct quid pro quo can be established, on the part of the tax imposing authority. The tendency is to evade paying them and hence, the need arises for tax-enforcement machinery. No such machinery is available to PRIs, They do not have the wherewithal to take action against those who do not pay their taxes. Moreover, potential taxpayers form the upper economic crust of the village population. These are typically powerful segments, from which tax collection is an uphill task

**Poor Financial Position of the States**

As regards grants-in-aid being provided by State governments, it has to be borne in mind that state government finances are themselves in a shambles. They have been running into huge budget deficits for years for years together.

**1) Tax Base is Narrow**

The tax-base in the form of property, profession, income, and vehicles is itself not very wide, given the low standards of rural living. Although, with time, poverty ratio has declined, yet the improvement in incomes and property has not reflected in substantial increases in tax collection by PRIs. The populist tendencies of the State and PRIs prevent a scientific revision of rates of taxes.

**2) Unfavorable Attitude of States**

It is commonly perceived that State governments have not given their due. There are countless instances of PRIs not having been constituted or constituted or superseded or

not given sufficient powers and authority to enable them to carry out their functions in any meaningful manner, The unfavorable attitude manifests itself in the meager amounts given to PRIs by State governments.

### 3) **Absence of Rural Industries**

PRIs raise funds through local enterprises. However, these are very limited in number and scope. Serious efforts have not been made to establish small-scale units on a co-operative basis to manufacture products based on local resources, or to go in for agro-based enterprises. Because of lack rural Industrialisation, there is not much scope for high taxation.

### 4) **Apathy of the Village Community**

Involvement of the village community is very essential for the successful functioning of PRIs. That has been sadly missing. This reflects itself in the low amount of voluntary contributions that are made to PRIs funds. In order to ensure and safeguard the financial autonomy of PRIs, they should be freed from relying on the united funds and encouraged to take to innovative resource mobilisation such as generation of income from entrepreneurial activities, project-tied loans, public contribution, tax sharing, tax assignments, matching grant incentives for tax collection etc. (Government of India, Tenth Finance Commission Report, 1994).

In sum, it may be argued that the success of the local bodies in India will largely depend upon the extent to which allocation of functions is matched with the resources within the principle of financial autonomy. Transfer of resources on the basis of the recommendations of the State Finance Commissions provides only one of the recommendations of the State Finance Commissions provides only one of the alternatives. In view of the decline financial situation of the state governments, this measure is not going to help in a long-term perspective; in particular, if the attitude of the state governments is passive. Therefore, local bodies have to plan for mobilization of internal resources. This process may not be restricted to the level of the villages all across India. If decentralization in India can more easily be achieved from top to bottom, it seems to be a logical consequence that local bodies also have to get organized as a powerful interest group at the national level.

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## 3.5 **DEMOCRATIC DECENTRALISATION: MEANS FOR GOOD GOVERNANCE**

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**Good Governance** has become a very fashionable concept in the literature on Political Science and Public Administration. It is also widely used by International Agencies such as the United Nations, the World Bank and IMF. The Indian Polity has also committed itself to the theory and practice of Good Governance. One of the main objectives behind the constitutionalisation of Democratic Decentralisation, popularly known as the Panchayati Raj through the 73<sup>rd</sup> Constitutional Amendment was to promote Good Governance in the rural local government system. It was hoped that this step would lead to efficiency, accountability, transparency and responsiveness in ensuring rural governance. It was also hoped that the new system of Panchayati Raj will not only ensure popular participation in the implementation of rural development programmes but will also ensure that the benefits of these reach the rural poor. The 21<sup>st</sup> century offers India the right opportunity to critically analyze, in the context of government, to meet the future challenge before the country (Geholt, 2005) This is possible only when the government of the day is prepared



to change its mindset, to cope with the fast pace of technological change, global competition and the emergence of knowledge-based economy. It is pertinent to recall, in context with the contemporary governance scenario, that value-based transparency is the pre-requisite of the good governance and this should happen right from the Centre down to the grassroots levels.

The World Bank has identified a number of aspects of good governance, which has assumed significance both for the developed and the developing countries. These factors deal with political and administrative aspects, which are as follows:

- 1) Political accountability.
- 2) Freedom of association and participation rule of law and independence of judiciary
- 3) Bureaucratic accountability
- 4) Freedom of information and expression
- 5) A sound administrative system leading to efficiency and effectiveness.
- 6) Cooperation between the government and the civil society organizations (Blunt, 1995).

Similarly, '*the new public management* ' focuses on management, not policy and on performance appraisal and efficiency. It deals with converting public bureaucracies into agencies, which deal with each other on a user-pay basis (Lane, 1995). If we want to have good governance we have to make bureaucracy responsive and ultimately democratic decentralisation can achieve. The bureaucracy has become an inevitable part of Indian public administration, as civil servant is meant to execute and implement government policies, especially those meant for the deprived sections of the society.

*What has been wrong with the accepted concept of democratic decentralisation, popularly known as the Panchayati Raj, particularly before the 73<sup>rd</sup> Amendment to the Indian Constitution?*

- The pattern of Panchayati Raj was not uniform throughout India, as each state had adopted a pattern suitable to its own political administrative conditions.
- While these institutions took root in a few states and made a significant impact in an embryonic stage and all energies were exhausted simply to keep them alive in most of the states.
- Its working indicated that these institutions were not equipped with adequate powers and resources.
- The bulk of their budget consisted of the grants provided by the state government for the schemes chalked out by the state or the central government in the making of which they had no role, this adversely affected their performance in the field of development.
- Conflict, tensions and clashes between officials and non-officials on petty matters were a common feature.
- Power was nowhere transferred to the people in reality.

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### 3.6 CONCLUSION

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The tenets of democratisation and the democratic process are not particularly new. In certain parts of the world, especially in Western Europe (with the exception of Germany, Spain and Portugal during substantial parts of the 20<sup>th</sup> Century) and North America, democracy and the democratic process have been internalised in the values and norms of society, and as such they are accepted as guiding principals of the day- to-day politics and administration and with adequate measure of success. But the democratisation process has been gathering renewed momentum in recent years. It is at the forefront of the academic and institution building debates since the early 1980's— a decade that marked the end of the communism in Eastern Europe, and the Soviet Union and the parallel rejection and / or decline of authoritarian and one –party regimes in various Third World countries. In a sense, it is a normal process associated with democracy and the democratic process to the nations in Eastern Europe and the Third World.

In a nutshell, we can say that with all the dimensions and variables Decentralisation in the institutional form of Panchayati Raj, however, came to stay in this country. Political parties penetrated the PRIs, making them subservient to the upper echelons of an integrated political structure. This proceeded from above and was not built from below as conceived by Gandhi. Although the 73<sup>rd</sup> Amendment to the Indian Constitution has not only accorded a constitutional status to the PRIs, provided for a uniform structure of Panchayati Raj in all the states, listed the powers to be given to the PRIs, made provision for the establishment of Finance Commission in every state, but also made provision for reservation of offices and membership to the scheduled castes in accordance with their proportion in the population of the state. In fact, there has been no real change in the character of the PRIs.

There have been merely formal changes in the context. There has neither been transfer of powers nor that of resources. The women and the scheduled caste have not been empowered because of their lack of participation in the decision- making process. This democratic decentralisation, which is prevalent in India, is neither democratic in character nor decentralised in substance. Moreover, it functions in a highly impersonal and bureaucratic manner. There is yet no model of polity, which has a built-in process of decentralisation that generates people's power to decide their own fate over a wide range of activities.

When the 73<sup>rd</sup> Constitutional Amendment Act came into vogue, there was a sense of devalue among the ardent admirers of democratic decentralisation in the country, if not among the people at large. After all the demand for according constitutional status to the Panchayati Raj Institutions ( PRIs) was more than a quarter century old. It was a bold step, we were made to believe, and that not only would ensure the continuity of PRIs but also make the country move steadily towards genuine democratic decentralisation. Above all, the quota system introduced to ensure the representation of marginalized communities like the SCs, STs and women in general in the PRIs was perceived as an added commitment of the political elites to the cause of participatory decentralisation. By all means, it was the first serious attempt, we were told over and over again, to expand the social base of the representative democratic system in the country.

The impact of these measures was, however, limited; a large majority of the states did not accept the recommendations due to a variety of reasons. The functioning of the Panchayats continued to be ineffective. Even in the states where they were performing better, they worked as bureaucratically- controlled, state-funded delivery arms of the

government, with only a semblance of democratic structure. The urge to revitalize these bodies and to bring about a responsive administration, however, became prominent in the 1990's in the context of streamlining the poverty alleviation programmes. This culminated in a major policy initiative in terms of providing a constitutional status to the local bodies. It was felt that the Constitution must provide for a mandatory set-up for the PRIs, based on holding of periodic elections to these bodies, provision of reservation for the weaker sections including women and mechanism to provide financial assistance to them on a regular basis. This was ultimately achieved through the 73<sup>rd</sup> Amendment to the Indian Constitution in 1993 (Mukherjee, 1994). The Constitution 73<sup>rd</sup> Amendment was a landmark in institutionalizing popular bodies (PRIs) from the village to the district levels to enable the community to participate in planning, deliberating and implementing programmes and projects for its development. This amendment gave specific mandate to the state governments for the establishment of a three-tier structure of Panchayati Raj and to take steps, which will ultimately enable them to assume the role of self-governing institutions at the micro and meso levels of administration and pursue towards the true democratic decentralization.

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### 3.7 KEY CONCEPTS

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<b>Affirmative Action</b>	: A term that first meant the removal of “artificial barriers” to the employment of women and minority group members; now it refers to compensatory opportunities for hitherto disadvantaged groups – specific efforts to recruit, hire, and promote qualified members of disadvantaged groups for the purpose of eliminating the present effects of past discrimination.
<b>Charter</b>	: Local government's equivalent of a constitution.
<b>Equality</b>	: The idea that all persons have an equal claim to life, liberty, and the pursuit of happiness.
<b>Cooperative Federalism</b>	: The notion that the national, state, and local governments are cooperating, interacting agents, jointly working to solve common problems, rather than conflicting, sometimes hostile competitors, pursuing similar or possibly conflicting ends.
<b>Agent</b>	: The theory of institutionalisation does not believe in independent agency, but conditioned responses to prevailing cultural norms. Since social behaviour is a dependent variable, one could inquire into causes of a phenomenon to know what guides it and then attempt to modify it by suitable structural interventions.
<b>Structure</b>	: As per the theory of ‘institutionalisation’ structure is the innovation introduced into a system, which brings about changes in the ‘agent’ over a period of time. The theory does not believe in independent causation of any social phenomenon or norm. There are attendant variables which guide social norms and which could

be manoeuvred in appositive sense to get desired results.

- Charismatic authority** : Max Weber talks of three kinds of authority systems: Traditional, Charismatic and Legal Rational. Charismatic authority stems from personal magnetism of the leader or any remarkable or outstanding achievement to his credit, which draws people to him. Such authority is ascribed to the leader by the masses that adore him and does not stem from any legitimate position he holds by virtue of merit secured through established process.
- Legal- Rational authority** : Legal-rational authority is a precondition according to Weber for modern governance. Here, authority accrues, not because of any 'ascriptive' criteria, such as tradition or personal magnetism but due to position acquired on the basis of merit and is therefore 'legitimate'.
- Routinisation of Charisma** : In developing countries, which are in a "prismatic" stage of development, legal rational institutions become a means for legitimisation of charismatic authority, which is 'ascriptive' in nature, nevertheless effective. For example, a Prime Minister dies and his son 'succeeds' him and is subsequently elected through the modern democratic process. The concept is attributed by sociologist, Max Weber.
- Over Urbanisation** : Over urbanisation perspective is based on the assumption that urban population in developing countries is too large in relation to the level of economic development, which creates shortfalls in absorptive capacity of cities. This happens during early low stages of industrialisation, where there is excess out- migration from surrounding areas into cities, but the economic base is too weak to absorb the influx. Most cannot find employment, which give rise to a host of administrative and economic problems, which breed sociological problems in the long run. Communal riots, caste conflicts and other forms of deviant behaviour are some examples.

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### 3.9 ACTIVITIES

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- 1) Discuss the concept of democratisation and decentralisation.
- 2) Highlight the contextual dimensions of decentralisation from the point of social, economic and geographical.

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## **UNIT 4    UNDERSTANDING DECENTRALISATION IN CONTEMPORARY SETTINGS**

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### **Structure**

- 4.0    Learning Outcome
- 4.1    Introduction
- 4.2    Legislative Framework of Decentralisation
- 4.3    Decentralisation in Operation
  - 4.3.1    Political Decentralisation
  - 4.3.2    Functional Decentralisation
  - 4.3.3    Administrative Decentralisation
  - 4.3.4    Financial Decentralisation
- 4.4    Decentralisation: The Road Ahead
- 4.5    Conclusion
- 4.6    Key Concepts
- 4.7    References and Further Reading
- 4.8    Activities

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### **4.0    LEARNING OUTCOME**

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After studying this unit, you will be able to:

- explain the importance of Decentralisation;
- discuss the legislative framework and functioning of Decentralisation in the context of 73<sup>rd</sup> & 74<sup>th</sup> Constitutional Amendment Acts;
- define the problems and shortcomings of the new system; and
- provide meaningful suggestions for the smooth functioning of decentralisation.

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### **4.1    INTRODUCTION**

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Decentralisation has emerged as a prominent issue in the literature of public administration and is regarded as one of the most important social innovations of this century. It has been and continues to be advocated as a pertinent component of policy packages to improve governance in developing countries, especially in the context of disillusionment, which has set in on account of central planning. The centralist regimes find themselves overburdened with complex and widespread socio-economic problems for which they have no answers, as the governments have sought to create more socially equitable patterns of economic growth to meet the basic needs of the poor. Decentralisation has become a major element in the administrative organisation of governmental services as a result of enormous increase in the variety, number and complexity of functions of the modern state.

Numerous countries are experimenting with decentralisation initiatives to devolve powers and responsibilities to elected bodies at the lower tiers of the political and administrative system. In many countries, decentralisation as a means of achieving socio-economic goals has got constitutional mandate (Kueck, 1998). In case of India, efforts in this direction has been made since independence. There have been strong voices in favour of decentralisation and to have a third tier of governance where local decisions will be taken by the people. As a result, in 1992, the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts were passed with an aim to provide the third tier of governance both for the rural as well as the urban areas. These Acts have opened avenues for facilitating social mobilisation process at the grassroots level.

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## **4.2 LEGISLATIVE FRAMEWORK OF DECENTRALISATION**

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After coming to power in 1991, the Congress Government gave top priority to PRIs and brought out the Constitution (seventy-second) Amendment Bill, 1991. The Bill was passed by the Parliament on December 22, 1992 after thorough debate and discussion and is now known as the 73<sup>rd</sup> Constitutional Amendment Act, 1992. By April 23, 1994, all the states had completed the process of enacting fresh legislation on strengthening the PRIs. The 74<sup>th</sup> Constitutional Amendment Act came into force on June 1, 1993. All the states amended or replaced the existing Municipal Acts by May 31, 1994. However, the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts have not been applied to Jammu & Kashmir, Mizoram, Nagaland and certain scheduled areas of the country.

Constitutionalisation of panchayats and nagar palikas is a step in the direction of speeding up the process of decentralisation and giving strength as well as stability to local institutions. It has made a sea change in the status of panchayats and nagar palikas. The Constitution has made it mandatory for all the states to set up three tier (in smaller states having less than 20 lakh population – two tier) panchayats and nagar palikas and to hold direct elections to all the tiers at regular interval of five years. In respect of devolution of powers and resources to panchayats and nagar palikas, however, the Constitution has laid down only the basic principles by way of declaring it as an institution of self-government and providing an illustrative list of functions that can devolve on it (Ghosh and Kumar, 2003). There are now approximately 2,25,000 gram panchayats, 6,000 panchayat samitis and 550 zilla parishads duly elected and governed by state legislation in different states and union territories (Gupta, D.N., 2004:32). Similarly, there are around 3700 urban local bodies with 100 corporations, 1500 municipal councils and 2100 nagar panchayats, besides 56 cantonment boards – a kind of extra-constitutional body (Chaubey, P.K., 2004:17).

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## **4.3 DECENTRALISATION IN OPERATION**

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All the states completed the process of enacting fresh legislation on strengthening the Panchayati Raj Institutions on April 23, 1994. As many as eleven states pushed through fresh legislation in 72 hours, some of them even in the early hours of April 23, 1994 to beat the stipulated deadline of April 23, 1994, the day Panchayats became part of the Indian Constitution (Mishra and Mishra, 2002: 18). So far as the Municipal Acts are concerned some states only amended their existing Acts, others repealed the old ones and legislated new ones and still others have them for the first time (Chaubey, 2004:25). But mere legislative enactments do not ensure effectiveness and viability of the local bodies in

the states. What is more important is their operationalisation. Accordingly, in the succeeding pages an attempt is made to examine the various stages of decentralisation in different states and also to provide a framework for initiating future course of action for a meaningful process of decentralisation. Under this, the discussion is classified under the following categories:

### **4.3.1 Political Decentralisation**

Under political decentralization people are drawn into decision-making process through empowerment. It signifies transferring of powers and responsibilities from central government to autonomous and local tiers that have been democratically elected by their constituencies. Under this, issues like election to local bodies, political status of local bodies, autonomy, people's participation and accountability, are studied.

#### **Election of Local Bodies**

The new Act has provided for mandatory election for the local bodies at an interval of five years. Accordingly, elections were to be held to constitute the local bodies. States like Andhra Pradesh, Bihar, Karnataka, Gujarat, Madhya Pradesh and Punjab, delayed the conduct of elections. In case of Bihar, even the threat of Central Government to stop release of funds for rural development if the elections were not held in time was not effective. Finally, the elections were held in April, 2001, after a gap of 23 years. Similarly, in Assam, elections were held in January, 2002, after a gap of nine years.

In most of the cases, elections were not held simultaneously for all the three tiers. For example, in Maharashtra, elections for the Panchayat Samiti and Zilla Parishad were held in March 1997 but for Gram Panchayat, the elections took place in October, 1997, i.e. after a gap of six months. Similarly, in Punjab the elections for the gram panchayats were conducted in January 1998 and for the Zilla Parishad and Panchayat Samiti in June, 2002. We witness a similar situation in Gujarat, where too, the elections for all the three tiers were not held simultaneously.

So far as the urban local bodies are concerned, except Jharkhand, Uttaranchal and Pondicherry, municipal bodies have been constituted though there were cases of serious delays elsewhere for the first set of elections (Sivaramakrishnan, 2000).

On the whole, it can be said that the State Election Commissions (SECs) have taken up the panchayat and municipal elections seriously giving a lot of credibility to the grassroots level democratic process. In some states like Bihar, U.P., Uttaranchal, Maharashtra and Gujarat, SECs have gone a step further. Taking the cue from the Supreme Court order of May 3, 2002 relating to the Right to Information of electors regarding criminal antecedents, assets and liabilities of the candidates, the State Election Commissioners have issued orders in conformity with the Supreme Court order. After all, the voters in the panchayats and nagar palikas also have their right to get the information about the candidates (Mathew, George in S.S. Chahar, 2005: 25-26).

#### **Inactive Gram Sabha**

The Gram Sabhas have given a political forum for the people to ensure transparency and accountability in system. All State Panchayat Acts have provided for the constitution of Gram Sabhas and for them to meet atleast once in six months. But unfortunately the working of the new Panchayati Raj system during the last ten years, reveal that the Gram Sabhas have not been activated to the desired extent. The Act does not specify functions

to be performed by the Gram Sabha. This is really a matter of great concern because the process of the decentralisation cannot be successful unless Gram Sabhas are vigilant and sensitive to the problems of their own.

Our experience as reflected from various research studies suggest that barring a few exceptions here and there Gram Sabhas are still very-very inactive. The states have established the Gram Sabhas but their powers have been restricted and the procedures for the exercise of the powers have not been clearly spelt out. "In most laws the decisions of the Gram Sabhas are not mandatory on the Gram Panchayats. Although Gram Sabhas are expected to carry out important functions like mobilising voluntary labour and contributions in kind and cash for the community welfare programmes, consideration of the accounts of Gram Panchayats, report of administration, audit reports, implementation of development programmes, they have hardly carried out these functions." (Panchayati Raj in India – Status Report 2000: 10-11). But they are involved in the identification of beneficiaries for rural development and anti-poverty programmes.

Field based reports reveal that these bodies are not taken seriously by the functionaries of the panchayats and the village community is not much interested. This is mainly because the Gram Sabhas are treated more as recommendatory, advisory and suggestive bodies. Apart from this, since the benefit of rural development programmes does not reach the common man, they become disinterested towards these formal institutions. Unless and until the participation of the local community in benefit sharing of rural development programmes is ensured, this question mark on the ineffectiveness of Gram Sabhas will continue (Mishra and Mishra, 2002: 29).

A welcome step in this direction has been taken by the Government of India, by observing the year 1999-2000 as the "Year of Gram Sabha". The centre has already requested the States to ensure that Gram Sabhas should meet atleast once in each quarter preferably on 26<sup>th</sup> January, 1<sup>st</sup> May, 15<sup>th</sup> August and 2<sup>nd</sup> October.

### **Participation of the Weaker Section of the Society**

Like PRIs and municipal bodies, being given constitutional status, there is provision for one-third reservation of seats for women, reservation of seats for SCs and STs in proportion to their population and certain percentage of reservation for Other Backward Classes under 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts. Through this Constitutional guarantee, the representation and effective participation of though majority, but weaker section of the society will be ensured. The access of weaker sections to rural and urban power structure has been ensured legally, thereby enlarging the social base of the system. It has empowered them to air their grievances and get them cleared through participatory decision-making process. In fact reservation has made panchayats and municipalities more representative of the village and town community (Panchayati Raj in India – Status Report, 2000: 10).

No doubt wherever the Panchayati Raj elections have taken place due to the reservation rule, various weaker sections of the community have been represented on the various tiers of Panchayati Raj and Municipal system. It is encouraging to note that in States like Karnataka, Madhya Pradesh and West Bengal women have been represented in much higher percentage than the 1/3<sup>rd</sup> reservation constitutionally provided to them. Today more than 10 lakh women are elected to these bodies every five years and more than three times that number are contesting elections. This is no mean achievement in a hierarchical and male dominated society like ours (Mathew, George in S.S. Chahar, 2005).



In case of the urban local bodies, it was found that the younger generation has succeeded over the older one and academically also, most of them are better. The elections were fought on party line and many candidates sought the support of political parties in order to contest the municipal elections. Hence, after coming to power, party policies have to be followed by them. Due to the intervention of political parties, the working of the Municipal Corporations gets politicized and the councilors had little say in the day-to-day functioning of the corporation (Gill, Rajesh, 1999: 54).

The researches and surveys made, however, reflect that the representation of weaker section particularly women is not very effective. On the basis of the surveys made in various states, it can be said that in the majority of the cases, women have played the role of deaf and dumb and they are represented on formal Panchayati Raj bodies and municipal bodies by the proxy of their husbands, sons and other elderly members of their family.

Almost the same picture in regard to the effective participation of SCs and STs is reflected from such surveys. By and large only those SCs and STs have been elected from the reserved constituency who have the patronage of the dominant sections of the society and they function like the mouthpiece of those affluent sections in the formal meetings of the PRIs and urban local bodies. It is really a matter of concern as to why the women and SCs and STs are not playing their role so effectively. In nutshell, it may be said that illiteracy, lack of training and prevalence of old traditionally dominant systems are the basic reasons for their non-performance. Besides, these categories of people, who have been traditionally suppressed by the upper castes are now subjugated by dominance from within their own groups (Mishra, Sweta, 2003: 186). A study conducted in Karnataka by James Manor and Richard Crook for the Overseas Development Administration pointed out that despite reservation of seats for SCs and women, in practice, males from the upper castes dominated discussions and decision-making. Sometimes agenda is not brought to their notices (Singh, Mohinder, in Shiv Raj Singh, 2003: 75).

It has also been found that in some places, the Panchayati Raj and Municipal representatives are misusing their power. In the latter half of 2002, the major news channels had reported an incident that occurred in Madhya Pradesh, where a Gram Panchayat ordered gang rape as a punishment to a school teacher for her alleged affair with a colleague. This shows how in the name of autonomy, the powers in the hands of Panchayati Raj and Municipal representatives are being blatantly misused (Mishra, Sweta, 2003: 186).

### **Representation of MLAs and MPs In PRIs**

The provision of voting right to MPs and MLAs in the capacity of ex-officio members is also questioned on the ground that it would lead to over domination of Panchayats and Municipalities by them. Thus, it is contrary to the spirit of decentralisation. In most of the states MLAs and MPs are the members of intermediate (block) panchayats and zilla parishads and also they have voting rights in the meetings of the concerned panchayats. While in Madhya Pradesh they do not have voting rights in the zilla parishad (but have in intermediate panchayat) but are the members in both the tiers. Kerala, Maharashtra and Rajasthan do not provide representation to MLAs and MPs in the intermediate and zilla panchayats, while Tamil Nadu provides representation only in zilla panchayat. (Gupta, D.N., 2004: 48).

Thus, on the whole, the analysis of political decentralization reveals that most of the states have conducted their panchayat/municipal elections in time. All the states have provided

the necessary political position to elected representatives at all the three tiers. So far as the participation of the people is concerned, the state of Kerala has taken special measures under people's plan campaign in which awareness building activities like cultural shows, village meetings, door-to-door campaign, dissemination of information through visual and print media, etc. were organised. (Ibid., 263).

### 4.3.2 Functional Decentralisation

It refers to transferring subject specific functions to local tiers. Issues that are studied are transfer of functions and inter-tier demarcation of functions in order to enable them to discharge their functional roles.

#### Devolution of Powers and Functions

So far as the assigning of powers and functions of each tier of PRIs and urban local bodies is concerned, we find that there is a lack of delineation of functions between the three tiers of the PRIs and urban local bodies. No doubt, 29 and 18 items have been included in the Eleventh and Twelfth Schedule of the Constitution but it is not clear as to what functions are to be performed by each tier. We find that the powers and functions entrusted to the PRIs and urban local bodies vary from state to state. The experience gained so far is that at the district level various line departments/agencies implement programmes and functions under the overall supervision and control of the District Collector/District Magistrate. And the PRIs have to be content with backseat driving (Vithal, C.P., 1998: 8).

Three types of models emerge with regard to the powers and functions of the PRIs (Bajpai, Ashok, 1997: 136). Firstly, states which have drawn the list of functions and activities for different levels of Panchayats in a routine manner on the lines of subject mentioned in the Eleventh Schedule. These states have also added some other functions like preparation of annual plans, consolidation of the plans prepared by the lower level of panchayats, preparation of annual budget, providing relief in natural calamities, etc. States like Assam, Karnataka, Haryana, Punjab, Rajasthan and Uttar Pradesh, come under this category. In Uttar Pradesh, functions have been given without any earmarked funds, but funds are given for anti-poverty programmes under centrally sponsored schemes.

The second model is prevalent in states like Orissa, Kerala, Gujarat, Tamil Nadu and West Bengal. In these states the functions have been categorised under two heads: (a) obligatory or mandatory functions, and (b) discretionary functions.

In the third category come those states which have drawn their own list, of course, keeping in view the subjects listed in the Eleventh Schedule. Such states are Andhra Pradesh, Madhya Pradesh, Himachal Pradesh and Maharashtra.

Thus, it becomes clear that there is absence of clear-cut functional jurisdiction for PRIs. The sphere of activity of each tier under each item has not been defined and left to the discretion of the concerned state government. None of the tiers viz., district, block and gram panchayat have been given specific functions under various subjects. But, to a reasonable extent in the state of Kerala certain functions have been given to three tiers under various subjects (Gupta, D.N., 2004: 53). The Chief Minister of Madhya Pradesh had rightly opined that "...the key problem is that unless the Constitution is amended again to clearly specify the powers of the Gram Panchayats, Block Panchayats and Zilla Parishads, the ultimate powers would remain with the person sitting in the Chief Minister's

chair – how much he wants to give and how much he wants to keep with himself. This is how I see the Panchayati Raj as it stands today” (Singh, Mohinder, in Shiv Raj Singh, 2003: 72).

On the other hand, all major states have assigned to their urban local bodies the responsibility of (i) ‘public health, sanitation, conservancy, and solid waste management (Item 6 of schedule XII, Item 6 of state list of schedule VII); (ii) provision of urban amenities and facilities such as parks, gardens and playgrounds’ (Item 12 of schedule XII, Item 18 of state list and Item 20 of concurrent list in schedule VII); (iii) burials and burial grounds, cremations and cremation grounds and electric crematoriums’. (Item 14 of schedule VII); (iv) ‘vital statistics including registration of births and deaths’ (Item 16 of schedule XII, Item 30 of concurrent list of schedule VII); and (v) ‘regulation of slaughter houses and tanneries’ (Item 18 of schedule XII, Item 15 of state list in schedule VII). While the last two are regulatory in nature, the middle one is a serious problem only in metropolis (Chaubey, P.K., 2004: 27-28).

Almost all the states have assigned to their urban local bodies the responsibility of (vi) urban forestry, protection of environment and promotion of ecological aspects (Item 8 of schedule XII, Item 6 of state list in schedule VII), major exception being Delhi, (vii) water supply for domestic, industrial and commercial purposes (Item 5 of schedule XII and Item 17 of state list in schedule VII), major exception being Delhi, Andhra Pradesh (in fact Hyderabad) and Madhya Pradesh; (viii) roads and bridges (Item 4 of schedule XII and Item 13 of state list in schedule VII), major exception being Uttar Pradesh and Delhi; (ix) cattle pounds and prevention of cruelty to animals (Item 15 of schedule XII and Item 15 of state list and Item 17 of concurrent list in schedule VII), major exception being Andhra Pradesh; (x) public amenities including street lighting, bus stops and public conveniences (Item 17 of schedule XII and Item 5 of state list and Item 20 of concurrent list in schedule VII), major exception being Andhra Pradesh (Ibid).

With few exceptions, the states have assigned (xi) ‘safeguarding the interests of the weaker sections of society, including the handicapped and the mentally retarded’ (Item 9 of schedule XII and Item 9 of state list and Item 16 of concurrent list in schedule VII), and (xii) ‘promotion of cultural, educational and aesthetic aspects’ (Item 13 of schedule XII and Items 12/33 of state list and Item 25 of concurrent list in schedule VII) (Ibid).

Thus, it becomes clear that even in the case of the urban local bodies, there is absence of clear-cut functional jurisdiction. In many states, the functions are delegated through executive orders rather than transferred through a piece of legislation so that, it is apprehended, they can be withdrawn easily. Some of the states have transferred their schemes of local nature along with funds and functionaries. They have adopted a pragmatic approach of giving supervisory and controlling power to local bodies while retaining the power of appointment/dismissal and promotion/demotion with them Kerala has shared its plan budget with its local bodies to the extent of 40 per cent (Ibid, 39).

### **4.3.3 Administrative Decentralisation**

It involves placing planning and implementation responsibilities with the local bodies and assigning the roles and responsibilities to functionaries and elected members. Issues that are studied under this are participatory planning; institutional mechanism for planning, implementation, coordination, monitoring, transparency; support system etc. The performance aspect is examined.

### **Coordination at all the Three-Levels Required**

During the last ten years one of the weaknesses of decentralisation which has come to our notice is the problem of coordination amongst the three levels of PRIs and urban local bodies on the one hand and bureaucracy, NGO's etc. on the other. If we look into the problem of coordination, the following points emerge: (i) lack of clarity in regard to distribution of powers and functions amongst the three tiers of PRIs and urban local bodies mentioned in Eleventh and Twelfth Schedules; (ii) the Panchayati Raj and Municipal Acts of various States are quite vague as to whether the PRIs and the urban local bodies are the implementing agencies of development programme or they are both planning and implementing agencies; (iii) the Acts also lack clarity in regard to relationship between the PRIs and urban local bodies and local level bureaucracy; and (iv) the problem of open competition between the PRIs and urban local bodies and NGOs.

The above mentioned facts create the problem of coordination and raise a question mark in regard to usefulness of decentralisation. It is well known that under the old system of Panchayati Raj, bureaucracy used to play the dominant role and as such the local level bureaucracy under the new dispensation is not prepared to change its behaviour so easily. In most States the bureaucracy was found to be in a prime position over the elected leadership. Notwithstanding the confusion on paper, the prevailing situation in most of the States, except in a few States like Karnataka, Kerala and West Bengal, bureaucracy is found to be a dominant partner in decentralised governance. Consequently, as the available field data indicate, though panchayats have vertical linkage (organisational and functional) between them and the functionaries, there appear to be gaps as far as 'role perception', 'role appreciation' and 'role performance' is concerned (Panchayati Raj in India – Status Report, 2002: 12).

Thus, what is required is to weave and develop a new and responsible participative culture at the local level to sort out the problem of coordination. Apart from this it is also required that there should be necessary Amendment in the Panchayati Raj and Municipal Acts of various States which can be possible only through real political and administrative will. PRIs and urban local bodies should be made responsible both for planning and implementation of development programmes for the local community

It may be further said that if the new decentralised system is not working properly it is because of the independent existence of District Rural Development Agency (DRDA). Almost all the programmes except for Jawahar Rojgar Yojana sponsored and financed by Central and State Government are implemented through DRDA. As a result, a dyarchical situation at the district level exists. This is the reason that in 1996 the Central Government recommended the merger of DRDA with PRIs or to put DRDA under the control of PRIs. But except for Madhya Pradesh, Kerala, Uttar Pradesh, to our knowledge, none of the other States have implemented the recommendation. This may be because of collusion between the bureaucracy and state level political leadership. We strongly feel that if the new system of decentralisation have to succeed, DRDA has to be placed under the control of the PRIs.

### **The District Planning Committees be made Effective**

If we have an overview of working of the new decentralised system, our attention is automatically attracted towards the non-functional character of District Planning Committee (DPC). For the first time the DPCs under Article 243 Z(d) have got constitutional status by way of 74<sup>th</sup> Constitutional Amendment Act. But unfortunately the DPC has been

made ineffective. In a number of states, DPC has not been constituted, while in the states of Haryana and Orissa it is in the process of formation. Surprisingly, the Gujarat State Panchayati Raj Act has not made any provision for constituting DPC. The states where the DPC has been formed are Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal (Gupta, D.N., 2004: 60). As to who should be the Chairman of the DPC, whether the Chairman of the Zilla Panchayat or Minister-in-Charge of the district or collector of the district has been a contentious issue. In some state like Madhya Pradesh, Maharashtra and Uttar Pradesh, the chairperson of DPC is minister-in-charge of the district. While in some states like Karnataka, Kerala, Rajasthan and West Bengal, the chairperson of Zilla Parishad is the chairperson of DPC. In Haryana, the chairperson is chosen by the state government from among the nominated members, and in Tamil Nadu, the district collector is the chairperson (Ibid; 68). In all the other states, except Kerala, MLAs and MPs are either the members or special invitees of DPC. In the states of Rajasthan, Tamil Nadu and Uttar Pradesh they have been given voting rights. In case of West Bengal, the chairpersons of Panchayat Samitis, MLAs and MPs can become the members of the DPC and have voting rights by the special government order. Thus, we see wide variation in the formation of DPC.

From the above analysis it becomes clear that planning is yet to be taken seriously by the Panchayats and Municipalities. Even the experiences from the field reveal the same. One still finds the predominant role played by the bureaucracy in preparing panchayat municipal plans. The necessary modalities for the actual and effective functioning of the DPCs are yet to be finalised by the state government. As such, the planning activity continues to be centralised. Both plan and non-plan allocations are made by the state planning department. Necessary guidelines, procedures are provided by the planning department to panchayats to prepare their annual plans (Panchayati Raj in India – Status Report, 2000: 16-17).

### **Dominance of Bureaucracy**

In order to ensure effective functioning of decentralisation, it becomes important to have a facilitative functional relationship in terms of coordination and cooperation between the elected representatives and official functionaries. But we observe a disturbing trend in the new system. The state Acts have retained the upper hand of bureaucracy in managing the rural and urban local affairs and has provided ample scope for the state Governments, to exercise control, supervision, powers of dissolution and of annulling resolutions. The Chief Executive Officers (CEOs) of the Zilla Parishads enjoy enormous powers. They will not implement any resolution that, in their opinion is inconsistent with the respective Acts. Actually they enjoy veto power (Singh, Mohinder, in Shiv Raj Singh, 2003: 73). However, in State like Karnataka such powers are vested with higher level panchayats. Where as in Orissa, the status of Minister of State and Deputy Minister has been given to the President and Vice-President of the Zilla Panchayat.

### **Posting of Field Staff at Gram Panchayats**

So far as the postings of field staff of line departments at the gram panchayat level is concerned, it has been found that most of the states, with the exception of Kerala, Madhya Pradesh and Uttar Pradesh, have made no such provision. In Kerala, Madhya Pradesh and Uttar Pradesh, the postings of field staff of a number of departments like agriculture, animal husbandry, health, ICDS, etc. have been made to gram panchayats.



Gram panchayats in many states either have no staff or have very limited staff except in the states of Karnataka, Kerala and West Bengal. In the states of Kerala and Madhya Pradesh there is one secretary for each Gram Panchayat, while others have one for three-five Gram Panchayats (Gupta, D.N., 2004: 53).

Thus, we see that under administrative decentralisation, the planning unit has been partially set up in terms of facility for database preparation, formulation of planning methodology and the planning process, and training to field officers and staff. With regards to transparency, it has been ensured by the Act and also measures have been taken to ensure its implementations by way of increasing public awareness (ibid: 263).

#### **4.3.4 Financial Decentralisation**

It involves devolving powers with regard to taxation, funds and expenditure upon local bodies in order to first improve the financial position and then giving them the financial autonomy for planning and implementation as per local needs. Devolution of funds upon panchayats and municipalities by the state is important in order to augment financial capacity of panchayats. In order to provide panchayats and municipalities scope to prepare plans as per local needs, and then to make expenditure, financial autonomy becomes important.

Issues that are studied under this are collection of taxes by local bodies, own income of panchayats and municipalities, devolution of funds by state, criteria for inter-panchayat/municipality devolution of funds and expenditure by panchayats/municipality as per local needs (financial autonomy). The role of the SFCs are also examined.

##### **Financial Base**

So far as the finance of local bodies is concerned, in the new System, some definite steps have been taken which find expression under Articles 243 H, Article 243 I and 243 X, which empowers the PRIs and the municipal bodies to levy and collect the taxes. Apart from that there is also provision for State Finance Commission at the interval of every five years. The Finance Commission will recommend to the Governor in regard to the financial resources of PRIs and municipal bodies which will be an obligatory duty of the State Government to implement.

It is being felt that by and large there has not been any substantive improvement on the financial side. They have to depend on devolutions and the grants-in-aid from the state governments. Besides, most of the states have not transferred funds for the subjects transferred to the PRIs and municipalities. No doubt PRIs and municipal bodies as mentioned above, have been given power to levy and collect taxes but they are incapable of deciding the ratio of taxes and in regard to the collecting authority of such taxes. This is why former Prime Minister, Shri Atal Behari Vajpayee, on October 4, 2002, expressed the need for an amendment in the Constitution to improve administrative as well as financial powers of the PRIs and municipal bodies since they have no means of generating their own resources at present.

However, it is encouraging to note that most state Governments have constituted State Finance Commissions (SFC) and have given notable recommendations especially in case of Kerala, West Bengal and Karnataka. In Kerala, the panchayats get around 35 to 40 percent of the total plan expenditure in the form of grant-in-aid, untied fund. Since 1996-97, the Government has taken bold steps for devolving funds upon Zilla Parishad in the lumpsum with a formula to further allocate them to three tiers. The general category fund

is divided among the Gram, Taluk and Zilla panchayats in the ratio of 70:15:15 respectively. In West Bengal it is in the ratio of 50:20:30. In Karnataka it is the opposite, the allocation is in the ratio of 25:35:40. (Panchayati Raj in India – Status Report, 2000, 14-15).

Thus, it becomes clear that the financial autonomy of the PRIs and municipal bodies is restricted. Only in the state of Kerala there is a large degree of autonomy as 40 per cent of funds under general sector (1997-98) were in the untied form. The states like Gujarat, Karnataka, Madhya Pradesh and Maharashtra provide substantial funds to zilla parishad. But even they do not give much scope to panchayats in terms of autonomy, as funds are invariably tied to a particular programme or scheme. Other states also have devolved a lot of power to the local bodies but without any funds.

### **Transferring of MPs and MLAs Area Development Funds to PRIs**

It is quite amusing that on the one hand we are trying to make grass-root democratic institutions viable and effective, on the other we are creating another centre of power at the local level in the name of MPs and MLAs area development fund. We personally feel that the political leadership of the State is apprehensive of the fact that if PRIs and municipal bodies are given a free hand, the dominance of State leadership will be over. Accordingly, just to maintain their hegemony and dominance, the MLAs and MPs connived in creating special fund for MLAs and MPs. The MPs Local Area Development Schemes (MPLADS) and the MLA's funds running into thousands of crores is a betrayal of the local bodies. Cases of fraud in the scheme's implementation has been pointed out by the Comptroller and Auditor General. The cases of fraud have been detected in States like Bihar, Himachal Pradesh, Karnataka, Manipur, Nagaland and West Bengal (Panchayati Raj Update, June 1998: 7). The frauds range from fake entries in record books to diversion of funds for non-development purposes and misuse by the MPs (Panchayati Raj Update, July 1998: 5).

The analysis of financial decentralization reveals that, none of the states, except Kerala, have tried to place prerequisites for decentralisation, while operationalising their respective Acts. In Kerala, the funds have been devolved directly upon all the three tiers.

On the whole, the analysis of the functioning of decentralisation in various states shows that all the states are lagging behind in decentralising the development system, but only in Kerala the process of decentralisation has got some direction and also has got success in operational terms.

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## **4.4 DECENTRALISATION: THE ROAD AHEAD**

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In the search for casual factors, it will be necessary to remember that the Panchayati Raj and the Municipal system has so far been an endowment from above. There has been no popular movement demanding local democracy. Thus, if a state decides to decentralize its powers and responsibilities through the democratically elected local government institutions, it has to be treated as a demonstration of its political will (Ghosh, Buddhadeb and Kumar, Girish, 2003).

The constraints and problems that mar decentralisation initiatives are myriad but should not signal an alarm, as we are passing through a transitory phase and any type of transition takes time to show positive results. The new system of Panchayati Raj and Municipality is gradually generating awareness in many sections of the rural and urban community and in certain cases, strong voices against exploitation and excesses have been registered.

Finance happens to be the most critical factor in any scheme of planning and development. No system of local self-government can be successful unless it is provided with adequate funds. Decentralisation without strong resource base is therefore likely to have pitfalls if not accompanied by enhanced financial capabilities. Though the fiscal capabilities of the PRIs and nagar palikas are expected to improve in the wake of Finance Commission exercise, what is important is a strong fiscal base accruing from sources internal to the PRIs and nagar palikas. Moreover, many taxing power and other financial provisions like auctioning the Gram Panchayat financially beneficial properties like fisheries, ponds, pastures, and others will ultimately improve the financial position of PRIs (Mishra, S.N., in S.S. Chahar, 2005: 74-75). The PRIs and municipal bodies should be encouraged to take steps for innovative resource mobilisation such as generation of income from entrepreneurial activities, projective loans, public contribution, tax sharing and tax assignments, matching grant incentives for tax collection instead of totally depending on the governmental grants. Besides, a proper tax collection machinery at panchayat/municipal level is required. PRIs/urban local bodies should get a share of more elastic and productive taxes like sales tax. They may be assigned all or part of sales tax proceeds of the area within their purview.

A welcome step in this direction is that under the terms of Reference of Eleventh Finance Commission (EFC) for the first time the Presidential Order required a Finance Commission to make recommendations regarding the transfers of fund to the states which further pass on to the local Governments for the augment of resources of these bodies (Para 8.1 of Eleventh Finance Commission). The EFC has recommend that the amount of Rs.8,000 crore be provided for panchayats for the period 2000-2005 and be distributed among the states on the following criteria (EFC Report, 2000). (i) Population 40 per cent, (ii) Index of decentralisation 20 per cent, (iii) Distance from highest per capita income 20 per cent, (iv) Revenue effort 10 per cent, (v) Geographical area 10 per cent.

The operational aspects of decentralised planning in India shows that it has several shortcomings, such as, lack of trained personnel, a confusing plethora of schemes, rigidity and lack of monitoring of the quality of the planning process and availability of resources. To achieve the objectives of decentralised planning, the basic prerequisite should be the bottom-up approach i.e. planning process that starts from Gram Sabha, goes up to the district level, gets assimilated in the state plan and finally becomes a part of the central plan. The need of the hour is the capacity building of elected representatives and officials of panchayats and strengthening of the units panchayats in terms of personnel, resources, etc. DPC as a planning facilitator will go a long way to address local aspirations more effectively. More so, PRIs and urban local bodies have to play a significant role in the entire planning process (Singh, S.K., in S.S. Chahar, 2005: 171-172).

Such type of planning that focuses on the involvement of the people will be need-based and at the local level, it is the Gram Sabha, which can really prioritize their needs (Mishra and Mishra, 2001). The Kerala situation is highly encouraging and panchayats/municipalities have to take this responsibility seriously. State Government should take firm steps, following the example of Kerala's experience, to provide conducive environment to make planning from below a reality.

The need of the hour is that the DPCs should be made effective and the district plan prepared by the PRIs and Municipalities should be approved by the State Government without any change. It is also desirable that the DPC may issue guidelines to the lower level units in regard to their annual action plan and consolidated five year plan.

In order to promote and ensure an integral approach to formulate and implement plan schemes and programmes, Karnataka and Gujarat have constituted 'State Panchayat Councils' to promote integration between panchayats, and to motivate panchayats to adopt a 'self-regulatory mechanism'. This type of institutional arrangement is expected to facilitate sustainability and viability of the system and its process.

Gram Sabha is the only body where each and every voter can raise his voice. It is unfortunate that this body has been totally marginalised. Their revival should get top priority in any measure to reform the system.

A welcome step in this direction was taken by the Government of India, when it decided to observe the year 1999-2000 as the 'Year of Gram Sabha'. This is a clear acceptance of the potential of the most significant institution of participatory democracy and decentralised planning. The Gram Sabha should be treated as the general assembly and the Gram Panchayat as its executive body. All decisions taken by the Gram Panchayat must have the sanction of the Gram Sabha. The Gram Sabha should not only have powers but should also exercise the powers to determine the priorities in development. Prior approval of the Gram Sabhas should be made mandatory for taking up any rural development work in the village.

The Ministry of Rural Development, Government of India has issued instructions that Gram Sabhas should meet frequently and regularly. It further requested the state government, to hold at least one meeting of the Gram Sabha in each quarter of the year. The whole objective behind this has been to make the Gram Sabha an effective instrument of planning and implementation at the local level, and also to facilitate transparency and accountability at the village level. How far such initiatives would be successful is yet to be seen (Mishra, Sweta, in Alka Dhameja, 2003: 188).

Functional decentralisation is essential for assigning specific tasks to panchayats and municipalities. The first step should be to transfer basic subjects such as education, health, drinking water, women and child development, agriculture and allied activities, PDS, etc. It should also be kept in view that mere transfer of subjects is not enough; what is basically required is to build the delivery mechanism, otherwise, panchayats and nagar palikas will be expected to perform, but will not be able to do so. Once the capacity of panchayats and municipalities improves, some more subjects as per the local needs should be transferred (Gupta, D.N., 2004: 296).

To sort out the problem of coordination, what is required is to weave and develop a new and responsible participatory culture at the local level. Besides, there should be necessary amendment in the Panchayati Raj and Municipal Acts of various states, which is possible only if there is a strong political and administrative will. PRIs and urban local bodies need to be made responsible both, for planning and for implementation of development programmes for the local community, and their capabilities in this regard need to be enhanced. Therefore, if the PRIs have to be made effective, the DRDA has to be placed under the control of these institutions so that the people's representatives can be involved in the implementation of development programmes. Periodic elections to the PRIs and urban local bodies will prove to be a milestone in the path of enlightenment and social and political consciousness of the weaker sections.

Many states are experimenting with innovative measures to improve the functioning of PRIs and urban local bodies. To maintain transparency in the implementation of rural development schemes in the state, the Assam government has ordered the constitution of

vigilance and monitoring committees in each block (Mishra Sweta, in Alka Dhameja, 2003: 188). Panchayati Raj in India has also found a special mention in the UNDP REPORT, 2002. It reiterates the fact that 'In principle, decentralizing power from the centre to provinces, districts or villages enable people to participate in decision-making more directly. But in reality, it simply transfers power from one set of elites to another. Democratic decentralisation, could truly give voice to the people, but it requires enhancing participation, specially by the people who are often marginalised, and increasing the accountability of public officials at local levels (Panchayati Raj Update, August 2002). The need is to appreciate the importance of making people aware and of educating them through well-organised educational programmes. In a way, people's participation needs to be internalised by the PRIs and urban local bodies.

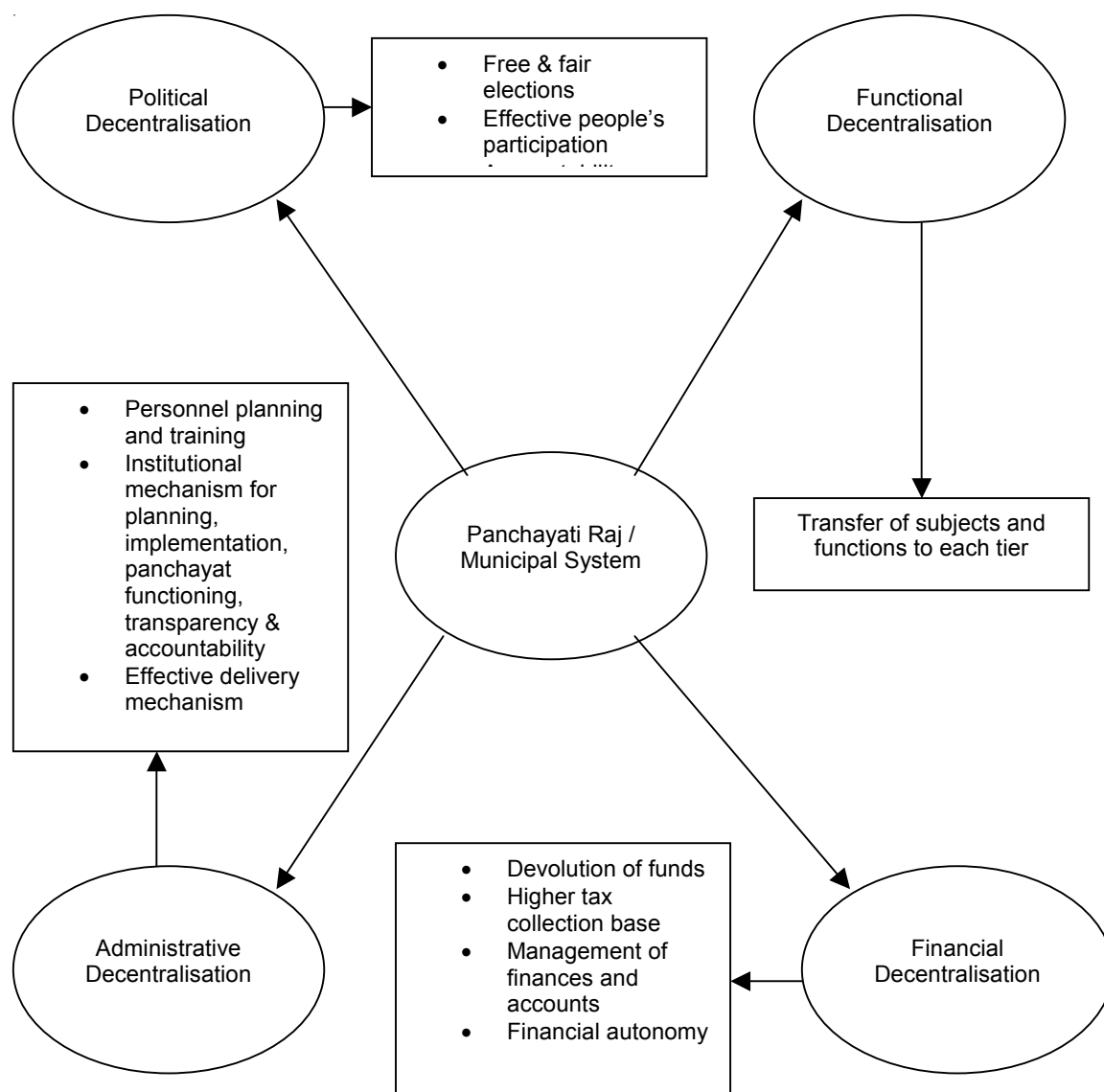
The enormous tasks of national reconstruction and rehabilitation, calls for building suitable organisational structures and institutional arrangements, which would integrate the people into the governmental process. It should entail creation of 'an environment of shared partnership between the administrators and the administered' (Mishra, S.N. and Sharma, Kushal, 1983). In this way, the efforts of the people themselves could be united with those of the governmental authorities to bring about a balanced economic growth, which will initiate the process of social and political development. It is needless to emphasise that the governmental apparatus will have to be decentralised and taken to the doorsteps of the people, where the involvement of the masses can be effectively ensured.

In order to maintain transparency, it is suggested that all the financial details must be displayed outside the panchayat and nagar palika offices and be given to all the members. Besides, the auditing should be transparent i.e., the objections by the auditors should be given to all the ward members (at the preparatory stage, before the reply by the panchayat/nagar palika is prepared. And the final report should be placed before finance committee of the panchayat/nagar palika and the gram sabha/ward sabha (Gupta, D.N., 2004: 296).

In operationalising the Panchayat and Municipal Acts, the state has vital role to play in providing support for building of local institutions, legal framework and in creating enabling environment for people to participate and take the advantage of opportunities. The need of the hour is positive intervention by the state through policies for human resource development and institutional development are critical as these would strengthen the process of decentralisation. Besides, in the era of globalisation, the Central as well as the state governments will have to provide critical support to local institutions, as globalisation will definitely have its impact on the village life. The state has to build institutional structures at the local levels and set standards to deal with challenges of global trade, communication system, environment, labour laws, etc., which have direct bearing on the lives of people in the villages, and simultaneously meet the standards of governance (Ibid.: 428).

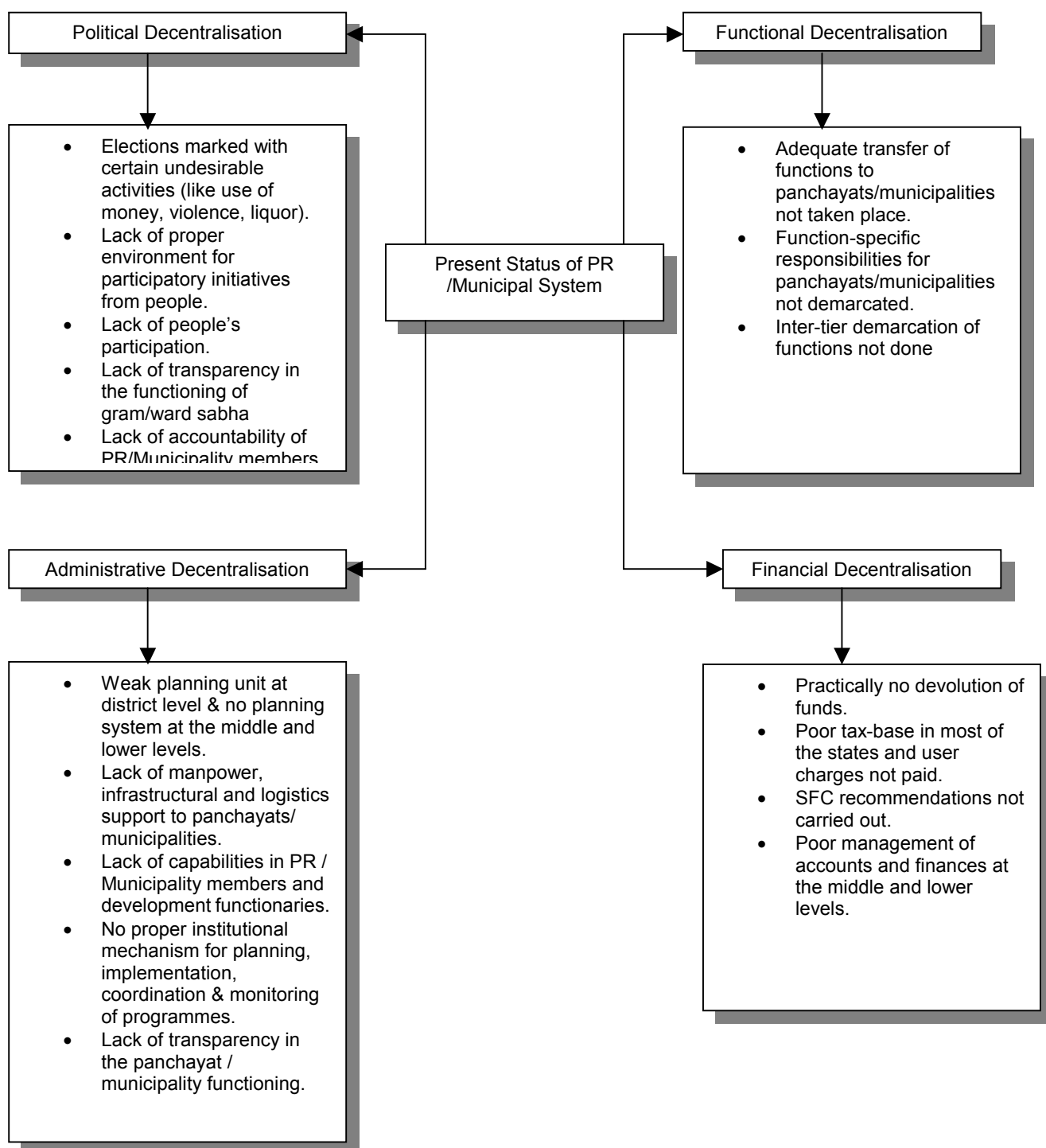
On the basis of the above discussion, it can be said that in order to improve the capacity of the PRIs and urban local bodies, the above measures are required and the requisite components of Panchayati Raj/Municipal System are reflected in figure 1 and the problems in the present form of Panchayati Raj/Municipal system are reflected in figure 2.





**Fig. 1: Requisite Components of Panchayati Raj/Municipal System.**

**Source:** Gupta, D.N. Decentralisation Need for Reforms, Concept, New Delhi; 2004, p.292.



**Fig. 2: Problems in the Present Form of PR/Municipal System**

**Source:** Gupta, D.N. Decentralisation Need for Reforms, Concept, New Delhi; 2004, p.278.

## 4.5 CONCLUSION

Decentralisation is no magic wand as our experience indicates. The success or failure of decentralisation hinges upon the nature of the institutions created, the extent of power and finances delegated, the pattern of power distribution among groups in the region and the participation of civil society. It pays to remember that decentralised government, when carefully executed, is the most potent mechanism for social cohesion and people's empowerment (Human Development in South Asia, 1999).

The new system of decentralised governance could provide an element of continuity and enlarge the participatory process at the grassroots level if the provisions for regular elections and the mandatory participation of women, SCs/STs and OBCs in these bodies are strictly observed. With regard to social and bureaucratic transformation, the cause for concern should not be high, as the masses in rural and urban areas are slowly but steadily awakening and voicing their concerns. Many sincere NGOs and self-help groups are reaching out to them in order to make them aware about their capacities and privileges, and also to show them the way to a better and fuller life. In the years to come, the rural and urban masses are likely to become more conscious and aware of their rights and duties. Therefore, the planning process has to ensure adequate involvement of the people.

The bureaucracy too has to gear up to accept the masses as important constituents of the development process. People's representatives have to change their attitudes and perceptions towards the general public. The upper castes have to change their traditional mind sets toward the SCs/STs and OBCs. The mass upsurge has already taken place, but it will take some more time to realise its vision. The periodic shuffling and reshuffling of leadership by way of regular elections, and increase in the level of politicisation of local community will certainly ensure the success of the system of decentralised governance in the foreseeable future.

The process of decentralisation has been underway after the passage of the 73<sup>rd</sup> and 74<sup>th</sup> Constitution Amendment Acts, 1993. Under the new dispensation the panchayats and municipalities have been established at all the three tiers in almost all the states in the country and the elections have been conducted. The states have taken certain measures to transfer functions and devolve funds upon panchayats and municipalities. Despite this, the panchayats and the municipalities at the grassroots level are faced with insurmountable task of addressing the problem of governance. The experience bring to the fore the need of addressing the challenges faced by the panchayats and municipalities to meet the desired standards of governance. And in this process state has a vital role to play, so that the right kind of system of governance is established at the grassroots level. Though, under decentralisation, the management of local affairs is to be undertaken by panchayats and municipalities, but the state has to provide requisite support for institution building and legal framework through policy and programme interventions. The crucial aspects that need to be further addressed are: empowerment of people, transfer of functions and devolution of funds, transparency, accountability, planning unit and delivery system. And only when are these addressed by the Act in concrete terms, the system of decentralisation can be set up in right perspective.

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## 4.6 KEY CONCEPTS

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| <b>Decentralisation</b>                   | : It is a process through which authority and responsibilities for some substantial government functions are transferred from Central government to intermediate and local governments, and often also to communities. And lower-ranking decision-units acquire all powers and responsibilities and have also control over the determination of their goals and targets. |
| <b>Panchayati Raj Institutions (PRIs)</b> | : It refers to panchayats at the local levels viz., district, block and gram panchayats. Gram Panchayat is the   |

lowest tier of the PR system. Block Samiti is the middle tier whereas the Zilla Parishad is the top tier of the PR system.

**Urban Local Bodies (ULBs) :** It refers to municipalities at different levels viz., a nagar panchayat for transitional area (lowest tier); a municipal council for a smaller urban area (middle tier); and a municipal corporation for larger urban area (top tier).

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## **4.8 ACTIVITIES**

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- 1) Describe the legal framework and functioning of democratic decentralisation in the context of 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendment acts.
- 2) Discuss the problems of the new systems and also suggest for the smooth functioning of the same.



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## **UNIT 5    COMPONENTS OF DECENTRALISED DEVELOPMENT – I: EMPOWERMENT**

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### **Structure**

- 5.0    Learning Outcome
- 5.1    Introduction
- 5.2    Empowerment: The Concept
  - 5.2.1    Need for Empowerment
  - 5.2.2    Empowerment: National Attempts
  - 5.2.3    Empowerment: Grassroots Initiatives
  - 5.2.4    Empowerment: Operational Framework
- 5.3    Empowerment: Problems and Constraints
- 5.4    Empowerment the Road Ahead
- 5.5    Conclusion
- 5.6    Key Concepts
- 5.7    References and Further Reading
- 5.8    Activities

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### **5.0    LEARNING OUTCOME**

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After studying this unit, you will be able to:

- explain the meaning of Empowerment;
- discuss the need for Empowerment;
- explain various initiatives taken for Empowerment;
- analyse the operational framework of empowerment;
- discuss the problems and constraints coming in the way of empowerment; and
- provide suggestions for making empowerment effective and meaningful.

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### **5.1    INTRODUCTION**

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Decentralisation has become a major element in the administrative organization of governmental services as a result of enormous increase in the variety, number and complexity of functions of the modern state. Decentralisation in terms of ‘sharing the decision-making authority with lower levels in the organisation’ (Meenakshisundaram, S.S; 1994: 10) should be understood in the context of the institutional framework of division of power. It is seen as an alternative system of governance where a people centered approach to resolving local problems is followed to ensure economic and social justice. Accordingly, empowerment, one of the main components of decentralised development, becomes important, where people would be located at the centre of power and become

the basic engine of the development process and not, as hitherto, merely its beneficiaries (Kothari, Rajani, 1994: 48).

In case of India, efforts in this direction has been made since independence. There have been strong voices in favour of empowerment of women and weaker section. A welcome step in this direction was the passing of 73<sup>rd</sup> & 74<sup>th</sup> Amendment Acts. These Acts provide one-third reservation to women as also to SCs/STs in proportion to their population and have opened avenues for facilitating social mobilization process at the grassroots level.

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## 5.2 EMPOWERMENT: THE CONCEPT

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Empowerment means different things to different people. As such, it becomes important to clarify the term and provide a proper definition. Empowerment stands for the expansion of assets and capabilities of poor people to participate in, negotiate with, influence control, and hold accountable institutions that affect their lives. According to the country report of Government of India presented at Fourth World Conference on Women at Beijing, “Empowerment means working from a position of enforced powerlessness to one of power. It would promote women’s inherent strength and positive self-image”. (Chauhan, S.S.S. and Bansal, Gaurav; 2002:10). According to Keller and Mbewe, empowerment is “a process whereby women become able to organize themselves to increase their own self-reliance, to assert their independent right to make choice and to control resources which will assist in challenging and eliminating their own subordination. (Sugana, B; 2002: 3). Promila Kapur views empowerment as “a process in which women gain greater share of control over resources-material, human and intellectual like knowledge, information, ideas and financial resources like money and access to money and control over decision in the home community, society and nation, and to gain power. (Chauhan and Bansal, op.cit).

Empowerment means being free to explore the best way of doing things, not just doing what you are told. It means ‘giving power to’ and ‘creating power within’. It is a process that people undergo, which eventually leads to change. It refers to passing on authority and responsibility. It occurs when someone who did not have power earlier is given power – and this power makes the person who is empowered to experience a sense of ownership and control. (Lakshminarayan, P; 1999: 78). In other words, it refers to giving power to individuals in all spheres of life which are essential for the survival and overall development of the mankind.

Nelly Stromquist defines empowerment as “a process to change the distribution of power, both in interpersonal relations and in institutions throughout society (Sharma, Ashok, 2002: 81)

Similarly, Lucy Lazo describes it as “a process of acquiring, providing, bestowing the resources and the means or enabling the access to a control over such means and resources” (Ibid). Srilatha Balliwala has rightly observed, “the term empowerment has come to be associated with women’s struggle for social justice and equality” (Ibid). According to Kiran Devendra, empowerment of women means equipping women to be economically independent, self-reliant, have a positive self-esteem to enable them to face any difficult situation and they should be able to participate in developmental activities and in the process of decision-making” (Ibid.).

Empowerment is a process in which women gain control over their own lives by knowing and claiming their rights at all levels of society, viz., international, national, local and household. It is nothing but a religious, cultural and legal struggle against oppression, injustice and discrimination. In short, it is the ability to organize and mobilize for change and enable the individual group to direct their own life and reach a stage where they are more likely to succeed in whatever they attempt to do. It is an ongoing process and not an end by itself. (Reddy, G. Narayana, 2002: 515).

In nutshell, empowerment is also defined as the ability to direct and control one's own life. It is a process of enhancing human capabilities to expand choices and opportunities so that each person can lead a life of respect and value. It lends moral legitimacy and the principle of social justice to the objectives of human development. It means that women gain autonomy, are able to set their own agenda and are fully involved in the economic, political and social decision-making process. (Rao, D.P. and Rao, D.B; 6).

### **5.2.1 Need for Empowerment**

The quest for genuine equality has laid greater emphasis on the collective rights of the vast majority of the disadvantaged groups. The disadvantaged groups have been subjected to varied kinds of social, economic and political exploitations, oppressions and harassments. They have been treated less than human.

Women, who constitute roughly 50 per cent of the total population, received only a small share of developmental opportunities. They were often excluded from education, from better jobs, from participation in political systems and from adequate health care. The United Nations Human Development Report (1993) asserts that no country treats its women as well as it treats its men (UNDP; 1993: 135). Despite their vast numerical strength, women occupied a marginalized position in society because of several socio-economic constraints. This inhibited the effective participation of women in political processes and the institutional structure of democracy. According to the Document on Womens' Development (1985) womens' role in political structure had remained unchanged, despite the rapid growth of informal political activity by them (Mishra, Sweta; 1997:16). A broad-based political participation of women was severely limited due to the nexus of traditional factors, such as caste, religion, class feudal attitudes and family status. As a result, women were left on the periphery of political life.

Similarly, a majority of the SCs/STs and OBCs are poor, deprived of basic needs, and socially as well as educationally backward. Many do not have access to sufficient amount of food, health care, housing or clothing. Moreover, caste inequalities have further added to their problems and continue to be among the most important factors affecting their access to education. Even politically, they are lagging behind as the various political parties have been using them as vote banks for their own vested interests.

In this background, it was felt that unless they are empowered and assured representation in elected local institutions, their status in the society cannot be improved. Accordingly, in order to improve their status and to ensure their participation, different steps/measures were initiated by the Government which have made the decentralised system more democratic.

### **5.2.2 Empowerment: National Attempts**

With the dawn of Independence and the adoption of the Republican Constitution, several legal measures were taken by Parliament and the Government of India, which improved

the status of women, SCs/STs and OBCs in India. The Constitution guaranteed them equal rights of participation in the political process through the provision of universal adult franchise (Arts, 325 & 326) along with equal opportunity and rights in education and employment (Arts, 14,15,16(2) and 17). The chapter on Directive Principles of State Policy makes special provisions for improving women's status. These directives are mentioned in Articles 39(a), 39(d), 39(c) and 42 of the Constitution. All these provisions clearly indicate that women obtained legal sanction for most of their demands. Seats are reserved for SCs/STs and OBCs in government jobs and legislative bodies (Arts 330, 332 and 335). Free-ships and scholarships provisions are there for SC/ST students. Besides, there is a provision of reservation in admissions in State-run/aided educational institutions. Their interests are also to guide the Directive Principles of State Policy (Arts 38 and 46).

Some of the other initiatives in this direction were – setting up of an exclusive Department of Women and Child Development in 1983; setting up of Women Development Corporations in 1986-87, in order to give the necessary thrust to development of women in the States; launching of Support to Training and Employment Programme in 1987; setting up of National Commission for women in 1990, to safeguard the rights and legal entitlements of women; setting up of *Rashtriya Mahila Kosh* in 1993, to meet the credit needs of poor women; launching of *Mahila Samridhi Yojana* in 1993; launching of *Indira Mahila Yojana* in 1995; etc. A National Commission for SCs and STs has been constituted to investigate and monitor all matters relating to the safeguards provided for the SCs and STs. A National Commission for Backward Classes has been constituted.

### 5.2.3 Empowerment: Grassroots Initiatives

The most significant landmark in this direction was the passing of 73<sup>rd</sup> and 74<sup>th</sup> Constitution Amendment Acts, 1992. These Acts provided one-third reservation of seats for women in the rural and urban local bodies, i.e., the Panchayati Raj Institutions and municipal bodies. These Acts provides that in every Panchayat/Municipality seats shall be reserved for the SCs and STs in proportion to their population. It further provides that not less than one-third (including the number of seats reserved for women belonging to the Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election in every panchayat/municipality shall be reserved for women and such seats may be allotted by rotation to different constituencies in a panchayat/municipality [(Arts 243 d(3) and 243 t(3)]. The Acts also provide that not less than one-third of such reserved seats shall be reserved for SC and ST women as the case may be. Besides, seats are also reserved for the office of the Chairpersons in the rural as well as urban bodies. Sp far as reservation for OBC is concerned, it has not yet been mandated by the Act. However, it has been left on the discretion of the States.

### 5.2.4 Empowerment: Operational Framework

Empowerment is one of the major objectives of the third generation of panchayats in India. It is not simply a statutory provision, to be given from above, it is rather a process to be reactivated with initiatives from below. It looks for a transformation in the pre-existing structural arrangements of society that legitimize the structure of subordination of women and the marginalized groups (Singharoy, Debal K; 2003:203).

Over the last decade, both intensive and extensive experimentation in this direction were undertaken by the Panchayati Raj Institutions (PRIs) and the Urban Local Bodies (ULBs). The functioning of the PRIs and the ULBs during the last decade shows that the

participation of women, SCs/STs and OBCs in these bodies is considered essential not only for ensuring their political participation in the democratic process but also for realizing the developmental goals for them. Their participation in these bodies can be as voters, as members of political parties, as candidates and as elected members of PRIs and ULBs (Bhargava, B.S. and Vidya, K.C; 1992: 603).

The enactment of the 73<sup>rd</sup> & 74<sup>th</sup> Amendment Acts, with a view to involve the disadvantaged groups in decision-making provides psychological empowerment and a sense of political efficacy, to those who had been left powerless, to influence public decision that affect them. This is indeed a welcome, though delayed gesture, for democracy will not be meaningful in a traditional society like India without the full involvement of women and other weaker segments of society. But a constitutional provision is only a necessary and enabling step which should be followed by effective measures for their upliftment (Mathew, George; 1994: 130).

In the sense of its being an enabling and necessary, though not sufficient, condition for empowerment, the Acts are a milestone in the way of women and other weaker sections assuming leadership and decision-making position, as it makes such a role mandatory and universal for the whole of India. The initial reaction to empowerment by way of announcement of reservation for women as well as SCs and STs was one of excitement and happiness on the one hand and of bewilderment and anxiety on the other. Even scholars on women's studies and development workers were of the view that finding 7.95 lakh women to occupy the membership positions for the three-tier PRIs by the time elections have to be held all over India would be a difficult task (Kaushik, Susheela; 1995: 3).

However, the electoral outcome in terms of women's participation has been very encouraging in certain cases. Not merely in the reserved constituencies, but even in the general constituencies, women contested with great confidence. In many cases, the percentage of women who got elected to the PRIs exceeded the reserved quota. The first elections to the PRIs, after the 73<sup>rd</sup> Amendment Act, suggested that in Karnataka 43 per cent, Madhya Pradesh 38 per cent and West Bengal 35 per cent of elected positions in the PRIs were held by women (Mishra, Sweta; 1995:116). It was probably such an encouraging development in these elections that made persons like Biju Patnaik to ask for fifty per cent reservation of seats for women in the Panchayati Raj system.

In Haryana, for the first time, a large number of women took up posts such as Panchas numbering 17,918; sarpanchas 1,978, members of Panchayat Samiti 806, Chairpersons of Panchayat Samiti 37; members of Zila Parishad 103 and Chairpersons of Zila Parishad 5 (Mahipal; 1995). In Karnataka, where elections to the grassroots tier were held in 1994, women's representation was quite encouraging. Out of a total of 80,627 seats in 5,640 Gram Panchayats 43.77 per cent were held by women (Datta, Prabhat; 1995). In their second term, i.e. 2000 elections, total number of women Adhyakshas and women Upadhyakshas elected in the Zila Panchayats were 18, in Taluk Panchayats 115 and in Gram Panchayats 4,291 were women office bearers (Subha, K. and Bhargava, B.S., 2004: 110). Karnataka has the distinction of having the highest number of women elected at all levels – 37, 689 (46.7%) for Gram Panchayats, 1,343 (40.2%) for Taluk levels and 335 (36.45%) for the Zila Panchayat. Karnataka also had an all-women Panchayat in Mydolalu village in Bhadravati taluk of Shimoga district (Ibid; 111).

When the new government of NDA coalition came to power in Bihar, in February 2006, by an ordinance it made a provision to reserve 50 per cent seats for women and also



OBCs in proportion to their population. Accordingly, in the recently concluded elections in Bihar, 50 per cent reservation was given to women, which though challenged in the court of law yet is a welcome addition in the direction of women and OBC empowerment at the grassroot level.

So far as the participation of women in the ULBs is concerned, we find more or less similar situation. A study on empowerment of women in Punjab (Gill, Rajesh; 1999:45-50) reveals that womens' participation in the three corporations, viz., Ludhiana, Amritsar and Jalandhar, had been quite impressive. This is visible from the fact that in the 1997 elections, 63 women had been elected as Municipal Councillors in these three corporations and most of these elected women (56 per cent) were below 40 years. Another interesting feature of these councillors was that more than half, i.e., 32 per cent of them had education up to matric and only 16 per cent were completely illiterate. Around 36 per cent of the councillors were either graduates or post-graduates. Of these only two were professionally qualified – one was dealing with a business in computers, while another was looking after a farm/poultry.

The elections of 2002 to the urban local bodies of Kerala proves that given an opportunity, women are capable of assuming powerful positions and making meaningful decisions and implementing them too. The percentage of women representation in the municipalities (total wards 1597) was 36.88 and in the corporations (total wards 298) it was 35.07. If we compare these figures with the 1995 elections, we find that there has been an increase in the percentage of women representation. This is visible from the Table 1: (Krishnan, U.V., and Krishnan, Santhi; 2002: 16).

**Table 1: Comparison of Women Representation in Urban Local Bodies in the 1995 and 2000 Elections**

Name of the urban body	Total Wards (1995)	% age of representation	Total Wards (2000)	% age of representation
1. Municipalities	1568	34.7	1597	36.88
2. Corporations	208	34.7	298	35.07

The same trend, i.e., greater presence of women in the urban local bodies is also witnessed in Trivandrum (Table 2) (Ibid: 17). Here again the increased participation is due to 33 percent reservation of seats for women in the urban local bodies.

**Table 2: Comparison of Women Representation in Local Bodies in Trivandrum District in the 1995 and 2000 Elections**

Name of the urban local body	No. of wards	% age of women representation (1995)	% age of women representation (2000)
1. Corporations	81	34	35
2. Municipalities	3	66.66	33.33

In another study of Jaipur Municipal Corporation (Sharma, Ashok; op.cit: 87), it was found that for 70 wards there were 333 contestants, out of which 92 were female. Of these, 58 belonged to general category, 7 to SC, 4 to ST and 23 to OBC. The women councillors were of the view that reservation has brought a sea change in the value and attitudes of society. In most of the cases, it was found that the family background helped them to become councillors as some or the other members of their family were associated with politics. This scenario was witnessed even in case of Punjab.

In case of Uttar Pradesh, where elections to all the urban local bodies were held in November 1995, 53 women were elected as chairpersons of these urban bodies and more than two-third chairpersons belonged to middle age. So far as their educational background is concerned, 30 per cent of them were simply literate, seven of them were post-graduates, seven had technical knowledge and most importantly two of them had doctoral degree (Singh, U.B.; 1997: 24).

In a study of Rohtak Municipal Council (Arora, S.C. and Prabhakar, R.K.; 1998: 35-36), it was found that 17 of them belonged to such families where some or the other member had contested the Municipal Council election earlier. Twenty-seven contestants belonged to such families which were having political affiliation to one or the other party.

The above examples clearly show that women have really been empowered by way of reservation. The reservation has thus brought into PRIs and ULBs a large proportion of women elected representatives and has provided space for them in the political process.

Apart from contesting elections and getting elected to PRIs and ULBs, women have played important roles in other fields. For instance, housewives of Shastrinagar village, on the outskirts of Konnagar (Hooghly), constructed a 1 Km. long road to teach the local Panchayat a lesson. They had long been demanding construction of a road to act as an embankment during monsoons, when roads get water-logged. But the local Panchayat was apathetic to this legitimate demand. It was then that the housewives decided to construct the road themselves (Panchayati Raj Update; July 1996:7). Coyly Devi, Sarpanch of Neemuchana village Panchayat in Alwar district of Rajasthan issued notices to her own father-in-law and husband to explain why they should not be proceeded against for encroachment of Panchayat land (Panchayati Raj Update May 1995:4). In Goa, women took a lead in training women to develop plant nursery and to prepare good variety of seeds for commercial purposes, thereby enabling them to make use of their existing knowledge in agriculture. Similarly, Panchayat women in Karnataka paved the way for the economic emancipation of women flourish by arranging to impart floriculture training to them.

In Guntur District of Andhra Pradesh, Srinivasa Kumari, Sarpanch, repaid the loan incurred by her predecessors and mobilized funds for development works in a planned and phased programme. Her focus has been on education, irrigation and other amenities to the villagers (Manikyamba, P., 204: 86-87).

Fatimabee, former Sarpanch of Kalva Village, Kurnool District, was initially hesitant and even terrified to take up the role of Sarpanch. But later on she received the best Sarpanch award of the State Government for her exemplary work in improving the conditions of her village (Panchayati Raj Update; April 1997). The fact of the matter is that initially she was the rubber stamp in the hands of her husband and the de facto Sarpanch was her husband.

In a study of Rajasthan Panchayats and women's participation in them, it was found that elected women and village women have responded to mobilization round for food, water, work, housing, violence, etc. (Sujaya, C.P. and Jain, Devaki; 2004: 70).

Nirmala Buch's findings reveal that the level of participation of women is quite high. In the three states (M.P., Rajasthan and Uttar Pradesh), for example, the women's attendance in the Panchayat meetings ranged from 55.5 to 74.4 as against the men's attendance range of 68.7 to 95.6 (Buch, Nirmala; 2000).

In case of Pune Municipal Corporation, the Corporator, Ms. Chandrakanta Sonkamble, (IAWS; 2002: 8-9) was doing a very good job. She fought in the corporation for providing basic amenities to the people of her ward, and thus emerged as a popular leader. Besides, she even went to the police chowky to solve fights in the dead of the night.

Speaking at the Seminar on “Ten Tears of Panchayati Raj: Problems and Prospects”, Ms. Patricia Pinto, Councillor, Corporation of the City of Panaji, Goa, (Pinto, Patricia; 2003) highlighted the role played by women councillors in Panaji, Goa. She opined that the one-third reservation has helped Indian women get a rightful place in being able to be a part of governance in their city. There may be a few women who have built in capabilities, an educational background, or knowledge and ‘will’ to handle the task efficiently. According to her, more than 50 per cent of the elected representatives did not see their role beyond “doing people’s jobs” which translates into tackling petty civic problems and help people obtain municipal licences, etc.

In case of Uttar Pradesh (Chandrashekar, B.K., 2000: 235) it was found that the empowerment processes certainly has brought about a marked change in the knowledge, attitude, status, style of life and self-identity of elected women. Empowerment and participation in election, has given them a chance to talk and understand politics and power. The elected women gave priority to issues like:

- i) employment generation for women;
- ii) improving health and drinking water facilities; and
- iii) solving the problem of atrocities against women.

Elected women in some States have taken part in protests and rallies against low wages and for drinking water. Some are reported to have participated in demanding better implementation of Government schemes and have communicated information on Government schemes to the people for whom they were meant. Panchayat women in Kozhikode district of Kerala have made concerted efforts to solve water problems in the hilly regions of the district. In Ernakulam district of Kerala, women representatives of Panchayat strived for the enrolment of children in school and towards putting an end to the incidence of drop-out from schools.

In Arunachal Pradesh, some of the newly elected Panchayat women leaders have even faced imprisonment in the process of persuading the Government to build a twelve-bed hospital for women. They also made sure that women get access to a lady doctor every week. Besides, they have also been actively involved in community services like bund making during floods in their respective districts and villages.

So far as the empowerment of SCs/STs and OBCs is concerned, almost the same picture in regard to their effective participation is reflected from such surveys. Initially, only those SCs and STs were elected from the reserved constituency who had the patronage of the dominant sections of the society and they functioned like the mouth piece of those affluent sections in the formal meetings of the PRIs/ULBs (Mishra, S.N. and Mishra, Sweta; 2002: 30). Later on, their participation improved considerably.

In the state of Karnataka, in most of the cases, the participation of SC/ST was quite effective and they were able to assert their position and powers. This happened especially in those cases, where the elected representatives were educated and experienced. Even

the participation of OBC members has been quite encouraging. Narayana's study shows that in 1995, the dominance of the numerically and economically stronger castes (Longayats and Vokkaligas – more backward classes) in the PRIs was somewhat eroded. Thus, as compared to the 1987 situation, the power base has tilted slightly in favour of the most backward classes (Narayana, K.S; 1997). A similar situation was also noticed in the 2000 elections, where about 27 per cent of seats and about 30 per cent of the chair positions in the PRIs were taken by most backward classes members. SC/ST members together hold about 30 per cent and thus, over 60 per cent of the decision-making positions were with the disadvantaged sections (Narayana, K.S; 2005: 166).

In case of Orissa, initially there were obstructions/hurdles in the participation of SCs/STs due to their socio-economic incapacities as well as illiteracy and ignorance. However, later on there was behavioural changes in their work participation as well as in the process of self-governance of PRIs and ULBs. The OBC participation was meagre initially but the provision of 27 per cent reservation to them at each level of Panchayati Raj system of administration seems to have created a kind of self-confidence that strengthens their moral character as well as the extent of empowerment in the process of self-governance (Chandrashekar, B.K.; 2000:175).

In Bihar, the Panchayat election of 2001 empowered the lower backwards. Not only have they emerged as Chairman of Zila Parishads, but a large number of them had been elected either as Mukhias (3.9 per cent) or as members of the Zila Parishad (3.5 per cent). Their presence in the power structure had at least, become noticeable and indicated new social and political equations at the provincial level (Gupta, Shaibal; 2001; 2742).

The 2001 elections showed the heightened awareness of the SCs. About 1.6 per cent of the total number of Mukhias were from the SCs and they all got elected in direct elections. Most of the SC Mukhias had got elected in the districts that have experienced the worst atrocities, like Gaya, Aurangabad, Kaimrar, Jehanabad, Patna and Rohtas. Some district of north Bihar (Darbhanga, Begusarai, Munger and Supaul), where SC did relatively better, were powerful centers of the share croppers movement led by the communists (Ibid.). This is an encouraging trend especially when the election of 2001 were held without any reservation for SCs/STs and OBCs.

From the above analysis it becomes clear that the women, SCs/STs and OBCs have come a long way since they were empowered in 1993. During this thirteen year long journey, they came across a number of constraints and hurdles, which they tried to overcome through their participation and assuming leadership and decision-making positions. The reservation given to them in PRIs and ULBs has helped them in becoming a part of the governance in their villages and cities and now they are in a position to determine their future as well as of their constituency. But, it must be remembered that a change cannot be brought about overnight and by legislation alone (Mishra, Sweta; 1997: p.21). Whatever they have achieved during the last thirteen years is not sufficient. They have to travel a long distance in order to enjoy the real fruits of empowerment. The recently passed right to information Act will further help them in the direction of empowerment.

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### **5.3 EMPOWERMENT: PROBLEMS AND CONSTRAINTS**

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Mere legislative enactments do not ensure effectiveness and viability of the empowerment process. What is more important is their operationalization. The functioning of the new

system of PRIs and ULBs reveal the fact that initially there were many complex problems and constraints coming in the way of empowerment of women, SCs/STs and OBCs.

One of the constraints which was witnessed was that initially the women, SCs/STs and OBCs were hesitant to come forward and contest the elections. These classes, after all, had been subjected to exploitation for ages and thus could not break the shackle of illiteracy, poverty and tradition overnight. As a result, at the initial stages the politically powerful made them contest elections for their own political gains (Mishra, Sweta; 2002:40). After getting elected, they worked under the command and guidance of the males, as proxies, signing or stamping on the dotted lines. In the elections, proxy battle for ballot was evident as there was noteworthy reservation for women candidates any many fielded their wives, daughter-in-laws, daughters, nieces, etc., to fulfill their own political ambitions (The Hindustan Times; 1995:3).

Apart from these, the manipulations by local power-brokers made reservations for women, initially, ineffective for the most part. In some of the villages in Haryana, it was observed that women representatives belonged to the family of the male Panchayat leaders. It was also observed in some places a woman leader was so old that she could hardly move around. In most cases, the reservation merely strengthened the grip of the rural/city elite. The funds meant for women's welfare were not used for the right purpose. Because of ignorance on the part of women about the functional procedures and their rights, coupled with improper methods of identifying and nominating women Panchayat/Municipally members, they were not accepted as equals in local bodies by men (Jhamtani; 1995:63).

The electoral outcome also showed a few instances of violence against women. While inquiring about a land deal in Kachranli village near Panipat in Haryana, an incumbent Dalit woman member, Jindan Bai, was beaten up and abused by the police. In Madhya Pradesh, in the Harpura village of Bhind district, both the hands of a woman were broken (Kaushik; 1995:85). Tapati Sarkar, a Forward Bloc member of the Chandpara Gram Panchayat in the Gaighata Thana area in West Bengal, was assaulted with an iron rod (The Hindustan Times; 1994).

Women belonging to the traditionally marginalized groups were at the receiving end because of upper caste atrocities. Instances of such caste and gender-based atrocities can be cited from many states in the country. For example, in Madhya Pradesh, the aftermath of elections to the Panchayats, held in 2001-2002 in four of its districts – Raigarh, Chhatarpur, Raisen and East Nimar, saw blatant abuses of authority. Reports such as a lady sarpanch being paraded naked, another lady sarpanch being gang raped, an up-sarpanch being tortured; and a dalit panchayat member being beaten up, have come into limelight (Mathew, George; 2003: 155-162).

Apart from these, there are some other cases of sexual harassment against them. Bhanwari, the 'Saathin' from Bassi Block in Jaipur district of Rajasthan, was gang-raped for fighting against the evil practice of child marriage (Panchayati Raj Update June 1995:2). Draupadi Bai, a woman Panchayat member of Salheona village, was reportedly stripped naked in front of the Sariya Block Development Officer, Raigarh District (Mathew and Nayak 1996: 1765). In another incident, a woman Sarpanch of Gujarkhedhi in Khandwa district was subjected to gang-rape (Panchayati Raj Update November 1995:4). In Orissa, an Up-Sarpanch, Basmati Bara, Kutra Panchayat of Sundergarh district complained of sexual harassment by the Minister for Panchayats (Kaushik 1995: 86).



Another problem coming in the way of empowerment was that women were not permitted to enter the unreserved constituencies. This was revealed by one of the elected women in Andhra Pradesh. She said “the quota system for women has become a policy of reservation for men” (Quoted in Palanithurai, G., 2004: 52). She further said that beyond the one-third reservation, all other spaces are reserved”, i.e. held on for and by men.

Similarly, women leaders have complained about the roster system for reservation. The vice-president of the Zila Panchayat, Tumkur district (Karnataka), whose five-year term was over, said that “Five years ago I was in the kitchen, today I am able to chair a meeting and know how to handle administration and the public. Tomorrow I will be back in the kitchen for the rest of my life” – because the system devised for reservation namely the roster is such that she cannot be renominated to the same constituency (Ibid.).

Another major problem was widespread caste clashes witnessed during elections. For example, these clashes were witnessed in many districts of Tamil Nadu during the elections. There were instances of physical assault of dalit representatives in some cases. This hampered the representation of weaker section in the PRIs and ULBs. The powerful rural groups have not been able to come to terms with the shift in the local power structure towards depressed castes and perceive the new system as a threat to their traditional dominance and influence (Chandrashekar, B.K.; 2000: 216). In case of Bihar, it was noticed that although, the upper backwards have extended their political support base, the upper castes or the traditional elites still retain a substantial part of the social and political power at the grassroots level (Gupta, Shaibal; 2001: 2742). Moreover, representatives of SCs/STs found it difficult to mix up with general category representatives.

One of the hurdles in the way of empowerment is the dominating attitude of the male colleagues. According to Ms. Sonkamble, the Corporator of Pune Municipal Corporation, one of the hurdles she faced in discharging her duty was the attitude of her male colleagues who expected the women to listen to them in all matters. A comparison is always made between the performance of men and women and there also exists, a fear amongst the men that women may become more powerful, or go way ahead of men (IAWS; 2002:8-9).

Yet another constraint is the untrained nature of the representatives. As a result, after getting elected, practically half the term goes by only trying to understand the job and all that goes with it. Hence, they are not able to perform well and justify their position as elected representatives of the people.

Since elections were fought on party line and many candidates sought the support of political parties in order to contest the Panchayat/municipal elections, hence, after coming to power, party policies had to be followed by them. The women representatives complained that those representatives who were affiliated with the political party enjoying a majority in the panchayat/municipality were placed in a better position as compared to the others from parties with a weak strength. Due to the intervention of political parties, the working of the PRIs/ULBs gets politicised and the representatives had little say in the day-to-day functioning of the corporation (Gill, Rajesh; 1995: 54).

Studies conducted in several parts of the country bring forth the traditional caste based attitudes, gender insensitivity of the grassroots workers, illiteracy, lack of training of the marginalized women at the grassroots and the prevailing ideology of patriarchy and gender segregation. These factors have contributed towards the process of marginalisation of

women who belong to the deprived sections of the society (Singharoy, Deba K.; 2003: 206). Thus, it becomes clear that mere change in structure from a composition and representation will not bring the desired change in the empowerment process. What is needed is a proper orientation of the people and their representatives coupled with proper training and awareness programmes.

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## 5.4 EMPOWERMENT: THE ROAD AHEAD

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A look at the above problems and constraints, shows that in order to ensure the participation of women, SCs/STs and OBCs in PRIs and ULBs and empowerment to be effective, some effective steps have to be taken. These measures/steps are discussed below.

First and foremost, in order to ensure effective participation and make empowerment meaningful, it is essential that the weaker sections are made aware of their responsibilities as Panchayat and Municipal member. Many women's organizations and even government agencies had been involved in mobilizing women, SC/ST and OBC and raising their awareness as also encouraging them to come forward to stand as candidates when the elections were announced. In Bihar, the State Government itself organized a number of workshops on women's role in the PRIs at the district, block and panchayat levels to create awareness among them. The Indian Association of Women's Studies too launched, a nation-wide campaign to raise the awareness of women voters in the country. As a result of these awareness campaigns, women, SC/ST and OBC started coming up in open and participated in the affairs of the PRIs and ULBs.

Secondly, education is an important variable of empowerment in PRIs and ULBs. Therefore, education on politics, legislation and day-to-day procedures of the broader political and Panchayat/Municipal system is also important. Women, SC/ST and OBC have to be informed of various developmental policies and programmes, as well as those pertaining specifically to them. Basava Rajeshwari, the former Minister of State for Women and Child Development, opined that it would be "unfortunate" if the empowered women, SC/ST and OBC do not know what to do to solve the problems that they encountered in their areas. "Being eager to help is not enough. People in position should also know what kind of help to extend and when. Thus educating them is a necessity" (Chakraborty, 1995).

Thirdly, proper training becomes a must in order to make empowerment effective and really fruitful. Initially, at the national level, "training" for Panchayat representatives were given at the National Institute of Rural Development (NIRD), Hyderabad, Indian Institute of Public Administration (IIPA), New Delhi and the Lal Bahadur Shastri Academy of Administration (LBSAA), Mussoorie. The three nodal institutes prepared training modules for training the PRI representatives, assessing training needs and also determining cost effectiveness. Whatever material was prepared was sent to the State Institutes of Rural Development (SIRD) and Administrative Training Institutes (ATIs) at the State levels.

Even in some states, the process of giving training to the representatives started. Several initiatives were taken up in Karnataka for strengthening the participation of women, SC/ST and OBC representatives in the PRIs/ULBs through training and facilitation programmes, by the State Government as well as by voluntary organizations. One of the most active, enthusiastic and efficient programmes had been conducted in Tumkur district where the district authorities, the National Literacy Mission Volunteers and SEARCH, a Bangalore

based NGO, conducted training programmes for 1,693 women and 1,708 men (Janata; 1995: 13).

In Haryana, the Haryana Social Work Research Centre (an NGO) took up activities for training women for the PRIs. They had three criteria for training them. First, every mohalla should have as representative, a person belonging to the area. Secondly, all classes of people should be represented. Thirdly, all social groups (caste, communities) should be allowed to represent themselves (Centre for Development Studies and Action 1994: 11).

The Punjab, Haryana, Delhi Rural Development Foundation (PHDRDF), sponsored by the PHD Chamber of Commerce and Industry, undertook a Rs.96 lakh project to train 2,500 elected women panchas in the districts of Gurgaon and Faridabad in Haryana. It aimed at training and mobilizing women panchas by creating awareness regarding the issues relating to women and encouraging them to participate fully in the functioning of the PRIs (Panchayati Raj update June 1996: 7).

These trainings have made the people's representatives more aware towards their duties and improved their competence and capacities. In order to impart communicative skills and professionalism among them, it is felt that more and more special training programmes must be organized by the government for them. The training should be imparted just after the elections.

Fourthly, some minimum level of educational qualification should be mandatory for both men and women aspiring to contest elections to PRIs and ULBs. If they are educated, it is very good, as they are responsible for policy formulation.

Besides, these measures, certain other measures have been suggested by the scholars in their studies. For example, Sudha Pai in her study of U.P., suggests that reservation should be accompanied by female literacy, independent voting rights and change of status in family and society (Quoted by S.S. Malik in Chahar, S.S.; 2005: 187). Similarly, Bidyut Mohanty in her study of Karnataka suggests creating proper socio-economic and political conditions to enable the representatives to participate effectively in PRIs and ULBs (Ibid.).

Attitudinal changes among the male members in the families is required, as it can provide women the chance to take part in political activities. Attitudinal change is also required in the upper castes representatives so that the representatives from SC/ST and OBC categories assimilate with representatives of general categories with confidence (Malik, S.S., 2005: 189).

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## **5.5 CONCLUSION**

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Empowerment of the marginalized, especially women, calls for sensitive, empathetic and egalitarian governmental and non-governmental initiatives. No doubt, the 73<sup>rd</sup> and the 74<sup>th</sup> Amendment Acts have made it possible for the marginalized to become part of the planning and execution process of development in relation to their local needs. It has not only brought empowerment at the grassroots level but also empowerment of women, SC/ST and OBC as a whole. The empowerment of women and weaker sections would lead to good governance and greater transparency in Indian polity. It would also ensure change in the value system of the society, bringing in greater freedom, reducing oppression and inequality through next generation. All this will happen only when women, SC/ST and OBC incumbents equip themselves well in terms of awareness, competence and

manipulative skills and when educated, enlightened, competent and representatives with strong ‘political will and urge’ voluntarily come forward. (Mishra, Sweta; 2002: 31). Besides, the women representatives should be made financially strong and independent and have share in family in property. Mahila Cooperatives should be set up so as to help them becoming financially independent.

Further, if we really want to see women and weaker sections participating effectively in rural and urban governance, it must be ensured that they are recognized as decision makers and ‘women organisations’ as well as NGOs come forward to activate them by creating the necessary political urge and interest in them. Finally, regular elections to PRIs and ULBs will prove to be a milestone towards enlightenment and social and political consciousness of women and weaker sections, making empowerment meaningful and fruitful.

The process of empowerment has been underway after the passage of the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts, 1993. The experience bring to the force that initially women and weaker sections faced many problems and constraints. But with the initiatives of the government, NGOs, voluntary organizations and women organizations and the situation regular elections has started changing. As a result, the women, SC/ST and OBC were in a position to address the challenges faced by the PRIs and ULBs to meet the desired standards of governance. The crucial aspects that need to be further addressed are: female literacy, change in the attitude of male members as also representatives of upper castes, financial and functional autonomy and above all regular elections. And only when these are addressed to, the process of empowerment will be effective, meaningful and fruitful.

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## 5.6 KEY CONCEPTS

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| <b>Municipal Bonds</b>           | : The debt instruments of subnational governments in the United States. Because the interest on municipal bonds is exempt from federal taxes (state and local exemptions may vary), such bonds allow jurisdictions to borrow money at lower than commercial market interest rates. The buyers of the bonds find them an attractive investment because their high marginal tax rates make a tax-free investment more advantageous than a taxable one paying even higher interest. |
| <b>Representative Government</b> | : A governing system in which a legislature freely chosen by the people exercises substantial power on their behalf.   |
| <b>Welfare State</b>             | : A governing system in which it is a public policy that government will strive to provide a universal minimum floor of economic and social benefits for all of its citizens.  |

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## **5.8 ACTIVITIES**

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- 1) Explain meaning and need for empowerment.
- 2) Discuss the various initiatives taken for empowerment. Do you feel these initiatives will lead to meaningful empowerment?

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## **UNIT 6    COMPONENTS OF DECENTRALISED DEVELOPMENT – II: SOCIO- ECONOMIC AND POLITICO- ADMINISTRATIVE**

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### **Structure**

- 6.0    Learning Outcome
- 6.1    Introduction
- 6.2    Socio-Economic Component of Decentralisation
- 6.3    Politico-Administrative Component of Decentralisation
- 6.4    Steps/Measures to Strengthen the Socio-Economic and Politico-Administrative Components
- 6.5    Conclusion
- 6.6    Key Concepts
- 6.7    References and Further Reading
- 6.8    Activities

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### **6.0    LEARNING OUTCOME**

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After reading this unit, you will be able to:

- define the socio-economic as also the politico-administrative components of decentralised development;
- analyse the socio-economic and politico-administrative components of decentralised development; and
- suggest measures for strengthening the socio-economic and politico-administrative components of decentralised development.

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### **6.1    INTRODUCTION**

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Decentralisation — the transfer of political, administrative and financial powers to local government bodies — has received attention all over the world, in recent years. It has been considered as one of the most important elements in development strategy and has become a major element in the administrative organisation of governmental services as a result of enormous increase in the variety, number and complexity of functions of the modern state. It is a way of mobilizing support for national development priorities by interacting with people at the local level and taking their feedback.

Decentralisation is advocated as an important component of policies to improve governance in developing countries and is often regarded as a necessary precondition for socio-economic and political development. There are two main dimensions of decentralization viz., socio-economic and politico-administrative. These dimensions reflect, in general terms,

increasing and often sequential stages of progress in achieving the objectives of decentralization (Jain, S.P; 2003:588). As such it becomes important to study in detail these dimensions of decentralization.

Accordingly, in this Unit, we will be focusing on the second component of decentralised development, i.e., socio-economic and politico-administrative. In the first part of the unit, we will be discussing the socio-economic component in brief, as it has already been discussed in detail in Unit-5 and the second part will deal with the politico-administrative component.

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## **6.2 SOCIO-ECONOMIC COMPONENT OF DECENTRALISATION**

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Decentralization cannot be successful until and unless the weaker sections participate in the decision-making process. Keeping this in mind, the 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts, provided for reservation to the weaker sections, which has been hailed as a radical and welcome step. This constitutional guarantee has given adequate opportunity to the women, SCs/STs and OBCs to fight elections and be represented on the rural and urban bodies.

The access of weaker sections to rural and urban power structure has been ensured legally thereby enlarging the social base of the system. Prior to the constitutional guarantee, the members of the weaker sections hardly made any dent into the power structure. However, the policy of reservation in Panchayat and urban bodies has empowered them and given an opportunity to air their grievances and get them cleared through participatory decision-making process. (Chandrashekar, B.K; 2000:10). It has provided institutional means for the explicit recognition and representation of the oppressed groups – of women and weaker sections (Buch, Nirmala; 2005:346).

The working of decentralisation reveals both negative and positive trends. The negative trends were visible initially, especially where panchayats were headed by SC/ST persons and women. This was because of the fact that most of the members belonging to these groups were found to be illiterate, less articulate and especially inexperienced. In case of SCs/STs, initially only those were elected from the reserved constituency who had the patronage of the dominant sections of the society and therefore functioned like the mouth piece of those affluent sections in the formal meetings of the PRIs/ULBs (Mishra, S. and Mishra, Sweta; 2002:30).

Similarly, after getting elected, women worked under the command and guidance of the males, as proxies, signing or stamping on the dotted lines. In some cases, it was observed that women representatives belonged to the family of the male Panchayat leaders. In some others, it was observed that the males fielded their wives, daughters-in-law, daughters, nieces, etc. to fulfill their own political ambitions.

Thus, at the initial stages the politically powerful made them (women, SC/ST and OBC) contest elections for their own political gains. (Mishra, Sweta; 2002:40), thwarting the socio-economic component of decentralised development.

On the other hand, there were some positive trends too. The electoral outcome, especially in case of women, has been quite encouraging in certain cases. Women contested with great confidence not only in the reserved constituency but also in general constituencies, defeating their male rivals. Of course, such cases were not many, but they were no less

significant. In many cases, the percentage of women who got elected to the PRIs exceeded the reserved quota. Immediately after the first elections to the PRIs, 43 per cent elected positions in Karnataka, 38 per cent in Madhya Pradesh and 35 per cent in West Bengal were held by women (Mishra, Sweta; 1995:116). As a result of this encouraging development, former Chief Minister of Orissa, Shri Biju Patnaik, asked for 50 per cent reservation for women in the PRIs. In the recently concluded elections in Bihar, 50 per cent of the seats were reserved for women, which is a welcome step in the direction of improving the socio-economic status of these sections.

In case of SCs/STs and OBCs, almost the same picture is reflected from the surveys conducted so far. In some states like Karnataka, Orissa, Andhra Pradesh etc., their participation was quite effective and they were able to assert their position and powers. This happened especially in those cases, where the elected representatives were educated and experienced. Even in case of Bihar, a large number of lower backwards were elected either as Mukhias (3.9 per cent) or as members of the Zila Parishad (3.5 per cent) in the 2001 elections, even without any reservation for them.

In Tamil Nadu a number of people from SC community have been selected to various Panchayat positions. Various basic facilities, like drinking water, road connectivity, etc., have been provided to the people of this community. As a result, 90 per cent of them are leading a life of sub-human conditions. The SC community leaders encourage Self-Help Groups (SHGs) to participate in Gram Sabha meetings. One SC women president herself formed a trust to serve independently to the SC community (Palanithurai, G; 2005:366-369).

Elected members from the SCs and STs are typically assigned responsibility for minor functions in panchayats such as the social justice committees, which are legally required to be headed by a SC representative. There are instances where SC leaders have been able to make effective use of these committees to block inappropriate decisions or challenge the authority of the dominant caste. In parts of Gujarat, SC representatives have successfully empowered the social justice committees, but such actions are comparatively rare and usually predicated on sustained mobilization on economic and social issues (Robinson, Mark; 2005:23).

The conscientious participation and assertiveness of members and Sarpanchas especially women, has already become a legend. For example, in the farflung villages of the Kutch region of Gujarat, most of the village panchayats were headed by young and middle aged women, making determined efforts to overcome caste and functional division in the villages and seeking unity and cleaner administration (Quoted in Sivaramakrishnan, K.C; 2000:116). Buch's study of women in panchayats in the three states of Madhya Pradesh, Rajasthan and Uttar Pradesh indicated entry of a significant number of illiterate or just literate (70.5 per cent) women from the socio-economically weaker sections (41.4 per cent from BPL income households) in these institutions. Their participation in panchayats and related activities as elected representatives is quite encouraging. For example, attendance in panchayat meetings (65.5 per cent), efforts to carry their viewpoints in these meetings (42.6 per cent), weekly time devoted to panchayat work (68.6 per cent), petitions and problems received (46.1 per cent), efforts to attend these problems (34.5 per cent) and efforts made to overcome difficulties in their work (42.1 per cent) (Buch, Nirmala; 1999).

Similarly, in Puddukottai and Thiruvallu in Tamil Nadu, women's participation in panchayats was quite good. Seventy-two per cent of them attended all meetings fairly regularly, 95



per cent participated in discussions, 63 per cent spoke in community meetings, 63 per cent put forward suggestions, and 38 per cent cast votes in meetings (Athreya, V.B. and Rajeshwari, K.S; 1998).

In case of the urban local bodies too, many women councillors are educated and are actively associated with other women based organisations. They have created a forceful platform for uttering the voice of the deprived women. For example, in Kolkata, the politically aware councillors have taken up women issues at political level. (Maitra, Shipra; 2002:19). Many studies have observed that women councillors besides taking up women's issues, have taken up issues like construction, repair and maintenance of roads, provision for drinking water, sanitation, etc. Singh's Study (Singh, Seva and Singh, Ravindra; 2002: 31-32) reveal that majority of women (59 per cent) present their views freely in the council meetings. The general category women present their views more freely (68 per cent) in comparison to the backward classes (50 per cent) and SCs (29 per cent).

In a study of Kerala, it was found that the councillors have on their own, taken up initiatives for getting the work done. They discuss all the issues with the committee, take up matter individually and contact the appropriate departments in the corporation/municipality regularly and pressurise them to speed up the process so that the work gets done (Sivaramakrishnan, K.C; 2006:174).

From the above analysis it becomes clear that the socio-economic component of decentralised development has been achieved to a large extent through the process of empowerment and reservation of seats for women, SCs/STs and OBCs. The above examples and the other examples discussed in detail in Unit 5, make it clear that the reservation given to the women, SCs/STs and OBCs in PRIs and ULBs have helped them in becoming a part of the governance in their villages and towns/cities in relation to their local needs. It has provided men and women from SCs and STs a guaranteed level of representation and share of leadership positions.

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### **6.3 POLITICO-ADMINISTRATIVE COMPONENT OF DECENTRALISATION**

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Like the socio-economic component, the politico-administrative component of decentralised development too is important. The two components, viz., socio-economic and politico-administrative, go hand in hand. To realise the dreams of Mahatma Gandhi and to make decentralised development successful, it becomes important and necessary on the part of the State Governments to sincerely implement the politico-administrative provisions of the 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts. Prior to these Acts, in most states, due to the excessive government control and direction, the PRIs and ULBs were not effective for long. But now the scenario has changed. The Acts have placed greater responsibility on the PRIs and the ULBs for overall development of the villages and cities.

The politico-administrative component includes a number of issues vital to the process of decentralisation. These issues are discussed in the succeeding pages.

#### **Accountability**

Accountability is a key element for instilling the confidence in people about the local institutions. It is a precondition for creating trust in the minds of people so that the abuse of power and misuse of public resources is prevented. The PRIs and the ULBs can be

successful provided proper system of accountability is provided for, as the citizens expect their representatives to be responsive to their needs, wishes, and preferences. Accordingly, the PRIs and the ULBs must remain accountable for being responsive to the needs of the citizens they serve. This accountability should be on a day-to-day basis and not just once in five years when they go to seek votes (Ghosh, Buddhadeb; 2005:261).

The Kerala Panchayat Act has clearly recognized this principle. The Act allows the citizens to demand answers from the Panchayats for their actions. However, the citizens have not utilized this opportunity extensively and effectively (Ibid.).

Keeping the accountability principle in view, all the states have made provisions for the financial audit. Most of the states except Haryana, Punjab, Tripura and Uttar Pradesh, have made necessary provisions also with regard to social audit. Regarding the *modus operandi*, it is basically ensured through Gram Sabha where the Panchayati Raj members are expected to answer to the queries of the people. In the state of Kerala, the monitoring Samitis have been formed for supervising various development works and to report to gram sabha about their findings (Gupta, D.N; 2004: 48-53). In Madhya Pradesh, the panchayats have to display the details of works undertaken by them. The villagers can take the certified copy of any document by paying nominal fees and the members of the gram sabha can raise issues and ask questions from elected members during the meeting of social audit (Ibid; 124). In Rajasthan, the Majdoor Kisan Shakti Sangathan (MKSS) organised popular movements and demanded information from the panchayats about the quantum of public fund that was available and the manner in which it was spent. By organising *jan sunwai* or public hearings, they compelled the panchayat leaders and government officials to account for the development expenditure (Ghosh, Buddhadeb; 2005:261).

The above examples clearly prove that ample provision has been made in the Amendment Acts in order to ensure accountability of the representatives to the citizens. In order to implement these provisions, all that is needed is social activism like the one in Rajasthan (MKSS). People should be vigilant and should question the decisions of PR/Council members in case there is a genuine need and also participate actively during discussions in the panchayats/councils. They could give 'a tangible quality to the abstract notion of transparency and the right to information.

### **Representation to MLAs and MPs in Local Bodies**

So far as the representation to MLAs and MPs in local bodies, especially the PRIs, is concerned, the surveys indicate that in most of the states MLAs and MPs are the members of intermediate (block) panchayats and Zila Parishads and they also have voting rights in the meetings of the concerned panchayats. States like Andhra Pradesh, Assam, Bihar, Himachal Pradesh, Karnataka, Madhya Pradesh and Orissa fall in this category, with the only exception that in Madhya Pradesh, they do not have voting rights in the meetings of Zila Parishad and in Himachal Pradesh they do not have voting rights in the election or removal of the Chairperson or Vice-Chairperson, at both the levels i.e. intermediate panchayat and zila parishad. States like Kerala, Maharashtra and Rajasthan do not provide representation to MLAs and MPs in the intermediate and zila panchayats, while Tamil Nadu provides representation only in zila panchayat. In Uttar Pradesh they are the members but do not have voting rights in both the tiers. Similarly, in Gujarat, only MLAs are permanent invitees in block panchayat whereas in the zila panchayats, both MLAs and MPs are permanent invitees but they do not have voting rights in both the tiers (Gupta, D.N; 2004: 48).

The provision of representation and voting right to MLAs and MPs in PRIs in the capacity of ex-officio members has been questioned on the ground that it would lead to over domination of panchayats by them. The Zila Parishad presidents have highly resented on this issue in order to maintain its sanctity. The Panchayat members feel overwhelmed and marginalized by the presence of MLAs and MPs in the panchayat meetings and hesitate to speak in the meetings.

### **Role of Bureaucracy**

The effective functioning of PRIs and ULBs depend on facilitative functional relationship in terms of coordination and cooperation between the elected and official functionaries. In other words, the administrative wing should function under deliberative wing, that is, bureaucracy should be answerable and accountable to the elected political leadership.

The functioning of the PRIs and the ULBs indicate disturbing trends. This is due to the fact that the state Acts have given ample scope for the state governments, through bureaucracy, to exercise control, supervision, powers of dissolution and of annulling resolutions. The bureaucracy, in most states are in a prime position, over the elected leadership. However, in states like Karnataka such powers are vested with higher level panchayats, (Chandrashekar, B.K; 2000:10).

In case of Andhra Pradesh, the power to exercise control over Mandal Parishads and Zila Parishads is vested with the Commissioner of Panchayati Raj. While the District Collector has the authority to: (a) suspend or cancel any resolution passed by these bodies; (b) initiate action in the event of default; (c) suspend the Chairman (ZP), the President (MP) and the Sarpanch (GP); and (d) dissolve the Zila Parishad/Mandal Parishad/Gram Panchayat and any of the Standing Committees. Besides, the Collector, as the head of the district administration, continues to coordinate the development activities in the district as no transfer of development functions and the related staff from the line departments to the Zila Parishad has taken place so far (Ibid: 28).

The Andhra Pradesh Government has introduced a major change in village administration by establishing Village Secretariats. Since January 1, 2002, a permanent executive – Panchayat Secretary – came into existence in Andhra Pradesh at the Panchayat Secretariat. This system had already been introduced in states like Rajasthan, Uttar Pradesh, Madhya Pradesh, Kerala and Gujarat. The Panchayat Secretary plays vital role in discharging the various duties and responsibilities assigned to him by the district as well as state administration while implementing the policy decisions taken by the Panchayat Secretariat Legislature (Kumar, A. Vijay and Sudhakar, E; 2003:202).

However, very soon it was realized that the system of Panchayat Secretary had certain flaws. It was criticised on the ground that Panchayat Secretaries are super-imposed by the state government on the village panchayats, affecting their independent status and often encroaching on the powers enjoyed by the elected representatives of the village panchayat. Further, it was realized that during the past one year of its implementation, the villages are no longer treated as units of local self-government, instead they are made the subjects of various government departments and their officials at the district and mandal levels. Since they are not responsible to the village panchayat, they enjoy and exercise authority without any responsibility. Besides, the multiple functions assigned to them, make them direct subordinates to the revenue and mandal parishad officials. These officials are more prone to interfere in the affairs of the village administration. As a result, the village administration gets more centralized, rather than being decentralised, in the hands of the revenue and

other departmental officials, making the village democracy a puppet in the hands of the village bureaucracy ((Ibid; 204-205).

In case of Haryana, there is a provision for an Additional Deputy Commissioner as the ex-officio Chief Executive Officer (CEO) of the Zila Parishad. But unlike the Panchayat Samiti Executive Officer, is not under the administrative control of the President of the Zila Parishad. Besides, the Government shall also post from time to time to work under every Zila Parishad such number of other officers and officials of the Government including any officer and official appointed to such services from amongst persons employed by existing DRDA (Mishra, S.N. and Mishra Sweta; 2003: 104).

In some states like Maharashtra, Gujarat etc., the District Collector has been given no direct responsibility for achieving coordination between district administration and state administration. The role of Collector is generally restricted to certain functions like election or reporting regarding resolutions like no confidence against office bearers etc. (Chandrashekar, B.K; 2000:146). In Gujarat, the District Collector did not exercise any power over PRIs in the state except that he could suspend Sarpanch/Up-Sarpanch against whom criminal proceeding involving moral turpitude was instituted (Sharma, P.R. and Joshi, R.P; 2004:133).

In Madhya Pradesh, initially, the Collectors were made the Chief Executive Officers of the zila parishads and they were assisted by full time additional chief executive officers. Later on, independent chief executive officers primarily drawn from the IAS and the state civil services were appointed. These officers were also to function as Executive Directors of the DRDAs.

In 1996, the Madhya Pradesh Government made changes in the administrative structure and the structure of Panchayat bodies by establishing District Governments. This was done in order to make Panchayats more effective and people oriented – as also to establish an organic inter-relation between the three-tier Panchayat bodies so that there will be clear division of functions between them. Thus the Zila Panchayats became the District Government. The CEO of the higher level Panchayat will have administrative control over administrative staff of the lower level panchayats (Ibid;:132).

The establishment of District Governments in Madhya Pradesh is in tune with the decentralisation process and to make the government more responsive and democratic. The District Government has been entrusted the responsibility of all district level developmental plans and evaluation of activities and programmes, their supervision, monitoring and follow-up. The fundamental principle is to delegate and transfer such powers to the District Government, which are not within the jurisdiction of Municipalities and PRIs, so that the citizens get appropriate and complete benefit of decentralised governance (Behar, Amitabh; 2000:677-79). With the introduction of District Government, a framework has been evolved for village level government so as to empower villagers to take decisions on matters concerning them and making bureaucracy answerable to the villagers.

In case of West Bengal, the collector was made the ex-officio executive officer of the zila parishad. An officer of the rank of the Additional District Magistrate and a senior state civil service officer were appointed as additional executive officer and secretary of the Zila Parishad respectively. However, the bureaucracy of various departments involved in rural development were not placed under the control of Panchayats either at the district level or at any of the lower levels. Rather their cooperation was sought through the Standing

Committees of the Zila Parishad and Panchayat Samiti in which they were made members. As such, the district bureaucracy is now reconciled to the fact that it has to work with the Panchayats (Ibid; 243).

In a state like Punjab, bureaucracy has been given real powers of control and supervision of these institutions thereby establishing an officers rather than a people raj. The Block Development and Panchayat Officers or any other officer of his rank presides over the meetings to discuss no confidence motions. The Director Panchayats could remove or reinstate a sarpanch. The Director shall also determine the period of suspension of elected representatives. In several other areas pertaining to disqualifications, suspension, fine and penalty, the order of the Deputy Director or the director will be final.

The experiences from various states makes it clear that the state Acts have given sufficient grounds to the state governments, through bureaucracy to exercise control, supervision, powers of dissolution and of annulling resolutions. Such provisions result in problems like recurring confrontation figuring between the District Panchayat leadership and administrative leadership. This is mainly due to the absence of a clear cut demarcation of powers, functions, responsibilities between Panchayat functionaries, particularly between the presidents and Chief Executive Officers of the Panchayats.

### **Role of District Rural Development Agency**

The District Rural Development Agency (DRDA) had an independent existence even when the new system of decentralisation became operational. DRDA was the principal organ at the district level to oversee the implementation of different rural development programmes, more particularly the anti-poverty programmes. As a result, a dyarchical situation at the district level existed. In order to avoid this, the Central Government, in 1996, recommended the merger of DRDA with PRIs or to put DRDA under the control of PRIs. The surveys and researchers reveal that except for some states, DRDA still has an independent status.

In Andhra Pradesh, DRDA has its own programme of rural development that is separate from Zila Parishad action plan. In Kerala, DRDA was merged with District Panchayat, though Project Director is responsible for distribution of funds of District Panchayats. Madhya Pradesh and Karnataka also merged DRDA into Zila Parishad. Karnataka was the first state to merge DRDA into Zila Parishad as early as 1987 and gave more financial and functional autonomy to it. Similarly, in Uttar Pradesh, the DRDA has been transferred to Zila Parishad, though there was resistance of state level bureaucracy. Whereas in state like Rajasthan, Tamil Nadu, West Bengal, Haryana etc., the DRDA still works as separate entity.

Thus, in most of the states, there are two separate bodies for rural development programmes at the district level, though in some states, Chairman of Zila Parishad acts as ex-officio Chairman of governing council of DRDA also. In other states like Tamil Nadu, Gujarat and Maharashtra, Collector himself is the Chairperson. But in all the states, executive powers rest in the District Magistrate or District Development Officer who is a bureaucrat (Sharma, P.R. and Joshi, R.P; 2004:188).

From the above analysis, it becomes clear that various state governments have taken measures for merging the DRDA with Zila Parishad in order to provide effective control of Zila Parishad over DRDA. Even if the DRDA is not merged, the Zila Parishad would continue to provide direction to DRDA, as it would be accountable to Zila Parishad. In



other words, the DRDA should work under the overall direction of Zila Parishad and the Panchayat Department.

### **The District Planning Committee**

The District Planning Committees (DPCs) have got constitutional status under 243 Z(d) by way of 74<sup>th</sup> Constitutional Amendment Act. The DPCs are empowered to prepare a draft development plan for the entire district by integrating the plans prepared by the panchayats and the municipalities. The new dispensation will undoubtedly have a far reaching impact on the decentralised planning and will give fillip to the institution building efforts for shouldering the responsibility for plan formulation which is an important prerequisite for micro-level planning (Singh, S.K; 2005:163).

So far as the formation of DPC is concerned, the surveys reveal that in a number of states, the DPC has not been constituted, while in some states like Haryana and Orissa it is in the process of formation. The DPCs have already been formed in states like Karnataka, Kerala, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh and West Bengal. There are variations in the composition and functioning of the DPCs. For example, the MLAs and MPs are either the members or special invitees of DPC in all the states except in Kerala. Whereas in states like Rajasthan, Tamil Nadu and Uttar Pradesh, they have been given voting rights. In still some other states like West Bengal, the Chairpersons of Panchayat Samitis, MLAs and MPs can become the members of the DPC and have voting rights by the special government order. Yet another variation is visible in Tamil Nadu where one-fifth of total block chairpersons in the district are the members of DPC by rotation. In no other state, the Chairpersons of Gram Panchayats and block panchayats are members of the DPC.

Even with regard to the Chairperson of the DPC, wide variations are seen. In Madhya Pradesh, the minister-in-charge is the chairperson of the DPC and the District Collector is the secretary. In Maharashtra too, the minister-in-charge of the district is the Chairperson of the DPC and the District Collector is the member secretary. In Haryana, the Chairperson is chosen by state government from amongst nominated members. Whereas in Karnataka and Kerala, the President of Zila Parishad is the Chairperson and in Tamil Nadu, the District Collector.

So far as the powers and functions of the DPC is concerned, here also one finds variations and overlapping. Article 243 Z(2)I empowers the state legislature to assign functions to the DPC. Majority of states have not spelt out any specific functions in the respective Panchayat Acts. They have simply borrowed the provisions as it is. A few states like Madhya Pradesh, West Bengal and Kerala have mentioned some specific role and functions to the DPC. In Madhya Pradesh, the DPC has been made Zila Sarkar, that is, district government, and has been empowered with administrative and financial powers but not accountable to the people. The DPC has been entrusted with certain powers related to transfer and postings, approval of tenders and sanctioning of projects. Earlier these powers were exercised by the government or directorate. There are certain areas of overlap between the Zila Parishad and the DPC and the DPC has been given much more power in comparison to the Zila Parishad.

On the other hand, in Maharashtra the DPCs are to prepare development plan of the district, to consider the five-year plan and perspective plans prepared by panchayats and municipalities, and to monitor the progress of the district annual plan.

In case of West Bengal, the Gram Panchayats and blocks prepare their plans and these are then forwarded to the DPC. Simultaneously, the line departments also prepare their plans and submit them to the DPC. Thereafter, the discussions are held in sub-committees/standing committees of the Zila Parishad. Once the discussions are held and necessary changes incorporated, the draft plan is submitted to the DPC for its approval.

Kerala has gone much ahead in carrying out decentralised planning process or 'planning from below'. Its much acclaimed "people's campaign for Ninth Plan" has provided many vistas of people's planning. The campaign assures that 35-40 per cent of the Ninth Plan would consist of plans prepared by the lower level bodies. The primary objective of people's campaign for Ninth Plan is "to ensure that the Panchayat/Municipal bodies prepare and prioritise of shelf of integrated schemes in a scientific manner". Maximum participation at every stage of the planning process from proposals to implementation has been ensured.

The DPCs have started functioning in Kerala. The DPCs have already scrutinized and integrated the plans of the panchayats and municipalities in the respective district from the point of view of backward and forward linkages.

The process of democratic decentralisation and decentralised planning in Kerala has been attracting attention from all over the world. "The decentralised planning process is largest of its kind in the world", says World Bank (Chandrashekar, B.K;2000:95).

The functioning of the DPCs in various states further reveals certain shortcomings. First, though the DPC has to look into the preparation of district plan based on the local needs, yet the Chairperson of DPC is not an elected member from panchayats or municipalities in most of the states. Second, the DPC does not have adequate experts as its members in order to provide technical inputs and make analysis for reaching rational decision-making despite the fact that the planning requires specialised knowledge and skills. Third, though the DPC is formed yet the supporting wing in the form of planning unit is not adequately placed. And, finally, no planning committee or unit exists at the block or Gram Panchayat level in order to carry out local level planning and also to provide vital inputs on local needs and resources to DPC (Gupta, D.N; 2004:227).

Apart from these, in the entire scheme of decentralisation, DPC is the only constitutional body in which one fifth of the total members is nominated. Even the selection of the Chairperson has been left to the state legislature to decide. As a result, DPC can emerge as strong body outside the panchayat and municipal system (Singh, S.K; 2005:164).

The operational aspects of decentralised planning in various states shows that it has several shortcomings, such as, lack of trained personnel, a confusing plethora of schemes, rigidity and lack of monitoring of the quality of the planning process and availability of resources (Ibid:172).

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## **6.4 STEPS/MEASURES TO STRENGTHEN THE SOCIO-ECONOMIC AND POLITICO-ADMINISTRATIVE COMPONENTS**

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In the previous unit i.e. Unit-5, we have already discussed in detail the socio-economic component of decentralised development as also the steps taken to strengthen it. Hence here our main concern is to provide meaningful suggestions in order to strengthen the politico-administrative component.

In order to avoid any clash or overlapping of functions of the non-officials and bureaucrats, it is required that there should be clarity with regards to the powers and functions between the two. In the absence of such clarity, there are chances of more misunderstanding and differences. The two should not only be acquainted with their powers and responsibilities, but also each other's problems, difficulties and responsibilities. Mutual understanding and respect are useful for good relations between them. They should not consider each other as competitors rather they should complement each other.

On the pattern of Gujarat and Punjab, a separate 'Panchayati Raj Service' should be established. This may solve many of the organizational, functional and personnel problems which confront the Panchayati Raj and Municipal administration. Also there is a need to follow certain principles like the 'principle of subsidiarity' as done in Kerala, transferring all the line departments functions to panchayats, and the principle as followed in Karnataka that to allocate functions to what is appropriate at a given level and not necessarily at the higher level. As a result, the overlapping of functions between the panchayats while providing for demarcation of functions and responsibilities between the non-official and official functionaries of the panchayats will be checked (Chandrashekar, B.K; 2000:12).

As planning can be a vital tool in the optimal allocation of resources and can facilitate the process of resource-matching which are very crucial in the development process, it, therefore, becomes necessary to initiate certain measures in order to strengthen the local level planning. Some of these measures are discussed below.

The DPC must have experts from various fields such as economics, HRD, technologies, agriculture, health, engineering (infrastructure) and management and their task should be to provide necessary technical inputs, to carry out the data analysis and assist in the preparation of action plan, and to monitor and provide feedback to the DPC and lower tiers.

The chairperson of the DPC should be from among the elected members of Zila Parishad or municipality.

The DPC should be given the exclusive task of planning, as planning is an elaborate exercise that requires extensive as well as intensive efforts.

The DPC should primarily guide and facilitate panchayats and municipalities in formulating their plans. It should resolve policies, priorities, programmes and strategies for the total development of the district, so as to ensure maximum and prudent utilisation and exploitation of available natural, human and other resources in the area.

The DPC may organise training programmes to impart technical skills to personnel engaged in the plan formulation at the lower level local bodies. This will enhance the capability of personnel and hence quality of planning will improve.

The DPCs should be empowered to decide upon the plans prepared for the district and it may be submitted for information to the government.

So far as accountability of Chairpersons and members of panchayats is concerned, the Central Act has provided for financial auditing. In order to be effective, it requires procedural simplification like inspection of accounts for projects or items above certain value, so that the panchayats and municipalities are not questioned for every small detail, which may prove to be counter productive.

It is further suggested that all the financial details must be displayed outside the panchayat offices and be given to all the members, so that transparency is maintained. Besides, the auditing should also be transparent i.e. at the preparatory stage itself, the objection raised by the auditors should be given to all the ward members, before the panchayats and municipalities prepare the reply. After this, the final report should be placed before finance committee of the panchayat and the gram sabha as also the municipality and ward sabha (Gupta, D.N; 2004:295-296).

So far as social audit is concerned, there is a need to have: (i) proper procedure for raising questions; (ii) recording of proceedings; (iii) compliance by the members, if required; and (iv) reporting to people about the action taken. Apart from these, there should be a mechanism for arbitration in case the action is not taken for rectification. For example, there are cases like non-availability of essential commodities or non-payment of wages, which need to be attended to by the panchayats (for which the responsibilities are given to panchayats in some states like Madhya Pradesh, Rajasthan, Uttar Pradesh). It has been observed from the field studies, that in certain cases, actions are not taken by the panchayats, despite complaints by the people. Such cases may be referred to tribunals. (Ibid.).

It is further suggested that a people's watch committee should be constituted from among of the senior citizens (non-political) at the district and block levels. It should play the role of an ombudsman and its role should be advisory in nature. It should examine the procedural shortcomings and bottlenecks in the implementation of panchayat and municipal acts.

The Rights to Information Act is a welcome step in the direction of maintaining transparency in the functioning of the local bodies. The right to information includes the rights for taking extracts and obtaining certified copies of documents of any material or information contained in a document relating to the administrative, developmental or regulatory functions of a Panchayat and Municipality and includes any document or record relating to the affairs of the Panchayat and Municipality.

With regard to the functioning of DRDA, it is suggested that DRDA should be merged with the Zila Parishad. If the merger is not done, then the DRDA should be working under the overall direction of the Zila Parishad and the Panchayat Department. In other words, the DRDA should be made accountable to the Zila Parishad. It should be further seen that the DRDAs do not become agencies to implement the programme by themselves. Rather they should oversee the implementation and other agencies. They should maintain their separate identity but function under the Chairmanship of the Chairman of the Zila Parishad. Their role is supportive for providing technical inputs to Zila Parishads and facilitating, by way of coordination with banks/line departments, for implementation by panchayats. They should also match over and ensure transparency and effective utilisation of the funds intended for anti-poverty programmes.

The functioning of the rural and urban local bodies reveal that there are lots of problem due to the presence of MLAs and MPs in the Panchayats and Municipalities as their members. It is highly objected by the elected Panchayati Raj and Municipal members. Accordingly, it is suggested that amendment should be made in the existing 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts thereby scrapping the provision related to the membership of MLAs and MPs in the rural and urban local bodies.

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## 6.5 CONCLUSION

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The socio-economic and politico-administrative component of decentralised development can be achieved only when the above recommendations are implemented in letter and spirit. Sincere effort should be made by the Government to see that there is no clash between the elected representatives of Panchayats and Municipalities and the MLAs and MPs on the one hand and between the bureaucrats and people's representatives on the other. In order to provide a definite direction, there is a need of bringing amendments in the Central Acts in order to bring mandatory nature in the Act.

Among other, the crucial aspects that need to be further addressed are: empowerment of people, especially women, SCs/STs and OBCs, transparency, accountability, planning unit, coordination and delivery system. And only when these are addressed by the Act in concrete terms, the components of decentralised development can be set up in a right perspective.

Decentralisation is advocated as an important component of policies to improve governance in developing countries and is often regarded as a necessary precondition for socio-economic and political development. These dimensions reflect, in general terms, increasing and often sequential stage of progress in achieving the objectives of decentralisation.

The access of weaker sections to rural and urban power structure has been ensured legally thereby enlarging the social base of the system. They have got an opportunity to air their grievances and get them cleared through participatory decision-making process.

From the politico-administrative angle, a lot has yet to be achieved viz., merger of DRDA with the Zila Parishad; effective and efficient functioning of the DPCs; provision of accountability and transparency; less interference from MPs, MLAs and bureaucrats, in the functioning of local bodies. Until and unless these provisions are implemented in right earnestness, the politico-administrative component can not be achieved.

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## 6.6 KEY CONCEPT

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### **Mazdoor Kisan Shakti Sangathan (MKSS)**

: MKSS is a registered society set up in 1990 to fight corruption related to departmentally implemented public works programmes. They supported struggles of rural workers on issues of non-payment of full minimum wages. They also raised issues like fabricated muster rolls in works implemented by gram panchayats under Jawahar Rojgar Yojana, a centrally sponsored scheme. The mode of public hearings initiated by MKSS commences with the gathering of people in a village by beat of drums and then a demand for all documents related to works undertaken with public funds. By organising *jan sunwai* or public hearings, they compel the government officials and panchayat leaders to account for the development expenditure.

### **OMBUDSMAN**

: An ombudsman is an official, usually (but not always) appointed by the government or by parliament, who is charged with representing the interests of the public



by investigating and addressing complaints reported by individual citizens. In some jurisdictions, the Ombudsman is referred to, at least officially, as the 'Parliamentary Commissioner' (e.g., the West Australian state Ombudsman). The term originates from the Old Norse *umbodismaor*, and has been put to use in modern times with its use in Sweden, with the Swedish Parliamentary Ombudsman instituted in 1809, to safeguard the rights of citizens by establishing a supervisory agency independent of the executive branch. The word *ombudsman* and its specific meaning has since been adopted in to English as well as other languages, and *ombudsmen* have been instituted by other governments and organisations such as the European Union.

An ombudsman need not be appointed by government; they may work for a corporation, newspaper, an NGO, or even for the general public. Such an ombudsman obviously does not carry any governmental powers or sanction abilities.

(<http://en.wikipedia.org/wiki/Ombudsman>)

## SELF-HELP GROUPS

- : Self-Help Groups (SHGs) are usually informal clubs or associations of people who choose to come together to find ways to improve their life situation. The most useful roles for a self-help group is to provide its members opportunities to save and borrow and it can act as a conduit for the banking services to reach their members. Such groups can provide guarantee system for members who borrow or they may develop village banks in their own rights. In rural areas self-help groups may be the only way for people to get financial services.

([http:// www. ruralfinance. org/ servlet/CDSServlet?](http://www.ruralfinance.org/servlet/CDSServlet?))

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## **6.8 ACTIVITIES**

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- 1) Discuss the socio-economic and politico administrative components of decentralised development.
- 2) In your opinion what measures you suggest for strengthening the socio-economic and politico administrative components of decentralised development.

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## **UNIT 7    COMPONENTS OF DECENTRALISED DEVELOPMENT – III EQUAL DISTRIBUTION OF BENEFITS OF DEVELOPMENT**

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### **Structure**

- 7.0    Learning Outcome
- 7.1    Introduction
- 7.2    What do you understand by Development
- 7.3    The Principal of Desert
- 7.4    The Principle of Need
- 7.5    The Principle of Balance
- 7.6    Factors Influencing People's Preference for Distribution – In Small Groups
- 7.7    Factors Influencing People's Preferences for Distribution - Society wide distributions of resources
- 7.8    Conclusion
- 7.9    Key Concepts
- 7.10   References and Further Reading
- 7.11   Activities

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### **7.0    LEARNING OUTCOME**

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After reading this unit, you will be able to:

- define what is development in the context of equal distribution of benefits of development;
- understand basic principles and criteria employed for distribution of benefits of development;
- discuss the theories of justice; and
- identify factors influencing people preference for distribution.

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### **7.1    INTRODUCTION**

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Equal distribution of benefits of development is a very important and integral component of decentralised development. An attempt has been made here to explore and analyze the basic principles and criteria employed for distribution, in terms of the concepts of need, desert, equality, difference and social justice, as well as their acceptability and efficacy, need and justification, relevance and requirement, along with people's perceptions and assessment of decentralising development through equal distribution of advantages or benefits for sustainable human and social development. In this unit we will be discussing the meaning of development in the context of equal distribution of benefits of development, understand the basic principles and criteria employed for distribution of benefits of development and discuss the theories of justice.

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## **7.2 WHAT DO YOU UNDERSTAND BY DEVELOPMENT**

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Development is a multi-dimensional and multi-faceted phenomenon. It is a continuous and complex process which involves diverse agencies and people with different hierarchic levels of living, professing different occupations and having a variety of cultural identities. It encompasses myriad intervention strategies depending upon the social, economic, political and cultural status of the people. Exogenous models of development alien to the local genius can go up to a point but remain ineffective in the long run to solve the chronic deficiencies and socio-institutional imbalances. Real development can take place only by solving the problems of poverty of all kinds and of all shades of people, men and women, high and low, advantaged and disadvantaged. So development is incomplete without developing all the sections of society including the women and the other excluded sections who constitute more than 50 per cent of the population.

Development strategies are usually and typically conceptualized by economists in terms of savings, investments, imports, exports and growth; with varying roles assigned to markets and prices, and state controls and expenditures. Keith Griffin, a well-known development economist, has identified six major development strategies which have been carried out by governments in developing countries. They have been described as the monetarist, the open economy, industrialization, green revolution, redistributive and the socialist strategies (Griffin 1989).

Development, thus, generally means the improvement of people's lifestyles through improved education, incomes, skills development and employment. Development also means that people should have decent housing, security, food, clothing and skills to read and write. Development usually involves major changes in social structures, popular attitudes and a national condition of life from unsatisfactory to satisfactory (Servaes 1999:77).

Mansell and Wehn (1998:8) have argued that development does not mean the same thing in most developed countries (MDCs) and least developed countries (LDCs). They also argue that development has been understood since the Second World War to involve economic growth, increases in per capita income, and attainment of a standard of living equivalent to that of industrialized countries. However, there are many areas of development that need to be developed for a sustainable and just development, for example, education, health systems, technological development, distribution and innovation.

### **Economic Development**

Even the meaning of economic development has changed considerably during last twenty years. Two pioneering studies are Dudley Seers, "The Meaning of Development" (1967, 1979), for the earlier period and Amartya Sen, *Development as Freedom* (1999), for the later. In these studies, the meaning of development also encompasses measures and strategies of development and approaches to its study. If we examine works beyond these, we find that both economists were critical of the development literature of their times. For Seers, neoclassical economics had a flawed paradigm and dependency theory lacked policy realism. After the fall of state socialism in 1989-1991, the ideological struggles among economists diminished. Amartya Sen did not focus on ideological issues but, according to the Nobel prize committee, "restored an ethical dimension to the discussion of economic problems" such as development.

### **Human Development**

During the last decade, the concept of human development has received much attention in development economics because it provides a link between growth and development. Development is more than just expansion of income and



wealth. Human Development is being perceived as an end and growth as a means. The Human Development Report 1990 has defined development as a process of enlarging people's choices. The most crucial of these wide-ranging choices are to live a long and healthy life, to be educated, and to have access to resources needed for a decent standard of living. Human capabilities can be formed through good health, knowledge and skills. The formation of human capabilities and the use people make of their acquired capabilities are the basic requirements for the enhancement of their choices and capacity to exercise them.

Despite the accumulating forces for a greater participation for overall development, large number of people continue to be excluded from the benefits of development, especially the weaker sections of society including women. Therefore, equal distribution of the benefits of development becomes crucial for growth to be sustainable and development to be viable and feasible.

### **What Exactly is Equal Distribution and Social Justice**

The question is, when we talk and argue about equal distribution and social justice, what exactly are we talking and arguing about? Crudely put we discuss how the good and bad things in life should be distributed among the members of a human society. When, more concretely, we attack some policy or some state of affairs as socially unjust, we believe that a person, or more usually a category of persons, enjoys fewer advantages than that person or group of persons ought to enjoy or bears more of the burdens than they ought to bear, given how other members of the society in question are faring.

Another pertinent question is, what exactly are the goods and bads, the benefits and burdens, whose allocation or equal distribution is the concern of just development. We tend to think immediately of income and wealth, jobs, educational opportunities, and developmental benefits, but how far should the list be extended and what is the rationale for including or excluding particular items? A preliminary list of benefits must include at least the following: money and commodities, property, jobs and offices, education, medical care, housing, transportation, welfare, child care, personal security, honors, prizes, entertainment and leisure opportunities. What makes them concerns of just distribution is that they are valued goods whose allocation depends on the workings of the major

social institutions. These goods matter because of the way in which they enhance the quality of individual lives and choices. Thus, equal distribution becomes a crucial component of distributive justice which, in turn, is an essential aspect of social justice.

Second, if social justice has to do with distribution, what precisely does this mean? Must there be a distributing agency that brings about the outcome whose justice or injustice we may try to assess? And are we thinking about how government policies, affect the fortunes of different groups in society, or is our concern much wider than that, encompassing all kinds of social activities that determine the shares of goods that people have and their consequent status?

There are five broad theories of justice, which can be utilized for equal distribution of the benefits of development i.e., the principle of equality, the principle of utility, the principle of compensatory justice, Rawlsian principle of 'justice as fairness' and also the concept of social justice. All these theories of justice involve some kind of distribution of benefits and burdens amongst the members of society. The principle of formal equality lends credence to the principle of desert. The conception of proportional equality recognizes apportionment according to need, while the Rawlsian theory and Honore's conception of social justice suggest some sort of compromise between the two rival theories.

Different philosophers put forward different potential bases of apportionment. Reasons based on individuals' deed, merit, need, status, entitlement or right are all in appropriate circumstances, proper bases of apportionment. The standard positions taken in the unending debate over these issues can usefully be classified either as egalitarian or libertarian. Egalitarians do not favour the idea of distribution according to desert and hold that economic assets should be distributed equally. On the other hand libertarians hold that economic assets should be left in whatever hands they reach through free and fair individual transactions. This approach gives full credence to the desert theory and rejects the idea of distribution according to need. Now we will be discussing the various theories of justice.

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### **7.3 THE PRINCIPAL OF DESERT**

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Justice according to desert rests on the principle that it is fair to reward others according to their merit or deserts. The entrepreneurial ideal first espoused by Adam Smith, encouraged the members of the middle classes to demand that careers, rewards and riches be made available to the most talented men, regardless of their family back-ground.<sup>1</sup> Spencer also identified justice with distribution according to desert when he says:

“Each individual ought to receive the benefits and the evils consequent upon conduct. When we act, and especially when we produce, we naturally create certain benefits, depending on our efforts, skills and capacities, and their benefit ought to be secured to us.”<sup>2</sup>

Another advocate of desert principle is George Harris. He maintains that all social values must yield whenever those values threaten meritocratic rule. The basic rule advanced by him is that so far as men are equal, opportunities should be in proportion to their merit. Thus, the touchstone of his philosophy is “the rule of the best”.<sup>3</sup> Goldman also recombines the rationality of the rule that benefits and burdens must be distributed on the basis of competence and merit. Effort and accomplishment, according to him, play major role in satisfying criteria for positions. The desert rule would, he maintains, create incentive for individuals to develop their capacities and competencies and to be maximally productive. If positions of social importance and superior intelligence are allowed to be filled arbitrarily and capriciously, it would result in sharply diminished utility to public.<sup>4</sup> If individuals are barred from achieving goals for which they have productively worked, it would deprive them of “an important source of a feeling of self-accomplishment, self-satisfaction and pride. These are central elements in the respect that one enjoys from the community”.<sup>5</sup>

Thus, according to the principle of desert, the most competent acquire a *Prima Facie* right to the positions and can claim that their legitimate expectations to the positions be fulfilled.<sup>6</sup>

Egalitarians, on the other hand, reject the idea of distribution according to desert on the ground that the people have talents or skills through accident of

nature or social circumstance. They discount altogether each man's responsibility for his own actions and the corresponding justification of differential distribution based on desert.

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## **7.4 THE PRINCIPLE OF NEED**

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Second principle of distribution of social advantages and benefits of development is 'distribution according to need'. Distribution of benefits and burdens may be justified on the bare biological necessities of life. The advocates of this approach maintain that the individuals who cannot meet their essential material needs through free transactions have a right to have these needs met out of assets of others. The principle that basic needs be guaranteed by Government to those who cannot meet them through their own efforts have come, to acquire an entrenched status as one of the fixed moral imperatives governing our political life.

It is widely believed that the fundamental human quality carries with it a legitimate claim for at least a minimum of welfare, simply because a given being is human. This is considered a corollary of the dignity or infinite values of the individual. It is argued that the distribution should be allowed not only to meet the bare physical subsistence because the right to mere physical subsistence would exist even in a state of nature. Something more is expected from the modern welfare States with its far more ambitious redistributive public provisions of basic goods and services. Rawls goes a step further when the 'difference principle' as formulated by him requires that the least advantaged should be guaranteed as much as possible. In other words, Rawlsian rule is not only 'satisfying' but 'maximising'.<sup>7</sup>

Kropotkin is one of the leading advocates of the approach which interprets justice as distribution according to need. His main Defence of the theory is that "the means of production being the collective work of humanity, the product should be the collective property of the race. Individual appropriation is neither just nor serviceable. All belong to all. All things are for all men, since all men have need of them, since all men have worked in the measure of strength to produce them, and since it is not possible to evaluate everyone's part in the production of the world's wealth."<sup>8</sup>

However, need theory is attacked on the ground that it presupposes wholly unrealistic alternatives – the main alternative being material advancement or unlimited human generosity.<sup>9</sup> Distribution according to need would, in the opinion of Spencer, deprive the society of the beneficial consequences of a competitive struggle for rewards and would frustrate the improvement of human race.<sup>10</sup>

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## **7.5 THE PRINCIPLE OF BALANCE**

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The brief discussion above shows that distributive principles based on desert and need conflict with each other. This requires striking of a balance between the two. The best arrangement obtains when desert remains the main element in the allotment of advantages and need criterion also finds place as a subsidiary rule of distribution. This idea would support the general framework of a liberal welfare State making allotment of advantages by merit in general and supplementing it by a policy of redistributive taxation and spending in favour of socially and economically disadvantaged class of citizens.

A single conception of just distribution accommodating both the principles of need and desert is seen at work by Miller in the contemporary market societies which he designates as “organised capitalism” as distinguished from the early market societies termed by him, as “free market societies”.<sup>11</sup> The most deserving individual is allowed the highest position in the Organisation and receives the reward which is attached to that position. But to promote the individual well-being, each citizen is held to have a claim of justice to the benefits created by competent persons. This reconciliation is also seen at work in Rawlsian theory when his difference principle provides that the greatest benefit goes to the least advantaged.

The difference between Rawls’ conception and Miller’s conception is that the former interprets the advantage of the better-off as pure incentives whereas the latter regards them as deserved rewards. Another difference between the two approaches is that Rawls believes that a single conception of distributive



justice can work in all types of societies whereas Miller's argument is that conception of social justice varies from one type of society to another.

According to Rawls, the subject-matter of social justice is the basic structure of society, understood as the major social institutions that “distribute fundamental rights and duties and determine the division of advantages from social cooperation. By major institutions I understand the political constitution and the principal economic and social arrangements ... [that] taken together as one scheme... define men's rights and duties and influence their life-prospects, what they can expect to be and how well they can hope to do”, (Rawls 1971:7).

Often justice is linked with the condition of human existence and development<sup>12</sup>. Such a view projects fair and just access to the basic requirements for existence and the development of every individual. Having taken principles of desert, principles of need, and principles of equality to be the main constituents of distributive justice, let us examine two claims: first, that people's views of justice are pluralistic, and that very often people decide what a fair distribution consists in by balancing claims of one kind against claims of another; second, that the social context in which the distribution has to be made—or more precisely how that context is perceived by those making the judgment—will determine which principle stands out as the relevant principle to follow for a just and equitable distribution of benefits of development.

While doing so, we must also try to understand two aspects of popular thinking about justice that are very important from a practical point of view. One aspect concerns the just distribution of specific goods such as housing or medical treatment. It seems likely that both people's institutions about how such goods should be distributed, and the practices that have evolved to affect such thinking, will vary from good to good<sup>13</sup>. Then there are some generalized resources, such as money, that do not immediately invoke any particular beliefs about how they should be distributed.

Another aspect is beliefs about procedural justice—beliefs about what counts as a fair procedure for deciding on the allocation or distribution of a certain good. Again, beliefs of this kind carry a good deal of weight in practice, we

must also focus on outcomes, that is, which final distribution of resources people will regard as just in different situations.

When we compare desert, need, and equality as criteria of distribution, we find one point of contrast between the first two and the third. Whereas appeals to desert or to need to justify a distribution must imply that these considerations carry positive moral weight, equality may be invoked on grounds of simplicity or convenience rather than because an equal distribution of resources is regarded as substantively just. We may face difficulty when trying to determine how to divide resources in such a way as to match the different deserts or needs of several individuals.

Alternatively, if we are told that several people have made different contributions to achieving some goal, but are not told how big those contributions are—or do not have much faith in the information we have been given—we may opt for equality as the fairest distribution available. Exactly the same reasoning applies in a case in which needs may be different but we do not have reliable information about what the differences are.

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## **7.6 FACTORS INFLUENCING PEOPLE'S PREFERENCE FOR DISTRIBUTION – IN SMALL GROUPS**

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### **Factors Influencing People's Influencing for Distribution**

Having also seen why a theory of justice or equal distribution needs to be grounded in evidence about how people understand distributive justice, we must now shift the evidence to see how people understand distributive justice in different circumstances and situations. Researchers have been interested in how distributive justice is understood in small-group contexts, or in justice across whole societies (say, in the justice of the income distribution in a country such as India or the United States). In the same way, they have been concerned with beliefs about justice—what people will say is just or fair—or with people's behavior when asked to allocate some valuable resource.

In small-group setting, it is possible either to ask people to assess a distribution—say, a distribution of rewards following the carrying out of some task by the

members of the group—or to perform the distribution themselves. On a society-wide scale, we can examine beliefs by, for instance, presenting people with different arrays of income distributions and asking them how fair they think they are, and we can examine behavior by looking at how institutions do in practice allocate resources (for instance, by considering how companies or firms set pay scales for their employees).

Each approach has its strengths and its weaknesses as a way of getting at what people really think about justice. When focusing on expressed beliefs we risk picking up what they ought to hold according to some imbibed theory, as opposed to the operational beliefs that would guide them in a practical situation. If behavior is the focus, then we are likely to find mixed motives at work, with the attempt to do justice contaminated, for instance, by self-interest. Thus, an allocator in a small-group situation may distort justice to get more reward himself (or he may bend justice in the other direction in order to be seen as generous to his co-members). Again pay scales in industry usually represent a compromise between what may generally be regarded as fair reward differentials between workers with greater or lesser skills and responsibilities and the bargaining power wielded by different sections of the workforce<sup>14</sup>.

When we turn to the contrast between justice within groups and justice across societies, small-group research gives the researcher the greatest freedom to exclude the unwanted influences, but it also raises the question as to how relevant distributive decision in small groups are to wider questions of social justice: do people in fact use the same criteria when allocating resources among two or three individuals as they do when assessing, let us say, the justice of a capitalist economy?<sup>15</sup> Generally it has been found that people may apply one criterion of justice when considering how resources are allocated individual by individual, and another criterion when looking at the overall distribution that results (for example, an allocation that gives each person what he or she deserves may be judged to be excessively inegalitarian overall). The macro-considerations at stake here may not necessarily be considerations of justice, however; they may, for instance, involve an ideal of social equality that is independent of justice. On the other hand, looking directly at beliefs about macro-justice runs the risk of introducing too much contextual constraint into the answers that people give. For

instance, if we ask people what an ideally fair distribution of income across society would be, their answers may be influenced by their perceptions of the current distribution; or if we ask them what responsibility society has to meet people's needs, they may base their answers on existing welfare practices.

### **Micro Level Groups**

There has been a lot of research at the micro-level on the factors influencing people's preference for distribution according to desert on the one hand or equality on the other<sup>16</sup>. In a typical scenario a number of people engaged in some activity have made contributions of different sizes, and respondents are asked to allocate income or other rewards, or to say what they think a fair allocation would be. Sometimes subjects are made to believe that they are participants themselves; sometimes they are simply asked to make an external judgment.

These factors appear to operate through the perceived character of the group within which the distribution is to take place. To the extent that the group is seen as made up of independent individuals whose relationships to one another are simply instrumental, the desert principle is employed. To the extent that group solidarity emerges, the preferred distribution is shifted toward equality. Asked to allocate bonuses to successful performers, people will opt for a greater degree of equality in the team case.

The assumption here, presumably, is that joint activity creates a degree of camaraderie that makes greater egalitarianism appropriate. Similar results are found when subjects are given work tasks that are either competitive or cooperative in nature<sup>17</sup>. Moreover, it can be shown that the experience of working cooperatively tends to shift people who originally favor the contribution principle toward greater support for equality<sup>18</sup>. There is a basic underlying belief that fairness requires that when the size of contributions depends on each person's efforts, people who make less effort should receive less reward<sup>19</sup>.

Two further factors help to shift the criterion of distribution from desert toward equality. One is expectations about how long the group will remain in existence. Temporary groups tend to favor the contribution principle, whereas people who expect to interact with their partners in the future are more favorably disposed

toward equality<sup>20</sup>. The other is discussion within the group. Groups who are permitted to decide for themselves which distributive principle to adopt are more likely to favor equality.

It has also been found that there is an underlying contrast, between “groups” that are made up of separate individuals either competing with one another or having merely instrumental relations, and groups in which there is a sense of common identity and solidarity. For groups of the first kind, justice is done when what each takes out is proportional to what he or she has put in; groups of the second kind, by contrast, see equal distribution regardless of inputs as appropriate. However, it is not clear thus far whether equality is being valued per se, or whether it is being used as a proxy for distribution-- according to need. This general result also has an interesting converse, namely, that when asked to choose the principle of distribution they think most likely to realize specified group goals, people who are instructed to raise efficiency, productivity and so on will suggest the contribution principle, whereas those asked to promote group harmony and good working relations will opt for equality<sup>21</sup>. Thus the distributive principle chosen not only reflects the character of group relations but also helps to constitute those relations for the future.

Thus far we have looked at factors affecting the desert-equality choice without specifying the precise basis of desert that is being used. Some experimental studies have, however, attempted to isolate the aspect or aspects of contribution thought to deserve reward<sup>22</sup>. Usually distinctions are made among ability indicating the talents or capacities someone brings to a performance, effort expended, and the performance itself, indicating how much is actually produced or achieved.

It is interesting to compare these empirical findings with the prevailing views of political philosophers on the subject of desert. It is a common view among philosophers that people can genuinely deserve only on the basis of features such as effort that are subject to their voluntary control. There is also the alternative position, that although people must be responsible for their performances in order to be deserving, the performance that forms the basis of desert may also require personal characteristics such as native ability and opportunity that are not voluntarily chosen.



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## **7.7 FACTORS INFLUENCING PEOPLE'S PREFERENCES FOR DISTRIBUTION – SOCIETY WIDE DISTRIBUTIONS OF RESOURCES**

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Up to this point we have looked at attitudes toward desert and equality in small groups. Let us also see how significantly things change when people are asked to make judgments of fairness about society-wide distributions of resources? In such cases we find the same broad pattern of beliefs, with the principle of reward according to contribution dominant but offset to some degree by egalitarianism. For instance, when people are asked to react to the proposition “The fairest way of distributing income and wealth would be to give everyone equal shares,” we find up to about one-third of respondents agreeing. Much smaller numbers opt for equality however, when forced to choose between the statements “Under a fair economic system all people would earn about the same” and “Under a fair economic system people with more ability would earn higher salaries<sup>23</sup>.”

In a British survey, for instance, 95 percent of respondents agreed with the proposition “People who work hard deserve to earn more than those who do not,” and 84 percent with the proposition “People would not want to take extra responsibility at work unless they were paid extra for it<sup>24</sup>.” Similar questions about the need to reward responsibility and the acquisition of professional skills asked in the International Social Survey Programme typically attracted agreement rates of between 70 and 80 percent<sup>25</sup>. In a Swedish survey 75 percent of the sample agreed to the responsibility proposition<sup>26</sup>. In an American study 78 percent of respondents agreed that “under a fair economic system, people with more ability would earn higher salaries,” and 85 percent affirmed that “giving everybody about the same income regardless of the type of work they do would destroy the desire to work hard and do a better job.”

The third and fourth considerations referred to above are represented by propositions such as “If incomes were more equal, life would be boring because people would all live in the same way” (61 percent agree, 39 percent disagree) and “Incomes cannot be made more equal because it's human nature to always want more than others” (82 percent agree, 18 percent disagree)<sup>27</sup>. It is clear from these responses that large majorities of people cross-nationally have a favorable

attitude toward economic inequalities that serve to reward and motivate people and that recognize skill and training.

Another aspect of processes of equal distribution is a tendency to equality in judgments about the overall pattern of economic distribution of the benefits. This tendency manifests itself in two main ways: first, in the view that the current spread of incomes and benefits is too great, and that a fair distribution would compress this range somewhat; and second, in the concern that people at the bottom end of the scale are not earning a living wage,” that is, a wage adequate to maintain a decent standard of living.

A modest degree of egalitarianism in distribution of developmental benefits may stem not from abandoning desert criteria but rather from applying them to a situation in which the economic or social system is seen to over-and under-reward various occupational groups. There is, however, another strand to this argument that appears when people are asked about various possible benefits of equality in terms of equal distribution of benefits of development. The proposition of this kind to attract majority assent is that ‘more equality of incomes would lessen social conflict between people at different levels.’

Let us turn now to the question of inequality, deprivation and low incomes. There is a common view that people at the bottom of the income scale are somehow being prevented from receiving what they deserve. For instance, the proposition “Most of the people who are poor and needy could contribute something valuable to society if given the chance’ attracts overwhelming support (78 percent in favor, 7 percent against)<sup>28</sup>.

### **Results of the Finding**

We can sum up this finding as follows: wherever needs are at stake, people will aim to equalize degrees of unmet need, which means distributing in favor of those in greater need until they are brought up to the same level as others; wherever tastes are at stake, they are much more inclined to favor individuals who can derive the greatest utility from the item in question at the expense of equality of welfare.

In micro-contexts, as we have seen, people are willing to allocate according to need when they have the opportunity to do so; they draw distinctions between needs and tastes or preferences; and there is some evidence to back the conjecture that the group context most favorable to this distributive principle is one characterized by a high level of mutual sympathy and trust.

If this interpretation is correct, people distribute on the basis of need partly for reasons of justice and partly for reasons of generosity and humanity. Two caveats must immediately be added, however. First, support or state provision is consistent with the belief that people should be able to make private provision for pensions, health care, education, and so on<sup>29</sup>. Second, people tend to be strongly concerned that the needy may not be held responsible for their neediness, either in the sense that they have brought their needs upon themselves, or in the sense that they could escape them with a little effort. This concern lies behind skepticism about social welfare provisions, which manifests itself in the view that too much money is going to people who are needy only because of their own laziness or fecklessness<sup>30</sup>.

The question is what should count as a need? Old age, disability, and sickness provide uncontroversial cases, but can need be extended to other factors less tied to physiological criteria? In Indian context, caste based social, educational and economic backwardness has also become the basis of need as well as desert based distribution.

Up to now we have been looking at how people switch among principles of desert, need, and equality when asked about fair distribution in different contexts, and also at how they balance the principles against one another when, say, both desert and need considerations are made relevant to a particular decision<sup>31</sup>. Popular conceptions of equity and justice turn out to be pluralistic in both these senses: no single principle seems able to capture all the judgments people make or the distributive procedures they follow.

More recently, Norman Frohlich and Joe Oppenheimer have conducted a series of experiments in which subjects ignorant of their own likely place in the reward schedule were asked to choose from among four alternative principles for distributing income. The experiment results confirm pluralism in beliefs about

justice. In their experiments, subjects were concerned on the one hand with ensuring that no one lived in poverty; on the other hand they wanted to ensure that the able and hard-working had a chance to reap large rewards. The difference principle was rejected because it emphasized the first concern to the entire exclusion of the second<sup>32</sup>.

### **Adam Swift – Equality Index**

Similarly Adam Swift and his collaborators constructed an equality index from the following three items:

1. “The fairest way of distributing wealth and income would be to give everyone equal shares.”
2. “It is simply luck if some people are more intelligent or skilful than others, so they don’t deserve to earn more money”
3. “The government should place an upper limit on the amount of money any one person can make.”

They have examined data for Britain, the United States, and West Germany. In Germany the effects of class on belief in equality are trivial. In Britain a significant correlation can be found when education level and class are combined, and in the United States class alone has a significant effect<sup>33</sup>. In India they could not find data.

Thus, there are significant class differences in explanations of wealth and poverty—those who are better off themselves tend to prefer explanations in terms of individual responsibility, whereas those who are worse off point to structural features such as unequal opportunities<sup>34</sup>. These differences also affect the opinion people have on the justice of present social arrangements, and equal distribution of the developmental benefits.

It is also indicated that such beliefs are to a very considerable extent adaptive, in the sense that they merely reflect the existing distribution of social advantages. People do not use independently grounded principles to assess the way their society allocates its resources; rather, their beliefs are moulded so that they come to believe that distribution is deemed unfair simply if it departs from the usual way in which advantages or benefits are allocated in the society in question.

From the discussion thus far, we can draw several conclusions about popular conceptions of equal distribution and Justice. First, people seem to be perfectly at home with the notion of social justice itself: they are prepared to apply criteria of distributive justice to existing social arrangements, and to say in broad terms what a just society would look like although they are skeptical about the chances of achieving one.

Second, people's thinking about distributive justice is pluralistic in the sense that they recognize several different Criteria of justice: depending on the issue they are being asked to address, they may either apply a single criterion to determine what justice requires or look for a compromise solution that invokes two or more. Their thinking is also contextual, meaning that the favored criterion or criteria will vary according to the social background against which the distributive decision is being made-especially the character of the group within which the allocation will take place.

Third, desert and need criteria feature prominently in this thinking. In the case of desert, we find that it is often difficult to disentangle beliefs about rewarding desert from beliefs about the necessity of giving people incentives or compensation and allowing for diversity: We also find some uncertainty about what should be the proper basis for desert in cases in which it was possible to separate the voluntary aspects of people's behavior from their performance as a whole.

In the case of need, it is clear that people see an important distinction between genuine claims of need and mere wants or preferences. We can see a reasonable degree of consensus, for instance, about which items of current consumption are to be regarded as necessities. When people think about need at the social level, they see it as setting a floor or baseline below which no one should be allowed to fall, rather than as making a claim on all of society's resources.

The third principle after need and desert is equality. Its role in popular thinking about distributive justice is not straightforward. Sometimes equality seems to be favored on grounds of simplicity, or because of lack of evidence about people's different deserts or needs. But we have also found, in people's thinking about



social distribution, a tendency to favor more equality than presently exists in liberal democracies. This is partly to be explained by considerations of desert and need: people do not regard income inequalities of the size that currently obtain as deserved, and at the bottom of the scale they also think it unfair that people cannot earn enough to meet their needs. At least some, however, seem to hold the view that the quality of life in contemporary societies would be improved if the differences between rich and poor could be narrowed.

Societies are just, we can say, to the extent that their major institutions conform to principles of need, desert, and equality—principles that together specify an overall allocation of advantages and disadvantages to individual members in a way that may finally lead to an equalitarian society based on a consensual equal distribution of benefits of development.

### **Indian Scenario**

Independent India set out to overcome its colonial under-development on the basis of planned development of its agriculture, industry, and human resource. It was to be based on an overall assessment and evaluation of the needs of India's autonomous development free of subordination to the metropolitan interests as also for banishing poverty and promoting equity and social justice. For this, optimum utilization of existing resources was imperative. Furthermore, the human and capital resource were to be augmented because the problem before India was not merely of economic development in terms of increasing production of goods and services or growth, we were also to ensure a mechanism of distributive justice encompassing all elements of social justice with special emphasis on alleviation of poverty, equality of opportunity and delivery of basic services to all.

Four decades of planning show that India's economy, a mix of public and private enterprise, is too large and diverse to be wholly predictable or responsive to directions of the policy makers and planning authorities. Actual results usually differ in important respects from plan targets. Major shortcomings include insufficient improvement in income distribution and alleviation of poverty, delayed completions and cost overruns on many public-sector projects, and far too small a return on many public-sector investments. Even though the plans have

turned out to be less effective than expected, they help guide investment priorities, policy recommendations, and financial mobilization.

Consequently, there is a shift in Government's approach towards development<sup>35</sup>. Instead of relying only on increase in general affluence to enhance the living standards of citizens, the approach is to consider the acquisition of minimum levels of education, health, employment nutrition as basic entitlements, and recognize the key role of the state in providing them to every needy citizen in the country.

There is also increased emphasis on promoting balanced development in which all regions in the country have the opportunity to develop evenly. This equity-promoting role demands that greater resources be allocated to the backward regions to remove gaps in the provision of basic services and human development. As a result, large investments will flow to those districts of the country which are classified as backward. Admittedly, these are the most difficult districts to implement development programmes because of poor governance structures, low organizational capacity, weak infrastructure and unequal power structures. If the programmes can be implemented with a modicum of success in these backward regions, it would mainstream development in the poorest parts of the country.

The Indian economy on the eve of the 11<sup>th</sup> Plan is in a much stronger position than it was a few years ago<sup>36</sup>. However, large parts of our population are still to experience a decisive improvement in their standard of living. A great number of people still lack access to basic services such as health, education, clean drinking water and sanitation facilities without which they cannot be empowered or even claim their share in the benefits of growth. These essential public services not only have an impact directly on welfare, they also determine economic opportunities for the future as they are critical inputs which determine the growth potential in the longer term.

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## **7.8 CONCLUSION**

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Equal distribution of benefits to all is an essential requirement for sustainable development of a nation. There is a need to explore processes through which the benefits of growth and development can be extended to the vast masses of India. The theoretical and experimental discussion in the previous pages provides insights into the ways and means to be adopted towards achieving this. Various organizations are also working towards this end. The government is even trying to find ways of bringing the benefits of technology-enabled learning to the rural areas to reduce the glaring digital divide. All this is essential to link growth with an improved Human Development Index.

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## 7.9 KEY CONCEPTS

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**Dependency Theory:** Dependency theory is the body of social science theories by various intellectuals, both from the Third World and the First World, that create a worldview which suggests that the wealthy nations of the world need a peripheral group of poorer states in order to remain wealthy.

Dependency theory first emerged in the 1950s, advocated by Raul Prebisch whose research found that the wealth of poor nations tended to decrease when the wealth of rich nations increased. The theory quickly divided into diverse schools. Some, most notably Andre Gunder Frank, adapted it to Marxism. "Standard" dependency theory differs sharply from Marxism, however, arguing against internationalism and any hope of progress in less developed nations towards industrialization and a liberating revolution. Former Brazilian President Fernando Henrique Cardoso wrote extensively on dependency theory while in political exile. The American sociologist Immanuel Wallerstein refined the Marxist aspect of the theory, and called it the "World-system."

**The Human Development Index (HDI):** The Human Development Index is a comparative measure of life expectancy, literacy, education, and standards of living for countries worldwide. It is a standard means of measuring well-being, especially child welfare. It is used to distinguish whether the country is a developed, developing, or under developed country, and also to measure the impact of economic policies on quality of life.<sup>[1]</sup> The index was developed in 1990 by Pakistani economist Mahbub ul Haq, and has been used since 1993 by the United Nations Development Programme in its annual Human Development Report.

The HDI measures the average achievements in a country in three basic dimensions of human development:

- A long and healthy life, as measured by life expectancy at birth.
- Knowledge, as measured by the adult literacy rate (with two-thirds weight) and the combined primary, secondary, and tertiary gross enrolment ratio (with one-third weight).
- A decent standard of living, as measured by gross domestic product (GDP) per capita at purchasing power parity (PPP) in USD.

Each year, UN member states are listed and ranked according to these measures. Those high on the list often advertise it (e.g., Jean Chrétien, Former Prime Minister of Canada [1]), as a means of attracting talented immigrants (economically, individual capital) or discouraging emigration.

**Sustainable Development:** Sustainable Development is an term used to describe methods of creating economic growth which protect the environment, relieve poverty, and do not destroy natural capital in the short term at the expense of long term development.

While many definitions of the term have been introduced over the years, the most commonly cited definition comes from the report *Our Common Future*, more commonly known as the Brundtland Report, which states that sustainable development is development that "meets the needs of the present without compromising the ability of future generations to meet their own needs".

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<sup>1</sup> Skinner and Wilson, *Essays on Adam Smith*, Clarendon Press, Oxford, 1975, p. 601.

<sup>2</sup> Spencer, *The Principle of Ethics vol. II* p. 17 quoted by David Miller in *Social Justice* Clarendon Press, Oxford, 1976, p. 186.

<sup>3</sup> This view, expressed by George Harris in *Inequality And Progress*, New York, Arno Press, 1897, at p. 7 has been discussed by Livingston, J.C. in *Fair Game? Inequality And Affirmative Action*, W.H. Freeman and Company, 1979, at p. 127.

<sup>4</sup> Skinner and Wilson, *op. cit.*, p. 17.

<sup>5</sup> Ibid, p. 25.

<sup>6</sup> Ibid, at p. 30.

<sup>7</sup> Rawls, *A Theory of Justice*, Oxford, Oxford University Press, 1971, p. 302.

<sup>8</sup> Kropotkin, *The Conquest of Bread*, New York, 1926 p. 10 quoted by Miller, D., *Social Justice*, oxford, Clarendon Press, 1976, p. 20.

<sup>9</sup> See Miller, D., *Social Justice, op. cit.*, p. 245.

<sup>10</sup> This View has been expressed by Spencer in *The Study of Sociology*, p. 314 and has been discussed by Miller in *Social Justice*, p. 197.

<sup>11</sup> A 'free market society' is characterized by entrepreneurs who owed and managed their own firms and made individual contracts with free workers according to the current conditions of the labour market. In these societies each man was seen as independent. Organized capitalism, on the other hand, is marked by the rise of large enterprises increase' in the average size of the companies, emergence of giant firms and broadening

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and strengthening of trade union movement. Organized capitalism has substituted collective bargaining between trade unions and large corporations. In these type of societies, each person is seen as part of corporate group which collectively supplies goods and services to the society.

<sup>12</sup> K.T Chandy, "Social Justice and Requirements for Development," *Legal News and Views*, No.6123, 1992, pp.42-44.

<sup>13</sup> See the general claim to this effect in M. Walzer, *Spheres of Justice: A Defence of Pluralism and Equality* (Oxford: Martin Robertson, 1983), and the copious evidence collected in J. Elster, *Local Justice: How Institutions Allocate Scarce Goods and Necessary Burdens* (Cambridge, England: Cambridge University Press, 1992).

<sup>14</sup> See J. Elster, *The Cement of Society: A Study of Social Order* (Cambridge, England: Cambridge University Press, 1989).

<sup>15</sup> See P. Brickman et al., "Micro justice and Macro justice," in M. and S. Lerner, eds., *The Justice Motive in Social Behavior* [New York: Plenum Press, 1981]).

<sup>16</sup> Helpful reviews include G. Leventhal, "Fairness in Social Relationships," in J. Thibaut, J. Spence, and R. Carson, eds., *Contemporary Topics in Social Psychology* (Morristown, N.J.: General Learning Press, 1976); G. Mikula, "On the Role of Justice in Allocation Decisions," and T. Schwinger, "Just Allocations of Goods: Decisions among Three Principles," in G. Mikula, ed., *Justice and Social Interaction* (Bern: Hans Huber, 1980); K. Tornblom, "*The Social Psychology of Distributive Justice*," in K. Scherer, ed., *Justice: Interdisciplinary Perspectives* (Cambridge, England: Cambridge University Press, 1992).

<sup>17</sup> See W.I. Griffith and J. Sell, "The Effects of Competition on Allocators' Preferences for Contributive and Retributive Justice Rules," *European Journal of Social Psychology*, 18 (1988): 443-455.

<sup>18</sup> See M. Deutsch, *Distributive Justice* (New Haven: Yale University Press, 1985) and D. Miller, *Principles of Social Justice*, Cambridge, Harvard University Press 1999.

<sup>19</sup> See E. Kayser and H. Lamm, "Causal Explanation of Performance Differences and Allocations among Friends," *Journal of Social Psychology*, 115 (1981): 73-81.

<sup>20</sup> See Mikula, "On the Role Justice Allocation Decisions"; E. G. Shapiro, "Effect of Expectations of Future Interaction on Reward Allocation in Dyads: Equity or Equality," *Journal of Personality and Social Psychology*, 31 (1975): 873-880.

<sup>21</sup> See G. Leventhal, "The Distribution of Rewards and Resources in Groups and Organizations," in L. Berkowitz and E. Walster, eds., *Advances in Experimental Social Psychology*, vol. 9 (New York: Academic Press, 1976).

<sup>22</sup> See G. Leventhal and J. Michaels, "Locus of Cause and Equity Motivation as Determinants of Reward Allocation," *Journal of Personality and Social Psychology*, 17 (1971): 229-235; K. Y. Tornblom and D. R. Jonsson, "Subrules of the Equity and contribution Principles: Their Perceived Fairness in Distribution and Retribution," *Social Psychology Quarterly*, 48 (1985): 249-261.

<sup>23</sup> Presented with this choice, 78 percent of American subjects preferred income inequality and only 7 percent preferred equality. (See H. McClosky and J. Zaller, *The American Ethos: Public Attitudes toward Capitalism and Democracy* [Cambridge, Mass: Harvard University Press, 1984], p.840. In contrast, 19 percent of Americans agreed strongly or somewhat with the first statement about equal shares. (See *International Social Project: Documentation and Codebook*

<sup>24</sup> A. Swift, G. Marshall, and C. Burgoyne, "Which Road of Social Justice?" *Sociology Review*, 2 (1992), p. 29.



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- <sup>25</sup> T.W. Smith, "social Inequality in Cross-National Perspective," in D. Alwin et. Al., *Attitudes to Inequality and Role of Government* (Rijswijk: Social en Cultureel Planbureau, 1990), p. 25. The countries surveyed were the United States, Britain, Hungary, West Germany Australia, Holland, and Italy. Of these only the Dutch stood out against inequality, with agreement raters averaging less than 50 percent.
- <sup>26</sup> S. Svallfors, "Dimensions of Inequality: A Comparison of Attitudes in Sweden and Britain," *European Sociological Review*, 9 (1993), p.272.
- <sup>27</sup> J. Kluegel and E. Smith, *Beliefs about Inequality: Americans' Views of What Is and What Ought to Be* (New York: Aldine de Gruyter, 1986), p. 107.
- <sup>28</sup> McClosky and Zaller, *American Ethos*, p. 66.
- <sup>29</sup> P. Taylor-Gooby, *Public Opinion, Ideology and State Welfare* (London: Routledge and Kegan Paul, 1985), chap. 2.
- <sup>30</sup> See N. Jaffe, "Attitudes toward Public Welfare Programs and Recipients in the United States," appendix to L.M. Salamon, *Welfare: The Elusive Consensus* (New York: Praeger, 1978).
- <sup>31</sup> There are very few studies that explicitly investigate the way people aggregate justice and distribution concerns of different kinds into an overall judgment, but for a micro-experiment see G. Elliot and B. Meeker, "Achieving Fairness in the Face of Competing Concerns," *Journal of Personality and Social Psychology*, 50 (1986): 754-760.
- <sup>32</sup> Frohlich, Oppenheimer, and Eavey, "Choice of Principles of Distributive Justice in Experimental Groups," p. 630.
- <sup>33</sup> A. Swift, G. Marshall, C. Burgoyne, and D. Routh, "Distributive Justice: Does It Matter What the People Think?" in Kluegel et al., *Social Justice and Political Change, op. cit.*
- <sup>34</sup> See J. Rytina, W. Form, and J. Pease, "Income and Stratification Ideology: Beliefs about the American Opportunity Structure," *American Journal of Sociology*, 75 (1970): 703-716.
- <sup>35</sup> See, *Unlocking Human Capital Entitlements and Governance – A Case Study*, Second Report, Second Administrative Reforms Commission, New Delhi, July 2006.
- <sup>36</sup> See, *Towards Faster and More Inclusive Growth*, An Approach to the 11<sup>th</sup> Five Year Plan (Draft), Planning Commission, Government of India, June 2006.

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## **UNIT 8 PARTNERSHIP AMONG DIFFERENT LEVELS OF GOVERNMENT – I: UNION AND STATE GOVERNMENTS**

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### **Structure**

- 8.0 Learning Outcome
- 8.1 Introduction
- 8.2 Rationale and Limitations
- 8.3 Different Fields of Partnership
  - 8.3.1 Revenue Assignment
  - 8.3.2 Industrial Policy Reforms and Investment
  - 8.3.3 Fiscal Need
  - 8.3.4 Administrative Decentralisation
- 8.4 Multi-layer decision making
- 8.5 Role of the Government
  - 8.5.1 The Role as ‘Enabler’ and the Importance of Governance
  - 8.5.2 Governance Initiatives in Intellectual Property Rights
  - 8.5.3 The Role as a Provider of Infrastructure
  - 8.5.4 The Role as Investor in Social Sectors
- 8.6 Conclusion
- 8.7 Key Concepts
- 8.8 References and Further Reading
- 8.9 Activities

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### **8.0 LEARNING OUTCOME**

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After studying this unit you should be able to:

- discuss why we need partnership among different levels of the government;
- highlight the areas of partnership;
- identify the multi-layer decision-making centres; and
- understand the role as an investor in social sectors.

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### **8.1 INTRODUCTION**

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“To open breaches, stimulate creativity, get out from abandon and solitude, promote intercultural, decentralised and democratic networks” (Jaenson F., 1998) such is the importance of decentralise governance.

In the current era of state reform everybody seems agreed that decentralisation of government is a good thing - governments themselves, aid donors and other international agencies, many of the citizens of various countries, and certainly many academic writers on good governance, public service reform and development. The case for decentralisation

is argued on both political grounds - as strengthening democracy, accountability and participation by bringing government 'closer' to its citizens - and economic grounds, those of enhancing the efficiency and effectiveness of public service provision. Decentralisation is also seen by many agencies as being effective in combating poverty.

Since the 1980s, developing countries have increasingly adopted decentralised forms of governance. Decentralisation – the transfer of authority and responsibility from central to intermediate and local governments – now concerns 78 developed and developing countries. It aims to address failures to foster development and reduce poverty, and to consolidate democracy. It may entail transferring certain planning, financing and management tasks to local units of central agencies ('deconcentration'), lower levels of government ('devolution'), or semi-autonomous authorities ('delegation'). It alters the structure and systems of governance (inter-governmental relations, state–society relations). While deconcentration and delegation imply a reorganisation of central government, devolution means relinquishing political power.

There is no standard model of decentralisation: it varies considerably from country to country. Its impact depends greatly on the original objectives and design, as well as institutional arrangements and implementation. Sustained political will is essential. In order to avoid inefficiencies in the institutional arrangements (Haiti, Zambia), decentralisation must be part of an integrated development policy reflecting locally owned models and the country's commitment. A coherent set of rules must regulate the responsibilities, functions, resources and relationships of the different levels of government. Issues include political (constitutional, legal and regulatory frameworks), fiscal (spending, revenue management, inter-governmental transfers, sub-national borrowing), and administrative factors (civil-service reform, bureaucratic capacity, managerial ability). Financial administrative resources have not always been transferred along with the responsibilities.

In this unit we will be discussing the importance of partnership, the rationale and limitations. We will also discuss the areas of partnership, the role of the government as enabler, provider of infrastructure and role as an investor in the social sector.

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## **8.2 RATIONALE AND LIMITATIONS**

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The idea of decentralisation is linked to subsidiarity (the lowest level of government that can perform functions efficiently and effectively). Economists justify decentralisation on the grounds of 'allocative efficiency', enhancing the responsiveness of policy-making and the effectiveness of poverty reduction. Decisions taken closest to a local constituency are expected to better reflect the preferences of citizens, especially the poor. As a result, local governments are more likely to implement a poverty policy through community participation and social inclusion. The challenge is to maintain a poverty focus at central and local levels, especially given the risks of local governments being captured by local elites and interest-groups, and of problems such as corruption and gender bias being replicated at the local level.

Decentralisation is not a panacea. Clearly, there are limits to what it can achieve. Not all government functions can or should be decentralised. Decentralising weak states may compound the problems, and small island states may not be ideal candidates. An appropriate balance of centralisation and decentralisation is essential, and there needs to be complementary attention to central government. Decentralisation requires a strong central entity to regulate, to provide an overall framework to manage the re-allocation of

responsibilities and resources in a predictable and transparent way, and to assist local governments build capacity in the early stages. For instance, there is compelling evidence that some of the best progress against HIV/AIDS is in countries with strong central government (Thailand). The unequal geographic distribution of resources (oil, water), people and poverty, calls for redistribution policies that only the central government can guarantee via transfers, targeted poverty-reduction programmes and social investment funds. Decentralisation, deconcentration and local governance are generally mutually reinforcing.

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## **8.3 DIFFERENT FIELDS OF PARTNERSHIP**

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### **8.3.1 Revenue Assignment**

Governments rely on a wide variety of tax instruments available for their revenue needs, such as direct, indirect, general, specific, business and individual taxes. The question addressed here is which types of taxes are most suitable for use by each level of government.

#### **Principles of Tax Assignment**

The assignment of taxes by jurisdiction depends partly on the mix of various taxes used in the country overall. In public finance theory, the issue of the ideal tax mix even in the unitary state has not been widely developed. Governments almost universally employ balanced tax systems which have the feature that different taxes apply to basically the same bases. For example, general sales taxes, payroll taxes, and income taxes have bases which overlap considerably. From the point of view of standard efficiency and equity, one should be able to make do with a single general tax base, yet no governments behave that way. The usual reason given for this is that administrative considerations play an important role. A mix of taxes keeps the rate on any tax low, thereby reducing the incentive to evade or avoid the tax. Furthermore, by using a mix of taxes, taxpayers who would otherwise be able to avoid taxation of one type are caught in the net of another, making the tax system fairer. The importance of the various taxes in the overall mix remains, however, a matter of judgment rather than something that can be deduced from the principles.

These same general considerations apply in the case of assigning taxes in a federal government system. Efficiency and equity arguments have to be tempered by administrative considerations, and the exact assignment depends upon informed judgment. We can, however, outline the economic principles that come into play in deciding which taxes to assign to lower levels of government. They are as follows:

#### **Efficiency of the Internal Common Market**

The internal common market will be functioning efficiently if all resources (labor, capital, goods, and services) are free to move from one region to another without impediments or distortions imposed by policy. Decentralized tax systems can interfere with the efficiency of the economic union in two ways. For one, the uncoordinated setting of taxes is likely to lead to distortions in markets for resources which are mobile across states, especially capital and tradable goods. This problem will be lessened considerably if state governments recognize that resources are mobile. However, if they do recognize that, they may engage in socially wasteful beggar-thy-neighbor policies to attract resources to their own states. If all jurisdictions engage in such policies, the end result will simply be inefficiently low taxes (or high subsidies) on mobile factors.

## **National Equity**

The tax-transfer system is one of the main instruments for achieving redistributive equity. The argument for making equity a federal objective is simply that all persons ought to enter into society on a social welfare functional on an equal basis, and presumably the federal government is the only level that can ensure that residents in different regions are treated equitably. This may be tempered if states have different tastes for redistribution, or if centralized decisionmaking is not guided by normative criteria. To the extent that equity is viewed as being a federal policy objective, decentralized taxes can interfere with the achievement of those objectives. As with the efficiency case, uncoordinated state tax policies may unwittingly induce arbitrary differences in redistributive consequences for residents of different states. Also, given the mobility of labor and capital across the states, the states may engage in perverse redistributive policies using both taxes and transfers to attract high-income persons and repel low-income ones. Beggar-thy-neighbor redistributive policies are likely to be offsetting with respect to resource allocation, but will result in less redistribution than in their absence. (Of course, those who abhor redistribution through government will prefer decentralized policies for precisely the same reason.) This is obviously likely to be more of a problem for those taxes which are redistributive in nature, as well as for transfers.

### **8.3.2 Industrial Policy Reforms and Investment**

The new Industrial Policy of 1991 promoted investment, both domestic and foreign, through de-restriction of domestic production and investment. A number of measures have since been taken to further ease the process of private participation in investment. Of these, the two most critical ones were:

- First, industrial licensing was virtually abolished, except for industries where licensing continues purely on public health, safety and security consideration.
- Second, the number of industries reserved for the public sector was reduced to just two [(a) atomic energy, and (b) railway transport].

Besides these, procedural delays were eliminated. Industries exempted from licensing are now required to file only the relevant information in the prescribed Industrial Entrepreneurs Memorandum (IEMs) with the Secretariat for Industrial Assistance (SIA) with no requirement of further approvals. At the State level, serious efforts for simplifying the rules and procedures for setting up and operating industrial units have been made. A 'single window' system is now in existence in most of the States for granting approval for setting up industrial units.

### **Investment Incentives**

Central Government investment incentives:

- 100 per cent profit deduction for developing, maintaining and operating infrastructure facilities.
- Tax exemption of 100 per cent on export profits for ten years.
- Deduction in respect of certain inter-corporate dividends to the extent of dividend declared.
- Various capital subsidy schemes and fiscal incentives for expansion in the north-eastern region.



- Tax deduction of 100 per cent of profits for 5 years and 50 per cent for next two years for undertakings in Special Economic Zones (Sezs)

State Government investment incentives:

- Single window approval system for setting up industrial units.
- Electricity duty, registration fee and stamp duty exemptions.
- Reservation of plots for NRIs, EOUs and Foreign Investment Projects.
- Rebate on land cost, tax concessions and octroi refunds.
- Interest rate and fixed capital subsidy

### 8.3.3 Fiscal Need

Maintaining **fiscal responsibility** is critical. Local governments must have adequate revenues – either raised locally through taxes or transferred from the centre – as well as the authority to decide on spending.

To ensure accountability, revenue means should be matched as closely as possible to revenue needs. Thus tax instruments intended to further specific policy objectives should be assigned to the level of government having the responsibility for such a service. Thus progressive redistributive taxes, stabilization instruments, and resource rent taxes would be suitable for assignment to the national government; while tolls on intermunicipal roads are suitably assigned to state governments. In countries with a federal level VAT, it may be too cumbersome to have sub-national sales taxes. In such circumstances, the fiscal need criterion would suggest allowing subnational governments access to taxes which are traditionally regarded as more suitable for national administration, such as personal income taxes.

Expenditure responsibilities of both central and local governments must be made legally explicit to enhance accountability and reduce overlap. As the revenue-raising capacities of local governments often are low, transfers remain the dominant source of revenues. The legal framework ought to clearly establish the formula for calculating transfers, to ensure predictability and avoid protracted, destabilising political bargaining. Indeed, the tax-transfer system is one of the main instruments for achieving redistributive equity at the national level. To avoid financial destabilisation (Argentina, Brazil), sub-national borrowing may be allowed under strict conditions. <sup>2</sup>

### Fiscal Incentives - Centre & States

The change in the industrial regime in the post liberalisation period was coupled with a range of fiscal incentives offered by both the Central and State Governments. Both the Centre and the States promote investment through general fiscal incentives for industries. Tax holidays from the Centre in the form of deductions are available for various types of investment, 100 per cent tax exemption is available in special economic zones and for export-oriented units.

Moreover, with a view to attract investors including those from overseas, many states are offering incentive packages in the form of various tax concessions, capital and interest subsidies, reduced power tariffs etc.

### **8.3.4 Administrative decentralisation**

Local governments must have the capacity to carry out their new functions. Controversy exists on the proper timing, pace and sequencing of reforms – should capacity be built first, or should revenue and responsibilities be transferred first? Often, capacity constraints and the vulnerability of local governments to political capture warrant caution. It may be preferable to continue delivering critical social services in a deconcentrated way, awaiting the building of sufficient capacity at the local level. Furthermore, worries about irresponsible spending and corruption as well as the central government's own reluctance to devolve authority caution against premature decentralisation. There is increasing evidence, however, that the capacities of all levels progressively increase as decentralised service systems mature.<sup>3</sup>

Civil service reform is a critical component of administrative decentralisation. Local governance often creates new layers of government, which may overwhelm national budgets, as the increase in local staff may not be matched by a reduction at the central level. Bureaucracies tend to resist reform on political (career perspectives, institutional allegiances, political networks) and efficiency terms (economies of scale and scope, coordination and principal-agent problems, gender inequalities).<sup>5</sup> Appropriate human-resource management is key.

Improving social service delivery New local government responsibilities include social services (education, health care), infrastructure (roads, water and irrigation, sewage), the environment (natural resources), social safety nets and sometimes policing. Decentralisation holds promise for improving the delivery of services, as citizen input (participation) and oversight (accountability) tend to enhance the responsiveness of public policies, especially in the social arena.<sup>6</sup> Decentralised governance may, *prima facie*, be more likely to adopt pro-poor policies, but this is not automatic, as local elites can be very successful in directing expenditure and taxation policies to their advantage and in gaining unduly from privatisation. Sub-national governments have increasingly taken responsibility for providing and funding 'local public goods' such as roads, water and sewerage systems, transit, power, and telecommunications networks, as well as other public infrastructure (sometimes establishing innovative public-private partnerships).<sup>7</sup>

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## **8.4 MULTI-LAYER DECISION MAKING**

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Administrative Decentralisation is necessitated by the principle of reconciliation between two divergent tendencies. The widening range of common interests and the need for the local autonomy. Federal political systems have now acquired more popularity. In this system it is easier to maintain a higher relationship between the various diverse elements in terms of language, ethnic origin, culture habits and way of life.

For the administrative convenience it is a multi-layer decision making centres are organised vertically and horizontally and every layer of government has its specific powers and responsibilities.

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## **8.5 THE ROLE OF THE GOVERNMENT**

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Over the years, while the role of the Government as a direct investor has diminished with the advent of liberalisation, it remains an active player in the investment domain. Four critical roles of the Government have emerged in the current scenario:

- As an ‘enabler’ of private investment activity by nurturing an environment that is conducive to private interest.
- As a provider of critical infrastructure that can support production activity and thereby encourage investment.
- As a partner of the private sector in ‘public-private’ partnerships.
- As an investor in sectors such as health and education where private interest and participation may not be adequate to serve the needs of society.

### 8.5.1 The Role as “Enabler” and The Importance of Governance

Governance refers to the management of all such processes which in any society define the environment that enables individuals to increase their capability levels and provide opportunities to realise their potential and enlarge the set of available choices. It spans an entire range of issues and activities including the quality of regulation, the delivery of public goods and services, the efficiency of resource mobilisation, the management of public finances, the empowerment of the public and the quality of judiciary. The three pillars on which the edifice of governance stands are institutions (parliament, judiciary etc), delivery mechanisms (primarily the executive apparatus) and the supportive framework of rules, procedures and laws.

The quality of governance is a critical determinant of the investment climate. Good governance can improve the incentive to invest in the following ways:

- Establishing credibility - Credibility and continuity of policy are critical to investment flows. Investors will agree to invest only if they believe that policies will remain unchanged and independent of the regime in power, particularly for infrastructure projects that have longer gestation periods
- Fostering public trust: Governance has to improve the mutual trust between Government and industry. The absence of trust in Government with respect to industry can lead to excessive regulation which in turn breeds rent-seeking behaviour. On the other hand, mistrust of the Government by investors can lead to an aversion to invest and attempts to circumvent the regulatory or policy environment in taking business decisions.

At a fundamental level, India’s superiority in the governance domain lies in the robustness of its institutions. It is a functioning democracy with an established civil service and independent judiciary. However, it is now an accepted fact that in the pre-liberalisation era, excessive intervention or the ‘license permit raj’ skewed the incentive structure considerably,

The key step in reducing the impact of excessive regulation was to reduce the degree of intervention in the economy. Steps like the abolition of licensing, removing import quotas, as well as reservations are an integral part of improving governance. Current industrial, trade and investment policy aim at ‘facilitation’ rather than control.

Policy-making in the post-liberalisation phase has focused on a long-term perspective and has signalled a commitment to the process of reform - a process of continuous improvement. Despite changes of Government At both the Centre and States, there has been no reversal of any major reform initiatives that affect investments.

### **8.5.2 Governance Initiatives in Intellectual Property Rights**

The smooth functioning of the Intellectual Property Rights (IPR) regime is critical to the growth and development of knowledge intensive sectors such as pharmaceuticals and Information Technology (IT). The government has recently taken a number of initiatives in modernising and revamping the IPR regime in the country.

- India recognises both product and process patents from 2005
- The Intellectual Property Appellate Tribunal was made functional from September 2003.
- Major initiatives are underway for modernising Intellectual Property Administration such as computerisation of intellectual property administration and creation of a digital database of patents, trademarks, liquidation of backlog and design records.

### **8.5.3 The Role as a Provider of Infrastructure**

While the Government has taken a number of measures in the past to improve the availability and the quality of infrastructure, there is little doubt that infrastructure facilities are below what could be termed optimal to support India's growth potential. Sunrise sectors like IT have their specific infrastructure needs that have to be met if their growth momentum is to be sustained.

Given these pressures, the Government has to play an active role in improving infrastructural facilities. Given the quantum of the need, it is impossible for the Government to attempt to provide everything on its own and a large amount of both domestic private and external funds are necessary to bridge the gap.

In the past, the desired amount of private domestic or Foreign Direct Investment did not flow to the infrastructure sector for a number of reasons. User charges in key infrastructure sectors like power have not been determined by the market. Entry norms in these sectors have not been clearly defined. However regulation had potential for large scale improvements and over the last few years, the Government has taken a number of initiatives to rectify these problems and create a healthy environment for investment inflows. Independent regulators for sectors like power and telecom have been set up both at the Central and State levels, who are given the freedom to set tariffs. Entry norms have been simplified with particular emphasis on enabling private sector participation. FDI norms have also been eased considerably. The recently enacted Electricity Act, for instance, introduces a comprehensive framework for reform in virtually every aspect of the sector.

### **8.5.4 The Role as Investor in Social Sectors**

Social sectors like health and education are critical to the development process. However, these sectors are susceptible to 'market failure' in the sense that the market, on its own, cannot ensure that optimal amounts of these public goods & services are provided. Returns on projects in these sectors are often too low to invite significant participation and charging market rates may mean that the sections of society which need these goods and services the most may not be able to afford them. Besides, the Government needs to focus on programmes specifically targeted at vulnerable groups. Thus, it needs to undertake investments in programmes aimed at poverty alleviation or providing employment in times of crisis such as crop failure.

Therefore, in these sectors, the Government needs to be an active investor. Total

investment by the Central Government in community, social & personal services was US\$ 7.3 billion in 2001-02 and by the State Governments' (on developmental expenditure on social services) was US\$ 29 billion in 2003-04. As the Government steps out of other sectors, it should ideally step up the investment levels in the social sectors. While there is no mechanical yardstick by which the 'optimal quantum' of social sector investments can be determined, the National Common Minimum Programme of the Government targets investments in these sectors at 6 per cent of GDP over the medium term.

The Government has historically been a key participant in investments in social sectors, spanning an entire range of sectors and activities.

However, recent evidence from education and health-care decentralisation suggests that its impact is limited and its results mixed. There is no systematic relationship between decentralisation, economic development and poverty reduction. Decentralisation has the potential to improve services for women, but there is little systematic research on this.

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## 8.6 CONCLUSION

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The basic idea behind this form of co-operation or partnership among different levels of Government- I: Union and State Government was to encourage an increased opportunity of development in local communities by means of balanced exchanges in the following sectors: the economy, commerce, culture, health, education, technology, training, social protection and all other fields of integrated human development. In the process, it became increasingly clear that democratic, peaceful development was the only way to solve problems. It strengthened the bonds between peoples and reduced the chance of degeneration into violence, a degeneration that is facilitated by the isolation and fragility of local populations.

Decentralization has the potential to reduce accountability by breaking the links between the levels of taxation and expenditure. Major expenditure responsibilities are being transferred to local governments in an effort to improve service delivery, but there are few high-revenue taxes which can be assigned to local governments without creating national economic distortions. Efficiency in tax administration suggests that local governments should levy taxes on immobile factors (e.g. property taxes) and fiscal need criteria suggest that they should also levy cost recovery user charges such as frontage taxes (tax per linear front foot of property), tolls on local roads and poll taxes. These tax revenues are unlikely to be sufficient in many localities, and thus, intergovernmental transfers are required to mitigate this imbalance. While taxation increases can create constituent pressure for good local performance, some grant designs can create central government pressure for local performance.

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## 8.7 KEY CONCEPTS

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**Intergovernmental Relations** : The complex network of interrelationships among governments; the political, fiscal, programmatic, and administrative processes by which higher units of government share revenues and other resources with lower units of government, generally accompanied by special conditions that the lower units must satisfy as prerequisites to receiving the assistance.

- Fiscal Federalism** : The financial relations between and among units of government in a federal system. The theory of fiscal federalism, or multi-unit government finance, is one part of the branch of applied economics known as public finance.
- Council of Government (COG)** : An organisation of cooperating local governments seeking a regional approach to planning, development, transportation, environment, and other issues.

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## 8.8 REFERENCES AND FURTHER READING

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## 8.9 ACTIVITIES

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- 1) Discuss why we need partnership among the different levels of government.
- 2) Explain what do you understand by the multi-layer decision making centres.



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## **UNIT 9 PARTNERSHIP AMONG DIFFERENT LEVELS OF GOVERNMENT – II: LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES**

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### **Structure**

- 9.0 Learning Outcome
- 9.1 Introduction
- 9.2 Partnership among Local Authorities and Special Purpose Agencies in Education Sector
- 9.3 Partnership among Local Authorities and Special Purpose Agencies in Health Sector
- 9.4 Partnership among Local Authorities and Special Purpose Agencies in Telecommunications Sector:
- 9.5 Partnership among Local Authorities and Special Purpose Agencies in Education Sector
- 9.6 Empower Various Agencies
- 9.7 Evaluation of Special Purpose Agencies
- 9.8 Conclusion
- 9.9 Key Concepts
- 9.10 References and Further Reading
- 9.11 Activities

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### **9.0 LEARNING OUTCOME**

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After studying this Unit, you should be able to:

- understand the significance of special purpose agencies (SPAs) in the specific field of education, health, tele-communications and other mentioned areas;
- comprehend the local administrative structure as it obtains presently in the country; and
- make suggestions for future administrative development at the field level with regard to special purpose agencies.

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### **9.1 INTRODUCTION**

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Local Administration structure in India presents a hydra-headed picture. However, there are specific regions to account for the same. Apart from the three-tier local government structure, special purpose agencies (SPA) have been set up under separate acts of parliament to carry out some selected tasks the arrangements has been considered apt from the point of view of deft handling of certain specilised subject areas, such as education, health, telecommunications and the same. A special purpose agency in the

words of Maheshwari (1968) “is an autonomous body within the powers given to it and has its own sources of revenue”.

As per Maheshwari, there are three distinct but interrelated rationale behind such structural distinctions:

- 1) Certain activities require specialised attention and hence need to be setup separately from the general administrative framework.
- 2) Certain activities need to be kept out of ‘political’ control in order to be effected.
- 3) Certain functions cannot be confined to the jurisdictional boundary of a certain municipality. Inter-jurisdiction is both logical in certain matters, such as education, transportation, telecommunication, water supply, electricity and swage disposal.

It is believed that a special purpose agency crafted outside the general administrative framework could fulfil all aforesaid requirements. Hence the objectives of SPAs could be cogently listed thus.

- To provide improved and better public services
- To emphasise commitment to transparency, dismantling of monopolies and the reform of public services
- Not to confuse it with privatisation

In this Unit, we shall discuss the rationale and purpose of special purpose agencies in the specific context of education and health care provision, telecom services, public sector undertakings, industry, rural development and academic research and development. We shall enquire into their present working and illumine the path for the future in that how special purpose agencies could help in furthering the theory and practice of ‘New Public Management’ that is informing administrative change and reform efforts round the globe.

Economics of education is relatively a new branch of economics. It has been with us since the last four decades. According to Blaug, its birth was announced in 1960 by Schultz. This does not mean that economists before Schultz had nothing to say on education, value of education and financing of education. What is new about the discovery of human capital is that an increasing number of economists have started applying the tools of economic analysis to investigate education. Becker’s *Human Capital* has set the direction of economic analysis of investment in education. Whether education is consumption or investment is no longer a major topic of controversy. It is generally agreed that education is both consumption and investment.

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## **9.2 PARTNERSHIP AMONG LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES IN EDUCATION SECTOR**

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The positive role of State in education and public finance of education are no longer matters of debate. There is near unanimity among economists as well as others that the State should take interest in developing education. Controversy continues to exist regarding whether State should own and operate educational institutions or whether it should encourage education indirectly through financial incentives, through subsidising education. It raises the questions of equity and efficiency. The two main grounds on which government

intervention in education can be rationalised are ‘neighbourhood effects’ and ‘paternalism’(owing to myopic view of parents).

When once, it is agreed that government intervention in education could be in the form of subsidies or subventions, the question that arises then is, whom should it subsidise? Institutions or students? This is largely an empirical question. When the government subsidises institutions, it subsidises the supply; when it subsidises students, it subsidises the demand. The government subsidises institutions mainly in the form of grants.

The government gives explicit grants to institutions but the students who go to schools and colleges enjoy certain implicit grants. It is generally agreed that explicit grants help the poor. But it is argued that implicit grants tend towards greater inequality for they help the rich more than the poor. This subsidy element in the fee structure may be thought of as a form of implicit grant.

Since 1960s, ‘investment in man’ has become as important as ‘investment in machine’. Indisputable evidence has been produced to show that those with more education and better health earn higher incomes. The more important types of human investment include health facilities and services, on-the-job training, formal education, adult study programmes (not organised by firms) and migration of individuals and families to better jobs.

There was a general apprehension that investment in human beings was likely to be underrated and neglected in underdeveloped countries. And there was insight into the fact that in these under-developed countries, the underinvestment in human beings has limited investment in non-human capital.

We may note here the importance of health and education in human capital formation. At this point, one has to keep in mind the caution sounded by Myrdal on the possible logical fallacies. Any attempt to analyse the impact of health or education measures without taking other policy measures into consideration involves the logical fallacy of *illegitimate isolation*.

The role of education in the economic development of a nation was underlined by some economists long before the birth of economics of education as a distinct branch of economics. “The most dramatic expose of this contribution which education makes to national development is to be found in a letter that the Soviet economist Strumilin addressed to Lenin way back in 1919, when Lenin was planning to launch Russia’s great programme of heavy industries. Strumilin warned Lenin that the vast hydroelectric power grids that he was planning, the steel mills, the machine tool factories and even mechanised farms that he was initiating would not produce what was needed unless an equivalent level of investment in education was also provided. Strumilin arrived at this conclusion through his studies in his country of its labour force, in which he had shown that workers with the primary education increased their output and wages by 79 per cent, those with secondary education by 235 per cent and those with university education by 320 per cent.

However, “positive government policy in education, as Professor Beales says, did not begin until 1833”. In fact, some of the policies of the governments in England, before 1833, actually hindered, in effect, public education. Moreover, enormous taxes, known as ‘taxes on knowledge’ were imposed on educational materials such as paper, newspapers and pamphlets. In England, the taxes on paper and reading matter were not removed until the 1850s and 1860s. The paper tax was abolished only in 1861. Not only that,

according to E.G. West, “the growing subsidies to education after 1883 came from a tax system whose incidence fell primarily on the working class.” In 1840, for instance, out of a total revenue of £ 50 million, three fifths (£ 30 million) came from taxes on food and tobacco. “English policy for state intervention between 1833 and 1870 rested then not upon public provision, i.e., nationalised schools), but upon public finance, i.e., subsidies, or what we now call direct grants, to inspected private schools and parochial schools”.

In most of the countries, higher education is primarily financed at the state level, but federal government (Union, in the case of India) plays an increasingly important role. Education in India has been a growing sector since Independence.

**The Role of Government in Education in India:** The Constitution of India has made education a state subject. The Constitution (42nd Amendment) Act, 1976, however, has included education in the concurrent list. The Seventh Schedule, List III : Concurrent List (Item No. 250) includes “Education, including technical education, medical education and universities, subject to the provisions of entries 63, 64, 65 and 66 of List I : vocation and technical training of labour. It should be noted that even before the 42nd Amendment of the Constitution Act, 1976, the delegation of authority to the state government in the field of education was not absolute. Ever since independence, the Union Government has shown an unprecedented interest in the field of education. With the inauguration of the era of Planning in 1951, substantial grants have been given to states towards a large variety of educational programmes. “With the adoption of the techniques of Five Year Plans and the creation of the Planning Commission, the real authority to determine policies, priorities and programmes has now passed on from the states to the Centre in most sectors of development; and as a corollary to this major shift in all developmental activity, it is alleged that the educational progress in the states is now more dependent upon the financial allocation and priorities decided at the Centre by the Planning Commission and the Ministry of Education than upon any decision taken by the states at their own level. In short, the trend to centralisation in policy-making in all fields of education has been the most dominating note of the period”. During the last fifty years, education has developed practically into a ‘joint responsibility’ of the Union and State Governments. With the idea of providing a minimum of free and compulsory education for all children, the Constitution has made the following provision as a Directive Principles of State Policy under part IV.

“The State shall endeavour to provide within a period of ten years from the commencement of this Constitution, for free and compulsory education for all children until they complete the age of 14 years.”

“The Federal Government is, therefore, under a constitutional obligation to participate in the programme of providing free and compulsory education for all education until they complete the age of 14 years”. The Constitution has also made it obligatory on the part of Government of India to promote the educational interests of weaker sections.

“The State shall promote with special care the educational and economic interests of the weaker sections of the people, and in particular of the Scheduled Castes and the Scheduled Tribes, and - shall protect them from social injustice and all forms of exploitation.”

Women are also generally included in the category of weaker sections and so the development of the education of girls and women becomes a special responsibility of the Government of India. It is also the responsibility of the Government of India to bring about an equalisation of educational opportunities in all parts of the country. That is why

it has been advocated that Union Government should of a stimulating but non-coercive character”.

### **Financial Assistance**

The provision of financial assistance for programmes of expansion and improvement of education is one of the important federal functions in education. This function is of special significance in India where the most elastic and productive sources of revenue are vested in the Central Government. During the First Plan period, a number of specific purpose grants were created and it led to an abnormal increase in administrative work and red tape. The Second Five Year *Plan* minimised these problems to a certain extent by authorising the state governments to re-appropriate the grants within the same group and by introducing the system of ways and means advances. ckward sta.

Special financial assistance to backward states (‘equalisation grant’) has been suggested to maintain a uniform standard of social services in all states in general and to equalise educational opportunities in particular. States differ in the level of educational development reached at present mainly due to historical accidents. Their ‘educational loads’ i.e., the number of children still outside the school, also vary greatly.

In the mixed economy of India, the government can play an unlimited role in the social sector (e.g., education and health). By supporting the above areas in the social sector, the government can remove many obstacles to economic development. By introducing a system of free and universal education, at least up to a certain stage, the government can lessen the backwardness of people, increase their geographic and occupational mobility and raise the productivity of labour. By investment in the right type of education, the government can increase the quality of the productive agents. Education should modify the socio-economic and cultural framework of the society in such a way that it promotes knowledge and technical skills, and in general, creates the preconditions for economic growth. Extension of public health programmes will increase the productive powers and efficiency of labour.

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## **9.3 PARTNERSHIP AMONG LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES IN HEALTH SECTOR**

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Improvement in the health status of the population has been one of the major thrust areas for the social development programmes of the country. This was to be achieved through improving the access to and utilisation of Health services with special focus on the under-served and the under-privileged segments of the population. Over the last five decades, India has built up a vast health infrastructure and manpower at primary, secondary and tertiary care in government, voluntary and private sectors. These institutions are manned by professionals and para-professionals trained in the medical colleges in modern medicine and ISM&H and para-professional training institutions. The population has become aware of the benefits of health related technologies for prevention, early diagnosis and effective treatment for a wide variety of illnesses and accessed available services. Technological advances and improvement in access to health care technologies, which were relatively inexpensive and easy to implement, had resulted in substantial improvement in health indices of the population and a steep decline in mortality. The extent of access to and utilisation of health care varied substantially between states, districts and different segments of society; this to a large extent, is responsible for substantial differences between states in health indices of the population.



During the 90s, the mortality rates plateaued; country entered an era of dual disease burden. On one side there are communicable diseases which have become more difficult to combat due to insecticide resistance among vectors, resistance to antibiotics in many bacteria and emergence of new diseases such as HIV for which there is no therapy; on the other side increasing longevity and the changes in life style have resulted in the increasing prevalence of non-communicable diseases. Under nutrition and micro nutrient deficiencies and associated health problems co-exist with increasing prevalence of obesity and life style related non-communicable diseases. Unlike the earlier era, the technologies for diagnosis and therapy are becoming increasingly complex and are expensive. It is likely that large investments in health will be needed even to maintain the current health status, because the technology required for tackling resistance infections and non-communicable diseases are expansive and this will inevitably lead to escalating health care costs.

### **Current Problems**

- Persistent gaps in manpower and infrastructure in government sector, especially at the primary health care level, in remote rural, tribal and urban slum areas where health care needs are greatest,
- Sub-optimal functioning of the infrastructure; poor referral services,
- Plethora of hospitals in government, voluntary and private sector not having appropriate manpower, diagnostic and therapeutic services and drugs,
- Technological advances which widen the spectrum of possible interventions,
- Increasing awareness and expectations of the population regarding health care services, and
- Escalating costs of health care, ever widening gaps between what is possible and what the individual or the country can afford.

Faced with the problems of sub-optimally functioning health care system and providing adequate investment for improving health, the Ninth Plan emphasised the need for:

- Reviewing the changing the health scenario and assessing the response of the public, voluntary and private sector health care providers as well as the population themselves to the changing situation,
- Reorganising health systems so that they become efficient and effective,
- Introducing health system reforms which ensure access to public health programmes free of cost to all and enable the population to obtain essential health care at affordable cost.

### **National Health Policy 2002**

The NHP (1983) provided comprehensive framework for planning, implementation monitoring of health services and goals to be achieved by 2000. The Department of Health has reviewed the performance since 1983 and formulated the NHP 2002. NHP 2002 emphasises that any significant improvement in the quality of health services and health status of the citizens, would depend on increased financial and material inputs, service providers treating their responsibility not as a commercial activity, but as a service (albeit a paid one), the citizens demanding improvement in the quality of services, a responsive health delivery system, particularly in the public sector, and improved governance.



Recognising that the health needs to the country are enormous and dynamic and financial resources constraints, the NHP 2002, attempts to make choices between various schemes and has set the goals for the next two decades. It is expected that with effective implementation of policies and strategies indicated in the Tenth Plan and NHP 2002, the country will achieve goals set and demographic transition within the set time frame.

### **Privatisation of Health Services**

The most significant and widespread global trend in health care over the past decade and more has been the increasing share of 'for profit' health care and its marketisation across societies. This process in the health care sector has paralleled the process of economic globalisation and is intrinsically linked to it.

While private medical practice and the dispensation of medical care for a price have been known for a long time, the commercialisation, corporatisation and marketisation of health care are a phenomenon of the last quarter of the 20th century. The process received a boost during the late 1970s and early 1980s thanks to a global recession, which enveloped both developed and developing countries, imposed a fiscal constraint on government budget and encouraged them to cut back on public expenditure in the social sectors. This increased the space for the growth of the private sector in providing of health care. Given the fact that multilateral agencies have an influential role in shaping national policies, particularly in the health sector, multinational corporations have systematically targeted them for policy influence, defining priorities for disease control programmes, provisioning of health care medical research at the national level. Typically, MNC's have influential national policies in key areas such as provisioning and research in health care through multilateral agencies like the World Bank, World Health Organization and World Trade Organization. Through the bank they have influenced development funding in the social sectors, securing focus for programmes with a higher curative content.

In India, at the time of independence, there was a significant presence of the private sector, which was dominated by individual practitioners. As per the estimates of the Bhore Committee, the proportion of allopathic doctors in private practice was 73 per cent and the remaining 27 per cent were in government service. There was no effort by the government to curb the growth of the private sector. The proportion of private nursing homes and hospitals was insignificant at the time of independence. However, these institutions started growing during the 1970s and were restricted to urban areas and states where there was capitalist growth in agriculture. The cutback in public spending coupled with government subsidies has resulted in the growth of the private sector at secondary and tertiary levels of care. In India, it is mainly an urban phenomenon but in services in peri-urban and even rural areas. This is seen in Andhra Pradesh, Kerala, Maharashtra, Gujarat, Punjab and Haryana. In these states, the proportion of private beds is higher than public beds. Most other states like Bihar, Uttar Pradesh, Rajasthan, Orissa and West Bengal witnessed little private sector growth during the 1980s and 1990s.

### **Need for Paradigm Shift**

The partnership of Local Authorities and Special Purpose Agencies has evolved as a result of pressure to ensure quality in providing public services. They pool public and private resources, and capitalise on the skills of the respective sectors to improve the delivery of services. Today, their partnership in the health sector focus on preventing diseases such as sexually transmitted infections and malaria, developing and facilitating access to vaccines and drugs, and improving health service delivery. Whether the

international or national in scope, it challenges the traditional distinction between the public and private sector, and their perceived aims and responsibilities.

### **Health Care Use : Local Authorities – Special Purpose Agencies Mix**

The demand for services from the private health care sector can be highly inelastic in the absence of a functioning public system as a base. Unless people have an alternative, they may be compelled to pay high prices or be forced to opt out of health services altogether. The consequences of opting out are increased burden of untreated morbidity, and in terms of the often hidden cost of women's time and labour as the health care provider of first and last resort. Public services therefore play a critical role in the health of the poor and especially for poor women.

A well-functioning public health system not only assures effective services to those at the lower ends of the socio-economic hierarchy, but can also set ceiling for prices and a norm for quality in the private sector. It can therefore be a major anchor for equity overall in the health services, by having lower prices than in the private sector. A study of public hospitals in seven sub-Saharan African countries found that although curative health spending was not well targeted, it was still progressive. The subsidy that did reach the poor constituted a larger proportion of their household expenditure compared to the rich.

### **WHO: Public-Private Health Partnerships**

In 1993 the World Health Assembly called on WHO to mobilise and encourage the support of all partners in health development, including non-governmental organisations and institutions in the private sector, in the implementation of national strategies for health for all.

WHO participates in a number of global public-private partnerships. These collaborative relationships transcend national boundaries and bring together at least two parties, a corporation (or industry association) and an inter-governmental organisation, in order to achieve a health-creating goal on the basis of mutually agreed and explicitly defined division of labour. The emergence of these partnerships can be traced to various factors that have been indicated elsewhere.

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## **9.4 PARTNERSHIP AMONG LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES IN TELECOMMUNICATION SECTOR**

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Partnerships among Local Authorities and Special Purpose Agencies in Telecom can be unambiguously called "enabling apparatuses." This is often confused with privatisation (which is permanent transfer of government assets), and is a two-pronged concept of engaging private talent in public services through standardisation of procedures, and adoption of best practices. Telecom, as an enabler, performs the momentous function of connecting 'lives' and 'people', and networking 'offices' and 'homes'.

### **The Telecom Network In India**

The telecommunication network in India is one of the largest in the world providing wide-ranging services such as basic, cellular, internet, radio paging, VSAT etc. Telecom is one of the fastest growing sectors of the economy, growing at an average of more than 20 percent over the last four years. The Indian telecommunications sector has undergone

a major process of transformation because of significant policy reforms during the recent years. The New National Telecom Policy, 1999 (NTP, 99) focused on creating an ideal environment for investment, establishing communication infrastructure by leveraging technological development and providing affordable telecom services to all. Major initiatives have been taken to achieve the objectives of the policy and its results have started becoming visible with a rapid growth of subscribers and lower tariffs. In order to speed up the development of the telecom sector, all telecom services have been opened up to private sector participation. Unrestricted entry is allowed in the basic services, national and international long distance service, in global mobile personal communication by satellite (GMPCS) service, VSAT and Public Mobile Radio Trunked Service (PMRTS). India is among the top ten countries in the world in terms of its telecommunications network. The country has an investment potential estimated at US \$ 37 billion by 2005 and US\$ 69 billion by 2010. The telecom network in the country comprises over 35,000 exchanges with switching capacity of over 47 million, 427 digital trunk automatic exchanges, and over Q6,271 route km. of optic fibre network. In addition to the two state-owned companies BSNL and MTNL, several private players have established a significant presence in both the basic and cellular markets.

### **The Gamut of Telecom Services in India**

Gone are the days when the telecom sector in India meant provisioning of basic phones through landline connections. The monolithic Department of Telecommunication (DoT) has been broken down, with a slew of private mobile service providers encroaching the market. Basic and cellular telephones, paging services, internet and internet telephony constitute the major chunk of telecom services. The increase in range, content and complexity of telecom services is largely due to three reasons:

- Increased competition due to private entry,
- Rapid technological advancements, and
- Reduction in pricing of services.

A fundamental infrastructural support to enhance the performance of these services is the provisioning of broadband through optic fibre cables.

### **This Partnerships Suitability in Indian Telecom**

Telecom reforms in many countries include increased role of private sector in the provision of telecom services. India has operationalised private sector participation through an assortment of mechanisms:

- divestiture of the dominant entity (disinvesting VSNL in 2002),
- contracting telecom services to private operators, and
- opening of provision of services to the private sector (through licenses and permits).

India, interestingly, is one of the most deregulated telecom markets in the world. Private participation is permitted in all segments of the services-international long., distance, domestic long distance, basic, cellular, internet, radio-paging, and a number of value-added services. The government has liberalised. the sector with the following objectives:

- Ensure availability of telephones on demand,
- Provide universal access to basic telecom services at affordable prices,

- Benchmark telecom services with global standards,
- Position India as a major manufacturing base and exporter of telecom equipment,
- Introduce all value added services available internationally, and
- Achieve higher telecom penetration.

With such ambitious objectives, it is imperative for the government to associate and collaborate with the private sector (both Indian and Global Players). It is the express consequence of such partnerships that has resulted in an 88.62 million strong telephone network, with a projected target of 250 million by the end of 2007. There is, though, a lot of catching-up effort needed to increase our teledensity from the 6.60 unit missing mark (December 2003). According to Census 2001, only 9.1 per cent of the households in India have a telephone. Further, while 23 per cent of urban households had a telephone, it was only 3.8 per cent among the rural households. The *Economic Survey*, 2004-05, by the way, is unequivocal in its suggestions to improve the teledensity figures:

- maintaining vigorous pro-competition efforts in terms of public policy;
- rapidly shifting to new technologies;
- encouraging entry of new players; and
- driving prices down through competition.

Indian telecom's partnership compatibility can be explicitly appreciated when one takes into account the fact that in 1999, both mobile phones and private sector separately accounted for 5 per cent of the total number of phones. In October 2004, the private sector accounted for 44 per cent of total phones. Specifically, public sector operators (BSNL and MTNL) have lost market share in fixed telephony from 98.65 per cent to 91.39 per cent between 2001-02 and 2004-05 (till October). In the past two years, Public Sector Undertakings (PSUs) have actually seen a decline in the number of fixed lines, while such lines have grown in the private sector. At the same time, the PSUs actually gained market share in mobile telephony, going from 3.98 per cent to 20.21 per cent share of the market during the same period. Overall, the share of PSUs declined from 90 per cent to 55.6 per cent. It is not just that private and public players have ensured enforced co-existence; it is the intensification of the synergistic stance of the telecom sector that seeks a strong belief in partnerships between the public and private segments.

### **The Two-pronged Approach**

The pressure on the government to restructure the telecom industry resulted in the first liberalisation initiative in the year 1984. At the next stage, the government announced in 1991 that all services other than basic services would be opened for private investment in July 1992. In the NTP 99, one of the objectives was to "transform in a time-bound manner, the telecommunications sector to a greater competitive environment in both urban and rural areas..." PPP-based reforms in telecom. can put on the garb of either investment through Foreign Direct Investment (FDI) and/or bidding for licences from the government.

### **FDI in Telecom**

Foreign Direct Investment (FDI) upto 100 per cent has been allowed in the

telecom-manufacturing sector and services like email, voice-mail, Internet (without gateways) and Infrastructure Providers (IP-1). Foreign Direct Investment is also permitted in an investment company, set up for making investment in the telecom companies' license to operate telecom. services. Such investment is treated as part of domestic equity and is not set off against the foreign equity cap.

One thing that needs to be remembered is that though such huge investment in the telecom sector has been made through the FDI route by the private sector, this has largely been possible due to the well-built telecom infrastructural base already made available by the government.

### **Bidding for Licences**

Telecom licensing as a mechanism to bridge fiscal deficit was first implemented in the United States. It has been argued that the unit of bidding (that is, a circle) is sometimes too big to licence private operators. In India, a bid for a new licence in any circle would be based on a one-time entry fee and a percentage share of revenue as licence fee. The number of operators and the percentage share of revenue would be based on the Telecom Regulatory Authority of India's (TRAI) recommendations. For instance, in the case of cellular operators, licences were awarded to private firms first in Delhi, Mumbai, Kolkata and Chennai in 1997. However, by September 2001, this was available in over 1500 cities/towns in India.

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## **9.5 PARTNERSHIP AMONG LOCAL AUTHORITIES AND SPECIAL PURPOSE AGENCIES IN AGRICULTURE SECTOR**

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Innumerable resources are required to protect and sustain the life on earth. The resources are conveniently classified as natural resources, human resources, social resources etc. All these resources are adequately and proportionately balanced to bring about a system that supports and sustains the human and natural life on this planet.

In economics the resources or factors required for production are classified as land, labour, capital and organisation. There are theories from the classical school to the modern economics that provide logical explanation as how these resources are mobilised and used for production. Production or output creation is the most important process of any economy and the level of such economies mainly depends on the volume of output. Higher the level of volume of output higher will be the income and employment of that economy. As such there are economies like Japan, USA, Canada, Germany, UK etc., where there is mass production, high volume of output, income, employment and higher development whereas there are Afro-Asian under developed countries, where the volume of production, income, employment is low.

The level or volume of production depends on the level of consumption, both at home and abroad depending on the influence of market for the production. Here the part played by the consumers under a globalised economy greatly depend and also influence the sales promotion technologies used differently in the global market scenario. Usefulness and utility concepts are hardly distinguished in the process and manner in which production norms of both capital and consumer goods are produced.



## **Resource Mobilisation**

A cross sectional analysis under different institutions, socio-political set up will give us an idea as to how well that the resources are mobilised for multiple production. The gross difference between capitalistic and socialistic economy has been narrowed down due to globalisation process. The closed economies of these days are opened up now for a global competition as the sharp differences are to a greater extent resolved. However planned economies keep their relevance in the areas so concerned with the social well-being of the sections of the different nations.

Adequate resource mobilisation and allocation are very important in respect of production, income, employment, balancing of the economies, trade and other social and economic well-being. Hence an overall development and perspective progress depends on the resource mobilisation and allocation in the economy. This process of mobilisation and allocation and the priorities differ in different economies due to social, cultural and political differences.

## **Need for an Alternative Plan**

Liberalisation, Privatisation and a fully market driven economy under a perfect competitive economy is the ideal concept conceived by the 19th century economists like J.S. Mill (1806-1873) and others. Though Friedrich Gentz (1764-1832) believed in laissez-faire, he did not accept economic liberalisation in toto. The recent wave of market romanticism has raised controversies between conservatives and the reformists. Liberalisation and control are two conflicting terms and economies like India in the process of development stage have to envelope welfare orientation of contestable markets by obviously balancing the imbalances in regions, sectors and institutions in all policies and plans to achieve development.

There are revolutionary and evolutionary transitions or transformations in economies depending on the circumstances in the economy such as political, social and other connected factors. Third World Countries like India, accepting the liberalisation and globalisation in toto dictated by the West is incorrect as it is detrimental to sustainable development. The MNCs favoured liberalisation will have an impact and even benefit about 1/3 of Indians to some extent in 10 or 20 years, while, the rest, the rural poor, agriculturists and those in the unorganised sector may find themselves worse off. The only imitation of the West and the present approach to economic reforms in India is fundamentally incorrect. The present fiscal crisis in many South East Asian countries is an excellent example to show the extreme vulnerability of depending on globalisation for economic progress. Under the present circumstances and terms many of the Indian companies cannot hope to become transnational and compete with western transnationals. An alternative of pure socialism and capitalism will have to be worked out with appropriate plan.

## **Agricultural Sustainability**

In India the resources are mainly mobilised for the allocation (investment) to different sectors such as agriculture, industry, infrastructure etc. Here a special emphasis is made of agricultural sustainability and its major issues and strategies. For example, in agricultural sector sustainability depends on one or more of the following factors.

- 1) Whether or not agricultural production and income are maintained



- 2) Whether agricultural security and potential of agriculture to produce is being sustained
- 3) Whether rural communities are able to sustain, "Community", that is, satisfactory social bonds and relationships

The trends in Agriculture, its implications for sustainability and the environment among the Third World countries, especially India, show an alarming situation as its future requirements of production are more. Hence indicators of ecologically sustainable development have a number of uses. They are summarised as follows:

- 1) Early warning system of ecological collapses
- 2) Promotion of inter generational equity
- 3) Farm Planning for long-term productivity
- 4) Regional and National Planning
- 5) Heightening community awareness of environmental issues
- 6) Promotion of land care practises
- 7) Evaluation of new technologies
- 8) International monitoring obligations

There are a number of shortcomings or pitfalls in using indicators of sustainable development, especially sustainability of agricultural development. The rapid growth of agricultural productivity with the past trends does not simply mean such growth will be sustained. Agricultural crop yields in China are much higher than in India. It does not mean that India can obtain the same level of yields as for instance the natural cropland in India may differ from that in China. China can sustain such high yields per hectare may also not be certain. Natural Resources Accounting or Green Accounting is necessary to evaluate national production. Standard national accounting techniques often over value national production.

Traditional economic accounting methods do not take account of the value of goods and services freely provided by the natural environment. When such goods and services are lost, no deduction is made for this loss. If they are converted into private property and sold through market, economic gains are recorded whereas the opposite may in fact be the case. Aggregate figures for economic benefit may fail to account fully for environmental spillovers or externalities from agricultural development. "When sectoral or aggregate economic figures and environmental indicators are used, these may gloss over important regional, local and micro differences as far as sustainability is concerned. In general, it is not enough to rely just on broad indicators of sustainability."

## **Major Issues**

Though the aggregate figures of agricultural production and yield are appealing there are some sustainability problems at micro level that are apparent from village and localised studies carried out in India as well as Australia. The studies reveal that they provide experience to the villagers, as a result of introduction of new technology, enhance economic value of natural resources and also cause environmental loss. However, agricultural growth provides almost on an average 50 per cent increase in current income. The environmental or natural resource loss of villagers means less opportunity for them to

collect fire wood for fuel, collect wild sources of food and medicine, building materials and in many cases, entail reduced access to water. Thus the economic welfare of the poorer villagers has been adversely affected by environmental change.

There is an uneven share in the benefit of agricultural development. Green Revolution has little impact on dry land and upland agriculture. Tribals with their marginal agricultural land are also put in to considerable economic pressure due to impacts of industrialization, extension of mining operations, building of dams, the cutting down of forest, etc., besides the presence of growing population. Ramakrishnan (1993) emphasises that traditional agricultural systems can be surprisingly efficient and sustainable.

Land degradation due to water logging and salting of soil from irrigation, clearance of vegetation from dry land, soil erosion, use of fertilizers and pesticides, falling of underground water tables, etc. reduce agricultural productivity and land sustainability. In addition, falling genetic diversity could eventually prove to be a barrier to sustaining agricultural production. The global climatic change due to global warming, sea level rise etc., leads to severe drought and flood situations, which are also quite detrimental to production and sustainability.

### **Land use and Sustainability Strategies and Choice of Technique**

Types of agricultural technique adopted and forms of land use in agriculture are of considerable significance for the sustainability of agricultural production. Modern agricultural techniques according to Conway (1989) result in less sustainability of agricultural productivity than traditional techniques, even though the yields from the former may initially be higher than the latter. At lower price, the more sustainable traditional technique may become quite uneconomic forcing relevant users to adopt the unsustainable modern technique, eventually locking the whole industry in to their use.

“Changing land use may not only result from declines in the natural productivity of the land but from changing economic opportunities for its use and changes in knowledge about its possible use”. The FAO, in conjunction with a number of other organisations, has developed a Framework for Evolution of Sustainable Land Management (FESLM) which takes account of a range of factors likely to affect the extent to which a particular system of land management is sustained.

### **Structural Adjustments’ Strategies and Agricultural Sustainability**

The emphasis of structural adjustment policies in India is favoured by the IMF, and the World Bank. This is in conformity with the greater use of free markets and creation of a clean and efficient public sector. Studies reveal that greater use of markets reduces conservation of natural resources and endangers sustainable development. The fact is that in some cases the freeing up of markets assists nature conservation and sustainable development and in other cases it does not and may be damaging. Conservation may be assisted by elimination of subsidies on artificial fertilisers, pesticides, clearing of vegetation and use of irrigation water. But other types of free market changes can adversely affect it. Though the World Bank and the IMF have enlarged their enhanced structural adjustment facility they are unlikely to solve the basic economic problem soon. It is also not obvious that they will result in sustainable agriculture, even though some improvement may occur.

### **Institutional Support**

Sustainable development globally, regionally compell the desire against the perspective speculations of changes in population and the subsequent requirements to meet the

demands of people. It is clear that countries like India will experience a number of problems as far as sustainability of their agricultural production is concerned. Increasing globalisation, the information revolution and technology change, growing political participation, a quickly deteriorating natural environment, and fast changing demography, all pose challenges to the world especially countries in Asia. Determined and disciplined governments and mature societies are required to respond to these challenges. People today are heavily depended on agriculture for their food requirements. By 2050 the population of India expected to stabilise at 1500-1800 million and would require about 450 million tones of food grains annually at the present level of consumption. Consumption levels are further bound to go up as economy develops. The present productivity of irrigated land is about 2.5T/ha average and less than 0.5 T/ha from rain-fed lands. Assuming that these levels can go up to 3.5 T/ha and 1.00 T/ha respectively by 2050 by creation of an irrigation potential of at least 130 million hectares for food crops alone and 160 million hectares for all crops to meet the demands of the country by 2050. Rapid and sustainable agricultural growth is one of the basic thrusts of growth strategy in the Tenth Plan in India. The success of agricultural development and sustainability ultimately depends on an ideal co-ordination of all inputs with disciplined institutional support.

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## 9.6 EMPOWER VARIOUS AGENCIES

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Individual ideas and ideologies have been instrumental in influencing the course of the history of humankind from time immemorial. The main postulate is that if India has to achieve the technological strengths, a self-reliance in Indian products and Indian systems have to grow in the minds of the people. “A nation’s progress depends upon how its people think India has to think as a nation of a billion people.”

During the past several years India’s development has greatly depended on the government. It was the strength of the country and also its weakness. Many initiatives were taken by the government. But the planned and regulated nature of the economy over a period has inhibited others from taking initiative. Therefore, one important role for the government is to selectively shed its presence and to empower various agencies within itself and also take care of activities of public good like education and health.

### A Golden Triangle Partnership

While individual effort is crucial, another golden triangle, of industry, government and R&D institutions, really forms the base of a country’s development. They set into motion technology-based business activity, employment, demand creation through policies which will help businesses, and as a consequence, wealth creation. This golden triangle is crucial in our competing in global markets, as well as in bringing wealth and prosperity to our people.

The Public Sector Undertakings (PSUs) are technologically and managerially strong. Then there are a large number of small size state-level Public Sector Units. They fulfil very useful functions but their technological capabilities are not as much as central PSUs. There are a number of big private industry groups. Many of them are family-owned and a few of them are also sick and which have gone under. There are also a number of multinational companies (MNCs) which operate in India. They are regulated by the Indian laws. All these industries have a definite role to play. In addition to the existing ones, many more will spring up in the coming years. Some of the existing ones may also cease operations or may graduate from one class to another. We consider all of them as *partners* in the nation’s vision and progress.

### **PSUs : Inter-unit Partnership**

The managements of the PSUs and those responsible for labour affairs and many of the labour leaders have to think how they can transform themselves or get rid of their dead wood, or how they can get rid of their weaknesses and utilise their strengths to excel in order to realise a vision. They should be able to make an important contribution even if by means of a *partnership with another PSU*, another industry, or an industry in the small-scale sector or an R&D lab or MNC.

### **Big and Medium-size Industries : Project Partnership**

By and large, by the very nature of the private sector, there is a good deal of flexibility in their operations and they also have good management systems. Some of the private sector industries have also instituted good training programmes to upgrade their personnel. After the liberalisation in 1991, the private sector started playing an increasingly major role in the Indian economy. The contribution of this sector has been recognised not only in the consumer sector, but also in infrastructure and strategic industries. In the coming years it has a most crucial role if India is to realise the vision. The medium and large-size private sector industries should *each own one major project* in a sector to realise a vision for India. It could be in agriculture, it could be in agrofood processing, health, materials or chemicals or natural products or any other area which they think will make for a strong Indian presence globally.

### **Small Scale Industries: Neighbourhood Partnership**

The Small-Scale Industries (SSI) play a vital role in the growth of the country and contributes almost 40 per cent of the gross industrial value to the Indian economy. It has been estimated that an investment of 1 million rupees in fixed assets in the SSI sector produces 4.62 million rupees worth of goods or services with tremendous value addition. Over the years, the SSI sector has grown rapidly with impressive growth rates during the various Plan periods. The number of small-scale units has substantially increased from an estimated 0.87 million in 1980-81 to over 3 million in 2000. The SSI sector in India creates the largest employment opportunity for the Indian populace, next only to agriculture. It plays a major role in India's present performance contributing about 45 per cent – 50 per cent of Indian exports.

There are several schemes by governmental agencies as well as industry associations to help the small-scale sector in enhancing its technology and management capabilities. Small industries should develop *contact with* nearby academic institutions or a laboratory for technological advice and promotional activities.

### **Tiny Sectors: 'Adoption' Partnership**

In this vital area we think the role of Non-Governmental Organisations (NGO), and the governmental support, including, through its administration, is very important. Their scope should not be merely to make them survive, but also to enable them to change to newer patterns. This would require marketing of skills... This is a complex task. Government policy has to evolve in this respect. The private sector can also take initiative in adopting tiny sectors nearby and help them upgrade skills by assuring them of a market for their products.

### **Rural Development: PURA Connectivity Partnership**

Nearly 700 million people of India live in the rural areas in 600,00 villages. Connectivity

of village complexes providing economic opportunities to all segments of people is an urgent need to bridge the rural-urban divide, generate employment and enhance rural prosperity. The essential needs of the villages today are water, power, road, sanitation, and healthcare, education and employment generation. Government, NGOs and Corporate sector can be facilitators for creating the entrepreneurship scheme through the support of the banking system and the marketing system under the cooperative development model. Entrepreneurs and the corporate sector should identify the PURA complexes in their areas and adopt them right now, so that they can be developed in an integrated way. They should create an integrated plan of entrepreneurship development, skill development, product development and establishing market. These missions need not be driven only by a Government department as was done by Space and Atomic Energy. It can be done by a bright group of entrepreneurs, using modern business models.

### **Academic and R&D Labs: Committed Partnership**

The nation is proud of its scientists and scholars, though, of course, many of them would reply they doubt whether the nation cares for them at all. We appeal to these people to think big, because they are the only ones who understand the forces of technological modernisation and the new energies that can be unleashed through technologies. They also have the capability to absorb the knowledge base which is growing at an explosive rate. Therefore, even within the several constraints they face equally, they should take it up as a challenge to make India a developed country. They will have to spearhead the movement by talking about what can be done, encouraging people that we can overcome the difficulties and offer help to industries, government administrators and others that Indian science can help to smoothen the difficulties arising out of a faster pace of economic development.

### **NGOs: Proactive Partnership**

Despite the multifarious approaches, the NGOs collectively represent a large part of India. We believe NGOs have an immense role to play, not merely as conscience-keepers but also in creating mood to think ahead and create a climate for a developed India. They can become powerful messengers of hope and a positive synergistic mechanism between the organised sectors and individual initiatives in metropolises, cities, towns and villages; in schools, colleges and universities; in fields, factories and markets. NGOs have many creative people full of enthusiasms energy. This team can participate in the movement for a developed India, concentrating on action projects to spread health and educational services as well as to create a climate to make all Indians think of themselves as one inseparable entity.

### **NRIs/PIOs: Fostering Partnership**

Now 20 million overseas Indians are living in various countries. Every NRI (Non-Resident Indian) and PIO (Person of Indian Origin) is expected to help like a 'one man NGO' in Indian nation building programmes by "direct quantifiable action." All overseas Indians may join together and launch an Overseas Indian Research Foundation with a seed capital of \$ 100 million. This foundation will be responsible for leading the research in challenging areas like prediction of earthquake. The Foundation has to identify institutions of excellence with excellent researchers and provide them the environment and resource to do the research. If it is done, overseas Indians will be remembered for this great initiative by the whole world community. (President's Address to the Conferment of the *Bharatiya Samman Awards, 2005* to prominent NRIs/PIOs, Jan. 1st 2005, Mumbai).



## Foreign Entities: Compatible Partnership

India needs foreign direct investments and foreign technologies without any time lag. In about a decade Indian technological and business strengths will grow tremendously. Indian companies may also emerge as MNCs operating in different parts of the world. They would sell technology intensive products and services as well as export technologies.

The immediate actions for MNCs and foreign entities would be for them to have their mission *compatible* with India's interests and its core strengths. To create a win-win situation, they should, of their own, initiate projects which will enhance technological capabilities and spread the effects of prosperity. Their large publicity mechanism can also attend to specific Indian concerns. In order to initiate action in this direction, they need to interact with many Indian groups to understand their concerns.

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## 9.7 EVALUATION OF SPECIAL PURPOSE AGENCY

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First and foremost, special purpose agencies allegedly confuse the local administrative scene by making the system diffused and disintegrated. Citizens have to access multiple agencies to fulfil their various requirements. Since the local government institutions are no longer the single centre of power, their authority and prestige get diminished. Secondly, it is hard to hold these agencies accountable since they enjoy considerable autonomy in their functioning. An average citizen is likely to approach the local government with his grievance, if any encountered, against these agencies which understandably would not yield the expected outcome. Representative democracy, demands, as a maxim, that all public services be accountable to a representative parliament. Anything outside of it is either private; or, arbitrary (Maheshwari, 1968). It is felt that people would lose interest in the affairs of the local government because of reduced authority. The very purpose of the 73<sup>rd</sup> and 74<sup>th</sup> amendments, which is to set up effective and accountable government at the local level would thereby, arguably though, would be defeated. This raises the pertinent and perhaps the central question of legitimacy of the special purpose agencies and also confuses the accountability of the local government institutions in crucial matters. Besides the possibility of these agencies functioning in their own 'isolated worlds', unconnected in sufficient measure with other related works, also could not be discounted. It therefore, arguably though, raises the ubiquitous concern of 'coordination' and required interconnection for the purpose of coherence of administrative functioning at the field level where most administrative tasks are concentrated (pertaining to service delivery). Hence special purpose agencies would work contrary to cohesiveness of administration at the local level (ibid).

Criticisms apart, special purpose agencies have been considered desirable and relevant in the present times when tasks have become highly sophisticated and technical and thus require specialised handling. Required technical efficiency is found lacking in the traditional government set up.

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## 9.8 CONCLUSION

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The respective partnership roles of Local Authorities (Public Sector) and Special Purpose Agencies (Private Sector) in economic development and nation building cannot be over emphasised. In order that India march towards the cherished goal of a developed nation, there is an urgent need to change the present methods of working and the mindset that has developed because of centralised power. Many existing governmental structures would



need to be drastically reduced. There should be reduction of monopolies and a greater competition in the implementation of many packages of these mega-missions. Therefore, special purpose agencies' participation would be required along with more liberal and simplified procedures. Healthy competition leads to greater efficiency and innovation.

Empowerment of implementing teams would lead to speed in action and would enhance the capability to take risks. Wherever there is a government presence, its mode of operation should be made a facilitating one and the public accountability systems should be changed accordingly.

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## 9.9 KEY CONCEPTS

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### **Investment in Man**

- : There has been a paradigm shift in public administration from structure and process centric approach to human centric approach in that manpower is now considered the prime resource in securing organisational effectiveness. Hence human capital needs investment just as physical capital. Dr. Amartya Sen is credited with the seminal shift in recent times. Hence people are a 'resource' not a problem, as had hitherto been conceived, and investment in their individual capacity development therefore, could significantly increase production in various spheres, pushing up the cumulative Gross Domestic Product (GDP). The key to development administration is "investment in man".

### **Illegitimate Isolation**

- : Horizontal integration in public policy making and implementation between related subject areas is being currently emphasised to get over the problem of illegitimate isolation that makes for 'disjointed' functioning of the administrative apparatus. In order that desired results be attained in specific spheres, its relatedness with other subject areas which bear upon its performance and are in turn affected by its performance, is necessary. If this not be the case, the problem of illegitimate isolation is bound to crop up. Bottlenecks are encountered primarily at the policy implementation stage since theoretical conceptualisation of an issue does not factor in the aforesaid major concern. Coordination is desired at every step, viz. the policy making, implementation and the evaluation stages for retrospective analyses and subsequent improvement.

### **Divestiture**

- : Divestiture is a form of disinvestment. By Divestiture a company gives up control over some specific activity and assets by turning it over to a different player by way of sale which includes transfer of rights, control resources and assets.

### **Value Adding Services**

- : A value adding service is that which adds extra worth (expressed in monetary terms as value) to the core

service. To secure 'added advantage' businesses seek to add value to existing product or service by undertaking activities suggest marketing, improvement in storage facilities change in leadership style, organisational culture etc. which are ancillary in nature but add worth to the main product or service. Value adding services secure competitive advantage for the business or the organisation in the market.

**Global Mobile Personal Communication by Satellite (GMPCS)**

: "GMPCS is a personal communication system providing trans national regional or global coverage from a constellation of satellite accessible with small and easy transportable terminals GMPCS services include to way voice, fax, massaging, data and even broadband multimedia. GMPCS satellite systems provide telecommunication services to end users directly, irrespective of whether these satellites are geo stationary, non geo stationary, fixed or mobile, broadband or narrowband, global or regional" (International Telecommunication Union).

**Very Small Aperture Terminals (VSATs)**

: It is an earthbound station used in satellite communication of data, voice and video signals with a relatively small dish antennae (often 2.4 meter or 3.8 meter in diameter as opposed to 10 meters for other satellite dishes).

**Public Mobile Radio Trunk Services (PMRTS)**

: Radio term services offer several advantages over mobile telephone like unlimited calls for fixed sum, group calls which are not possible in mobile telephone. Despite obvious benefits the mobile segment has outpaced growth vis a vis the radio trunked service as people are largely unaware of the benefits of radio trunking and prefer the mobile phone. Portable hand sets come with a battery attached with which need to be charged regularly. Handsets are both portable and fixed; the letter kind are used as base sets, that is at the office or the headquarters of an organisation. Fixed handsets are connected directly to a power source.

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## **9.11 ACTIVITIES**

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- 1) Discuss the significance of special purpose agencies.
- 2) Do a small survey in your neighbourhood and find out the role played by special purpose agencies in area of health and education.

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## **UNIT 10 PARTNERSHIP BETWEEN LOCAL GOVERNMENT AND NON-STATE AGENCIES/ACTORS**

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### **Structure**

10.0 Learning Outcomes

10.1 Introduction

10.2 Need for Partnership

10.3 Bhagidari: A Programme of Government-Citizen Partnership

10.3.1 Working Process

10.3.2 Implementation, Monitoring and Review

10.4 Realising Bhagidari

10.4.1 Bhagidari between RWAs and PUDs/CSAs

10.4.2 Bhagidari on Complex Policy Issues

10.4.3 Internal Bhagidari for Change Management

10.5 Critical Success Gaps

10.6 Bhagidari: A Model of Good Governance

10.7 Conclusion

10.8 Key Concept

10.9 References and Further Readings

10.10 Activities

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### **10.0 LEARNING OUTCOMES**

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After studying this Unit, you should be able to:

- discuss the need of partnership between government and citizens at the local level;
- explain the features of the partnership initiative, namely, the ‘Bhagidari Programme’ of the Government of Delhi;
- highlight the working process and implementation of the Bhagidari Programme;
- analyse the critical success gaps in the Programme; and

- suggest measures to realise the Programme effectively.

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## 10.1 INTRODUCTION

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With globalisation, privatisation, and liberalisation making stride in the global scenario since 1980's, the centralist, hierarchical, secretive and authoritarian traditional bureaucracy found itself with new tasks and challenges. The new wave of reforms called for decentralisation, role for civil society, people's participation in administration, administrative responsiveness, public-private partnerships, FDIs, downsizing, cost cutting, etc. To keep pace with these reforms bureaucracy, especially at the cutting edge had to change, as it is the point where government and citizen interface takes place. Administration had to undergo reforms and pay more attention to the people and the community. They have now to be inclining towards public interest, public service, democratic citizenship and democratic values. They have now to facilitate and engage in dialogue and discourse with the people and involve them as partners in governance and owners in development. This Unit undergrids this concept of partnership between the government and the people at the local level.

In this Unit we will discuss a partnership initiative namely the 'Bhagidari Programme' undertaken by the State Government with the people in the National Capital Territory of Delhi. Whereas the Bhagidari Programme encompasses various aspects concerning the citizens of Delhi, such as provision of civic services, school development, women empowerment and social welfare, rural bhagidari etc; in this Unit we will concentrate on partnership between the citizens and local administration in the area of 'civic service delivery.' The Government participates in the Programme with the officials of its public utility departments, that is the BSES and NDPL, Delhi Jal (Water) Board (DJB), Municipal Corporation of Delhi (MCD), New Delhi Municipal Council (NDMC), Department of Environment and Forest (DOEF), Delhi Development Authority (DDA), and Delhi Police (DP). In the same way the non-state actors, that is the citizens, participate in the Programme through their Resident Welfare Associations (RWAs). These two actors, that is, the government and citizens, participate in solving and improving the civic problems pertaining to conditions

of water supply, sewage management, electricity supply, environment sustainability, law and order, etc. jointly.

Before we commence on the discussion on the Bhagidari Programme, we will succinctly deal with the need for such a partnership.

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## **10.2 NEED FOR PARTNERSHIP**

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When India became a republic in 1950, it faced the challenges of poverty, increasing population, weak infrastructure, material constraints, poor agriculture sector and impoverished social and economic conditions. The first and foremost task before our leaders was to build the infrastructure for the country and plan for its agricultural development. The entire task was on our political leaders and civil servants. Rather, it was the bureaucracy, which played a crucial role in pushing up the needed development and growth in the post-independence era. But with time, it gained grounds and became a prime power wielder in the political system. With legislature and executive lacking time and expertise, delegated legislation and issuance of necessary directives and guidelines became the function of bureaucracy. It perfected the technique of rule application, rule interpretation and rule adjudication. Because of its permanent tenure, superior merit and knowledge, professional competence, technical know-how and experience and expertise, it got involved in all aspects of the policy cycle. As La Palambora states that with the increasing need and pressures of social and economic development, bureaucracy became unrestrictive especially in the developing nation, where the major decisions involved ‘authoritative rule-making’ and ‘rule-application’ by the government resulting in the emergence of ‘over-powering’ bureaucracies.

The need for qualitative accountability and trust was felt as the bureaucratic administration due to its over centralising tendencies, self-centredness and conservatism never took the people along with it in decision-making. Public service delivery became a mundane activity without any involvement of the people. Public servants could not appreciate the need to bring in social values and reasoning in policies. Administration working in citadels had no accessibility to people. Hence, people found them unapproachable and unaccountable.



Recent trends of globalisation, privatisation and localisation have necessitated that the administrators shed their elite character and change and improve their rigid behaviour. Instead of being away into self-interests, they have to be now empathisers of people's problems. Their mindset and attitude has to undergo change. Besides being accountable politically they now have also to be accountable to multi-stakeholders. They have to operate in a transparent fashion. They cannot be operating from citadels and watertight departments anymore. They have to work with people to address the grassroots problems. Likewise, they need to have regular face-to-face interaction with the citizens and involve them in decision-making. It is only then that we can expect the growth of a publicly accountable and trustworthy bureaucracy. A new work culture with citizens' participation and partnership in governance will help the government and administration to serve the citizens better. In this regard, the partnership initiative of the Delhi Government proves its mettle by rendering a transparent, accountable, participative and decentralised citizen services delivery.

In the ensuing sections, we will discuss the Bhagidari Programme being implemented in the NCT of Delhi by the government and the citizens jointly. The discussion will focus on the issue of civic service delivery in the municipal areas of Delhi.

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### **10.3 BHAGIDARI: A PROGRAMME OF GOVERNMENT-CITIZEN PARTNERSHIP**

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In pursuance of the tenets of democratic citizenship, organisational humanism and community participation, the Delhi Government has undertaken a partnership programme with its citizens. The Programme, namely, Bhagidari, meaning partnership, was initiated in the late 99/early 2000 by the Delhi Government to develop partnership, co-sharing and joint stake holding of the citizens and the government in governance. Inspired with Gandhi's motto of self-governance and decentralisation, it has stemmed from the need to provide a definite role to people in local governance. It is both participative and collaborative with people being treated as equal partners in development.

The four basic elements of Bhagidari are:

- Partnership and Participation
- Governance
- Citizens /Resident Welfare Associations (RWAs); and
- Public Utility Departments (PUDs) and Civic Service Agencies (CSAs), which impact citizens' lives most at the day-to-day ground level. These departments and agencies are BSES and NDPL, DJB, MCD, NDMC, DOEF, DDA and DP.

It was initiative of the Chief Minister (CM), 'Sheila Dikshit who started the Bhagidari process of interaction, dialogue, consultation and partnership with the citizens groups to improve the quality of administration and civic life in Delhi. Placed in the Chief Minister's Office (CMO), a Bhagidari Cell has been created to look into the Programme. The Cell coordinates the activities covered under Bhagidari. The Programme has been decentralised at the level of the nine revenue districts, where it is carried forward by the Deputy Commissioner (DC) Revenue, who is the district co-ordinator. The General Administration Department is the nodal department that provides financial and administrative support. The Asian Centre for Organisation Research and Development (ACORD), a professional body, has been facilitating the entire Bhagidari process.

Based on innovative methodologies and processes, the Programme aims to:

- create and sustain a sense of ownership, both in citizens' groups/associations, as well as in PUDs officials;
- create and sustain a vision of a clean, green and very liveable Delhi;
- bring citizens more actively as partners into the processes of governance, rather than see it typically as a top-down leader-centred effort;
- make the whole model and process very interactive, genuinely participative and based on professional social science principles of facilitating and sustaining change in large-systems; and
- use real time strategic management- group dynamics- to facilitate change by carefully designing individual and group meetings with multiple stakeholders and identifying issues/agenda around which dialogue and consensus can be built.

### 10.3.1 Working Process

The Bhagidari Cell in the CMO coordinates the entire process of Bhagidari. It monitors and reviews the implementation of the commitments made by the RWAs and the officials of the PUDs in the Large Group Interactive Workshops (LGIWs) on a regular basis. The planning and organising of LGIWs with full responsibility is devolved to each of the nine DC Revenue. They are responsible to organise the workshops in districts coming under their purview. The district officials and area officials are the nodal officers of their district/ area respectively. They participate on behalf of their departments/agencies in the LGIWs representing their respective areas.

The working process of the Bhagidari Programme is as follows:

- **Issue Generation:** the Bhagidari process begins with the CM generating a range of issues through questionnaires to the RWAs. The CMO also holds a series of meetings with the representatives of RWAs to obtain information on the issues, which RWAs feels are critical. Meetings are also held with the officials of the PUDs.
- **Top Team:** the issues so identified are discussed in a meeting-cum-workshop by a top team consisting of the CM, Chief Secretary, ministers, all principal secretaries and heads of civic agencies. The aim of the meeting is to crystallise and achieve consensus on the issues. The final list of issues is drawn up in consultation with the facilitating agency, that is, the ACORD. These issues determine the theme and agenda for the ‘design team.’ The top team also ensures the implementation of the solutions and follows up mechanisms for monitoring.
- **Design Team:** the design team takes up the agenda developed by the top team. It prepares the first draft of the design of the LGIW. It consists of 15-20 participants representing the stakeholders participating in the LGIW including the civic agencies and one or two officers from the CM’s office. It is rather a microcosm of the macro-group that will participate at the workshop. The design team workshop, which is of 2-3 days depending on the issues and the participants, opens up the communication channels

among the different stakeholders and enhances the energy and enthusiasm of all the groups about the LGIW. This builds a confidence about the possibility of change.

The team works out the programme outline and the methodology of the LGIW. It lays down the 'Theme and Purpose' for the LGIWs through consensus. The members involve in understanding the LGI process. They choose/advise/recommend a design for the LGIW. All viewpoints are considered before putting together the initial basic design. They design the 'opening process', and 'closing process' to ensure the participative nature of the LGIW. The team provides the grouping of issues and allows one issue to be discussed by a minimum of 4-5 tables. Hence, four to five issues can be taken up together ensuring all issues are taken up in the available time. In a nutshell, the design team draws a sketch of the LGIW.

To provide all the data, facts and information to the LGIWs, the design team takes the responsibility of preparing an information pack for the participants. A small 6-8 member 'core design team' is formed from the design team and they take the responsibility of preparing the info-pack. This is collection of technical and financial data, documents, papers, excerpts from journals, reports, etc., which are relevant for the participants of the workshop. The principle underlying is that all participants must start from the same broad database and then add/exchange further information to build-up the common data.

The design team workshop creates a strong sense of involvement and ownership and makes the members ambassadors for the LGIW.

- **Large Group Interactive Workshops:** the most important in the entire Bhagidari process is the LGIW. LGIW based on 'large group dynamics' and 'real time strategic change management' are organised to bring large groups of RWAs and PUD officials together in intensive and participatory dialogue on the theme and purpose given by the design team. It is here that participative, collaborative and solution finding joint action is taken. Each workshop has 200-400 participants (RWAs and officials) seated in a

table-wise arrangement. Each table has four citizens of the RWAs, two from one colony, and 5-6 officials of the PUDs and CSAs. Care is taken to seat nodal area officials of PUDs at the table where representatives from citizen groups of their area are sitting. In a workshop around 30-35 such table arrangements are made. The table form of discussion is an example of horizontal decision-making generating public trust and confidence. Operating on the principles of multi-stakeholders collaboration, it secures 'joint ownership,' of the citizens and government of the change process.

The workshops are of two and a half to three days in duration. On the first day, the design team presents the theme and purpose. At the end of the day, the core design team collects the feedback sheets from the participants, collates the same and presents it before the entire large group on the next day. The same things are undertaken on the second day also. On the third day, the groups undergo experiential learning (subconscious processing for two successive nights), discovering common grounds to work together and taking ownership for solutions. In this multi-stakeholder workshop ownership of change is experienced and strengthened. The ultimate purpose of coming up with joint solutions to joint problems is served.

The principle of feedback loops is followed to help the groups to share the output, suggestions, solutions and strategies. Mobile mikes and charts are used for reporting out agreed solutions and perceptions and displaying all outputs of all table groups. Sufficient time is given for moving around and reading the display of outputs of all groups. Quick typing, photocopying and distribution of all outputs are done. Thus, the whole process works through transparency and feedback.

This helps in keeping everyone in the picture and in the process intimately. It energises the table groups and creates a critical mass with a mandate and a momentum for implementing change. It leads to the discovery of common grounds, common interests, common problems, common solutions and a common ownership of the change process.

Action teams are set up on the second and third day of the LGIW with an agreed time frame for implementing the agreed solutions. The action teams are constituted from the table groups with a mandate both by the large group itself as well as the senior leadership group. These teams implement the most workable solutions emerging from the LGIW on the basis of the strategies and output by all table groups.

- **Steering Group:** subsequent to the LGIW, the design team is constituted into a steering group. It provides help, assistance and support to all the action teams by removing roadblocks and speaking to the right people for smoothening the implementation. It sustains the change momentum by holding monitoring and review of the implementation on a fortnightly or monthly basis.
- **Presentation by the CM and the Heads of PUDs/ CSAs:** besides the above, on the first day of the LGIW, there is a presentation by the CM and the Heads of PUDs/ CSAs about the current status of Delhi. On the last day also the CM and the HODs respond to queries raised by participants. In this way the basic principle of feedback and response is designed into the process, rather than the usual one-way communication.

There is also a ‘case presentation’ of similar initiatives taken up in other states. The CM’s office contacts and invites the presenters.

Newsletters, progress reports, recognition for successes and sharing of learning from experiences are used to sustain the momentum, enlarge support bases and encourage networking and collaboration for sustained change.

- **ACORD:** ACORD is the facilitator of the entire Bhagidari process, that is, from the beginning to the end. It works with the design team and prepares the detailed minute-to-minute design and process methodology of every step for the LGIW. The processes provide for designing of the table



groups for the LGIW in such a manner that they become self-managing, problem solving and collaborating teams without intervention.

Issues related to each official agency are spread over for three days. Guidelines are provided for every session for the table groups to secure a common understanding.

According to the number of issues involved and the number of tables in a workshop, the issues are so split so that all groups may discuss different issues. But it is assured that at least 40-50 participants get the opportunity to deliberate on a common issue and generate solutions. This turns out to be fairly representative of what the other groups would have to say, as most table groups have all the stakeholders represented.

Besides, it also plans ‘case presentation in good governance,’ and ‘presentation by the CM and the Heads of the PUDs’ for the workshop.

Further, it designs and plans the fun-break in the workshop (first two days) to provide entertainment and re-energise the groups. It also designs the feedback system taken at the end of the first and the second day to keep the process transparent.

### **10.3.2 Implementation, Monitoring and Review**

After the workshop, the list of solutions is sent to the departments and DC Revenue offices and the CMO. The Principal Secretary to CM issues a letter to the head of the department of each participating PUD/ civic agency for appointing nodal officers, holding monthly meetings with the RWAs and sending monitoring reports to the CMO. The heads of the departments are designated as the chief nodal officers and they in turn designate their district nodal officials to implement the solutions in their district. The district official liaisons with the chief nodal officer and the DC Revenue and also ensures follow up action of his subordinate area nodal officers in the district.

The area nodal officers are designated to a group of RWAs. They work under the supervision of the district nodal officers. They hold meetings with the listed

RWAs within a span of ten days of the conclusion of the workshop. They work out an action plan in consultation with the RWAs for implementation of solutions and actions decided in the workshop.

The action plans are in turn send to the district nodal officers who finalises them in consultation with the chief nodal officers. The plan is then to be implemented within the budgetary provisions for the annual year by the area officials in collaboration with the RWAs.

Thereafter, the area nodal officers hold monthly meetings with RWAs for continuous implementation of the action plans.

The chief nodal officer may also hold a meeting with the district nodal officers to review the programme as per the action plan in every two months.

Besides the above, the DC Revenue of respective districts hold a review meeting with the RWAs and the district nodal officers on the last Friday of every month and send the status report to the CM and the Divisional Commissioner by the 5<sup>th</sup> of every subsequent month.

To give due recognition to the officials for their contribution and involvement, the officials performing a role in the implementation of the Bhagidari Programme have to give an account of his/her participation in the self-appraisal. The reporting and reviewing officers will make a specific mention about the involvement and ability of the officer in implementing the Programme. Significant innovations introduced by him/her are also mentioned.

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## **10.4 REALISING BHAGIDARI**

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Bhagidari takes place in three fold ways. We will be discussing them individually.

### **10.4.1 Bhagidari between RWAs and PUDs/CSAs**

The people and the PUDs collaborate with each other to chalk out the ways to carry out the development programmes and facilitate citywide changes. A brief description of the joint activities undertaken by citizen groups and PUDs/ CSAs shows the way partnership is being carried out to address genuine problems and grievances.

- **DJB**

The DJB has involved the people's groups in the process of water conservation and water harvesting. It nominates water wardens and assistant water wardens from the citizen groups and imparts them specialised training to check and rectify water leakage. Problems, such as, replacement of the old and leaking pipes and desilting the sewers are jointly done. Awareness is spread through intensive advertisement campaigns in water saving, water conservation and against using water from hand pumps for drinking purposes. Technical and financial help is provided to the group housing societies and individuals to take up rain water-harvesting projects. Matters pertaining to payment and collection of water bills and internal colony sewage system have been devolved to the RWAs. The problem persisting is taken up again in the workshops.

### **DVB**

The DVB and its private power distribution companies coordinate with the RWAs in meter reading and handling load shedding and power breakdown. People can get the change in the meter names through RWAs instead of personally coming to the offices. The companies involve the RWAs in replacement of low-tension wires and faulty meters and also in revenue enhancement and its re-investment. Complaint cells operate for the people. The RWAs now are made responsible for prevention of power thefts. If the RWAs are facing some problems they take up in the workshops with the officials. Federation of Indraprastha Extension has arranged for drop boxes in societies to facilitate payment of bills without any hassle. The Dilshad Colony RWA has created facility for collection of electricity bills through drop boxes. The representatives of the RWA attended a seminar on 'Power and Water Conservation' through Bhagidari, and has hence educated the residents to adopt conservation measures.

- **MCD**

The MCD has decentralised the house tax collection, maintenance of community parks and management of community halls and sanitation services to the RWAs. In cooperation with the RWAs it imposes fine on littering. For maintenance of sanitation it provides sanitary staff to the RWAs. The RWAs oversee the work of the sanitary staff, provide for door-to-door collection of garbage and maintain community bins. They have to supervise the internal colony sewage system and generate public awareness on sanitation.

Besides the above, the Municipal Valuation Committee also receives inputs from the RWAs for implementation of the new tax system.

- **DoEF**

DoEF in association with the RWAs have taken the onus of creating green belt in the city by planting and maintaining saplings. Anti-plastic and anti-littering campaigns with RWAs are organised to persuade the non-use of plastic bags. For this purpose, the Delhi Plastic Bag (Manufacture, Sale and Usage) and Non Biodegradable Garbage (Control) Act 2000 has been made effective from 2<sup>nd</sup> Oct. 2001. In many colonies programme of waste management has been initiated for segregation of biodegradable and non-biodegradable waste at the source level and for further recycling. It has taken up the implementation of the 'Clean Yamuna,' campaign with the RWAs.

- **DDA**

DDA participates with the people in maintaining community parks, preventing encroachments and providing solutions for resettlement. They have also worked out the problem of parking places with the RWAs. Many RWA federations have developed parks with the help of DDA. During monsoon the federations have planted trees and shrubs in their areas.

- **DP**

DP involves the RWAs for crime prevention, neighbourhood watch, verification of domestic helps, prevention of encroachments, regulation of traffic through the colonies and prevention of illegal sale of liquor. Many RWAs have installed security system in their colonies in association with the DP. Camps are set up for the purpose of verification of domestic helps in many colonies and a list of senior citizens living in the area is generated by the police from the respective RWAs.

#### **10.4.2 Bhagidari on Complex Policy Issues**

The Delhi Government has consulted and taken feedback on certain complex policy issues from the RWAs. These issues pertain to:

- **Electricity meters and billing by DISCOMS (distribution companies)**  
Privatisation of power distribution brought certain problems. There were complaints of high bills and new meters running faster. On feedback from RWAs, the Delhi Electricity Regulatory Commission (DERC) got the new electronic meters re-tested. Deficiencies were reported and the DERC reprimanded the DISCOM concerned and issued orders for installation of new reliable meters.
- **Water regulatory commission proposal**  
The DJB proposal to set up a water commission made the citizens to worry as this would indicate the start of a process of privatising the supply of drinking water. The RWAs and the RWA federations communicated their concern directly to the CM's Bhagidari Cell. Taking note of the anxieties of the citizens the CM made a clear and open statement that drinking water supply would not be privatised.
- **Unit area method of property tax**  
RWAs from across Delhi provided colony wise information and feedback to the MCD on several parameters of categorisation of colonies, such as quality of infrastructure and level of civic services. The MCD was able to utilise this feedback to update its own database and make amendments to

the categorisation of colonies as well as fine tune the unit area method as a system of self-assessment of property tax.

- **Auto-fare revision**

The Delhi Government sought the views, feedback and suggestions of the RWAs and RWA federations on this issue. The rate revision for the autos was worked out and agreed, reflecting a new balance of moderation between the key stakeholders- the citizens, the auto-unions and the Transport Ministry of the Government.

These kinds of involvement helped the RWAs to evolve as a communication channel between the citizens and the government, policy impact anticipator for proposed policy matters on the lines of citizens and generator of suggestions and alternatives with the aim to fine-tune important schemes and changes.

This has transformed the citizen groups as policy partners owing to their detailed knowledge of local conditions and community perceptions and of the anticipatory impact of proposed policies and schemes.

#### **10.4.3 Internal Bhagidari for Change Management**

The PUDs have used the process of Bhagidari to bring about change management in their internal organisation working. The DJB undertook a pilot project to bring about changes at all levels and functions within the organisation along with its consumer-stakeholders. The following steps were followed in the change management project:

**Step 1-** confidential one-to-one meetings were held with CEO, Top Management Team and officers and staff/ unions and associations. This helped in understanding their perceptions on success factors, strengths and weaknesses and consumer needs. This was followed by a written questionnaire to one thousand employees at all levels and functions to understand their perceptions on strengths, weaknesses, gaps and the environment (internal and external) of the organisation.



**Step II-** the feedback from one-to-one meetings and questionnaires were compiled and put together for consideration by the Top Team consisting of senior most members including members of the Board.

**Step III-** ACORD conducted the one-day ‘Top Team Workshop’ in which 17 senior representatives of DJB participated. It identified six major change goals to be focused by the LGIE workshop. The six goals pertained to improving customer satisfaction, water quantity augmentation and supply improvement, reducing water pollution, increasing revenue, and cost reduction and improvement in efficiency, productivity, transparency, integrity and accountability.

**Step IV-** ACORD conducted a two-day Design Team Workshop for a group consisting of one member from the Top Team and 17 participants from a cross-section representing all departments and all levels of DJB. Based on the agenda of the Top Team, programme outline of the LGIE was designed with a theme-‘DJB-Be Every Customer’s Delight’, and a purpose-‘To Reach the Flow of Clean Water to Every Household’. The representatives of various concerned stakeholders of DJB to be involved in the LGIW were finalised and the major issues to be incorporated during the Workshop were discussed.

The major points to be kept in mind while finalising the list of participants as well as the table grouping were discussed to ensure that all functions and all levels of DJB are represented along with external stakeholders on each of the tables.

The change-management process through the large group dynamics with the citizens has helped them to go into and inside civic agencies including all levels from Commissioner to area level officials. This has devolved the internal change management with large civic organisations and helped them to become citizen-satisfaction-centric. It has also helped in upgrading system capability and performance standards of service delivery.

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## **10.5 CRITICAL SUCCESS GAPS**

For the Bhagidari to be successful at the ground level, certain critical factors have to be paid attention:

- The most important task is to manage the change process. There is resistance to change from some and some are willing to accept. It took time to convince the citizens about partnership in which they had to contribute as much as the government officials. That they can now have another avenue for redressal of grievances and they are the owners of the Programme and that they are stakeholders in the development of the city is taking time to get entrenched.
- The people's representatives such as Members of Legislative Assembly and the Municipal Councillors are not participants in the entire process. If they are involved, they will have a feeling of ownership towards it.
- Bringing together a large number of citizens groups and government officials on a common platform is not an easy task. It requires detailed planning and coordinated action for holding preliminary meetings, interactions and whole gamut of logistical arrangements.
- A Mid-Term Impact Assessment was done by ACORD. The assessment has indicated that people have by and large appreciated the Programme but the government officials are required to be sensitised further. There is resistance from the field level government officers who are not willing to step out of their bureaucratic shell and embrace the direct interaction with citizen groups. They feel it is erosion of their authority.
- The RWAs felt that the response from the junior officers was not as good as by the seniors. Certain agencies like PWD are not present in the workshops. Few officials turn up for the meetings and some departments are not at all represented. Also, due to the inter-departmental jurisdictions (DDA, MCD, NDMC, Cantonment Boards) the problem of bad roads, drains and sewer is not getting solved.
- The officials perceive that bureaucratic procedures and financial constraints need to be reduced/eliminated. Some of them felt that some

issues required policy-change and was hence beyond their purview. They found that the RWAs are not coming forward to identify and educate the people, for example, in the use of water meters. Plantation takes place but follow up is done consistently.

- Bhagidari has so far been with registered associations. The challenge is now step out with the Programme into slum clusters, resettlement colonies and unauthorised areas. The high rate of migration and growth of slums on a continuous basis and an alienated and aggressive city culture adds to the challenge.
- Right now the Government provides all resources and does all the monitoring and management. It now faces the challenge of mobilising private sector participation for financial and expert systems; and
- There is need for institutionalisation of the Bhagidari model. The process is at a critical stage and citizen groups' expectations are high. There is a clear need for careful institutionalisation, structural and legal evolution and a balanced empowerment. A good institutional framework is needed so that citizens' partnership in good governance becomes a permanent part of the structure and processes.

Even this process of further evolution and institutionalisation has to be consultative and participative. Inclusiveness and participation has to extend to those who are not yet involved in the process. There has to be a clear form and structure based on functional and organisational logic. The officials perceived that the process should be institutionalised so that it continues regardless of individuals in the leadership positions.

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## **10.6 BHAGIDARI: A MODEL OF GOOD GOVERNANCE**

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Despite the above-mentioned limitations Bhagidari can be termed as a model of good governance. It is most consistent and relevant in the present realm of democratic governance. It attempts to go beyond the norms and practices of the traditional administration and gives a new meaning to the present day governance.

- The interaction through face-to-face dialogue has brought a paradigm shift in the way governance was perceived. Traditionally, interaction was just the grievance expression and grievance handling. But Bhagidari has brought a shift in this paradigm to a relationship where both the citizens and the officials identify the solutions to the issues of common concern, work together to implement the agreed solutions and improve the quality of life. Most of the participants feel that it has reduced the feeling of helplessness. They now have a feeling, 'we can find and implement solutions together with government'. Bhagidari has set a base for a good relationship between the citizens and officials.
- In the Workshops based on Large Group Dynamics for Strategic Change, each RWA along with local area officials focus on live priorities and problems and solutions appropriate to local conditions are discussed, agreed and implemented upon. There is achievement of common ground even when stakeholders come from different mindsets and adversarial positions. This sets room where diverse views can be vent. Over 3000 concrete solutions were implemented within months of each workshop in the first four years. Thus the time taken for solution-implementation becomes minimal. It has reduced unnecessary delays, red-tapism and corruption in administration.
- The office bearers of the citizen groups have been issued ID cards. This has empowered the Bhagidar citizen groups and legitimised their role in sustaining partnership. This has helped in building a feeling of ownership among the citizens as well as the government officials.
- The Right to Information is a giant step taken. The officials have to give all relevant information pertaining to their department/agencies to the RWAs. This has increased accessibility and transparency. Also, officials are not operating in a centralised fashion. They are devolving duties to the RWAs and are sharing forums with them in problem solving. All this has ensconced faith in the administration.

- RWAs have come forward voluntarily to share responsibilities. They are networking with other RWAs and bringing out newsletters- 'Bhagidari Masik Patrika'. Hence, with network management there is more cooperation and coordination in finding and implementing solutions. This has changed the old adversarial relationship. A cooperative partnership has taken shape with greater accessibility. Actual solutions and real working out has become possible.
- The Department of Personnel and Training, Government of India has introduced performance appraisal for all officers of the Delhi Government on their specific contributions during each year towards sustaining Bhagidari in the form of citizen-centric administration. This has institutionalised Bhagidari concept in the civil service. This has ensured accountability in solving problems and sustained interest of officials in the partnership scheme to implement the solutions.
- This mechanism of feedback and review meetings held by the CMO with the RWAs and PUDs has given the citizens an access to the CMO and to Heads of Departments. This has made the RWAs feel empowered and they have become ready to take on the responsibility of checking, overseeing and monitoring the departments/agencies. This has created accountability and transparency. Bhagidari has given a voice to the citizens on the issues that concern and affect them and hold the utility/civic agencies accountable for their actions. On the other hand, RWAs have become sensitive to the problems of the utility/civic agencies and have started offering help and suggestions to their field level officials; and
- RWAs and the RWA Federations are live examples and models of community and civil society. They join the Programme voluntarily thinking in terms of the larger public interests. The LGIW's are the forums to provide dialogue and discourse among the administrators and the people. It is here that the citizen groups meet the officials face-to-face and

interact. The problems are sorted out, solutions are agreed upon jointly and both work together to implement them. This has made horizontal decision making possible.

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## **10.7 CONCLUSION**

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Bhagidari model, where there is a constant positive pressure building up from the top by the HOD's and CMO and by the RWAs from the bottom, is building a positive pressure on the utility/civic agencies to perform and show results. The RWAs have also started taking responsibility for implementing the action points. With RWAs participating the people now have faith and trust in the government.

Bhagidari has helped the PUDs and the CSAs in solving the day-to-day problems of the people on one hand and on the other it has provided help to them in maintenance and upgradation of services. It has also made them to adhere to democratic and professional values. This has enabled a non-partisan approach in their attitude and functioning.

Models like Bhagidari can be replicated in developing countries to improve governance. This Model can secure accountability, trust and transparency and rebuild an effective and responsible administrative culture. For this purpose, there is need to engage the citizens and communities to partner with the government for collective action. Hence, there is need:

- to build communities;
- to have government encouragement and political will to reach out to the communities and citizens;
- to have democratic forums at the ground level for participative and collective action;
- to educate citizens in collaborative and participative governance;
- to have self-inclined and motivated communities; and
- to sensitise administrators and provide incentives and assurances to them.

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## **10.8 KEY CONCEPT**

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**Bhagidari (Hindi Term):** Partnership

**Bhagidar (Hindi Term):** Partner

**Divisional Commissioner:** Administrative head of division having districts under them.

**Deputy Commissioner:** Administrative head of the district (Revenue).

**Area Officials:** They are officials below the Sub-Division Officers (SDOs) and are of the rank of Block Officials.

**Large Group Dynamics:** Processes and techniques utilised by social scientists and organisational consultants to facilitate community change, or organisation change.

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## 10.9 REFERENCES AND FURTHER READINGS

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## **10.10 ACTIVITIES**

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- 1) Explain the need of partnership between the government and citizens at the local levels.
- 2) Do you see Bhagidari programme of the Government of Delhi reflects the partnership between government and citizens at the local level?

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## **UNIT 11 IMPACT OF DECENTRALISED DEVELOPMENT**

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### **Structure**

- 11.0 Learning Outcome
- 11.1 Introduction
- 11.2 Importance of Decentralisation
- 11.3 Impact of Decentralised Development
  - 11.3.1 Political Decentralization
  - 11.3.2 Functional Decentralisation
  - 11.3.3 Financial Decentralisation
  - 11.3.4 Administrative Decentralisation
- 11.4 Suggestions for Strengthening Decentralised Development
- 11.5 Conclusion
- 11.6 Key Concepts
- 11.7 References and Further Reading
- 11.8 Activities

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### **11.0 LEARNING OUTCOME**

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After studying this unit you should be able to:

- explain the importance of decentralization;
- discuss the impact of decentralized development;
- highlight the constraints of decentralized development; and
- identify certain reforms for making decentralized development a success.

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### **11.1 INTRODUCTION**

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Decentralization is recognized as a largely positive aspect of political development. It is an ideological principle associated with objectives of self-reliance, democratic decision-making, popular participation in government, and accountability of public officials to citizens. Thus, decentralization is a political decision, and its implementation, a reflection of a country's political process.

As regards decentralized development, it involves the establishment of machinery for planning, economic growth and mobilizing and allocating resources to expand national income. It entails arousing people's aspirations and allowing and encouraging people to meet their own aspirations. It naturally involves achievement of progressive political, economic and social objectives (Mishra, Sweta; 1994: 3).

In this unit we will be discussing the impact of decentralised development and also highlight the various measures for achievement of decentralised development.

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## 11.2 IMPORTANCE OF DECENTRALIZATION

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Development Administration is basically oriented towards speedy socio-economic transformation. Hence, all throughout the developing world there is universal concern now to design new forms of administration to match the needs of development. The realization that the centralized, bureaucracy – dependent system of planning and implementation has failed to deliver to much of the developing world, as well as the fact that common citizens should have a say in the decisions that affect their lives, has brought decentralization center – stage within development discourse (Mohmand, Shandana Khan; 2005: 278). Decentralization has been looked at as a singularly useful mode of administration to deliver the public services from convenient local centers close to the clients' locality. Bringing administration to the doorstep of the citizen and establishing a direct relationship between the client and the administration have been the driving force behind decentralization in most of the developing countries. By bringing governance, decision making and implementation of basic services closer to the people, decentralization promises both greater efficiency and a more responsive government based on more accurate information. The proximity between people and state can foster greater understanding and a better perception of the needs at the local level.

The urge for decentralization has come from many sources. Firstly, it has been prompted by the need to deliver the basic public goods like food, housing, water from local units of administration as soon as possible. Secondly, most people in the developing countries live in rural areas which are away from the national capital located in distant urban area. Administration has to “penetrate” the rural areas and link these up with the nation as a whole. Thirdly, in many countries sociological diversities manifest themselves in ethnic, linguistic and religious differences. Administration needs to be decentralized in response to regional diversities. Fourthly, regional and local resources can be utilized for area development purposes, only if administration would move out to the regions and localities. Decentralization, therefore, facilitates local planning and development with the help of local resources. Fifthly, decentralization has its own value in political and administrative terms. Politically, local participation in development activities, with intensive responses paves the way for meaningful articulation of local demands. Planning, thus becomes much more realistic and receives ready political support. From the administrative point of view, local capability to govern local areas increases through sustained participation in local decision-making. Decentralization is expected to release local energies and enlist local support for development activities. In the process, the local community can steadily attain political and administrative maturity.

Thus we see that decentralization has the capacity to bring governance processes closer to the people and to create both representative and participatory forms of governance. It has the potential to allow citizens to play a direct role in decision making and implementation at the local level, resulting in greater transparency of decision-making processes and greater accountability of elected officials to the general populace.

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## 11.3 IMPACT OF DECENTRALIZED DEVELOPMENT

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A remarkable change in the democratic structure of governance is underway in India following the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts. The Acts were the culmination of a historic political move towards deepening democracy and advancing development through decentralization by making Panchayati Raj Institutions (PRIs) and Municipal

Institutions mandatory. The Acts aimed at building up local bodies as institutions of self-government. The decentralization process has now given rural and urban local bodies an opportunity to assume greater responsibility for rural and urban management. The installation of representative local governments across the country, apart from political decentralization, also enables, to a substantial extent, a multi level self-governance in the cities and villages of the country (Sivaramakrishnan, K.C., 2006: vii).

The Amendment Acts have provided a broad structure for organizing rural and urban governance. The rural and urban local bodies are expected to assume a larger role in planning, financing and management of rural and urban areas.

Apart from these, decentralized development has its impact on all the dimensions viz., political, administrative, functional and financial. It has both its positive and negative impacts. These impacts are discussed in the succeeding pages.

### **11.3.1 Political Decentralization**

Under political decentralization, the political and constitutional status has been given to local institutions, both rural and urban, and elected members through the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts. The Acts have empowered the local institutions and has opened avenues for facilitating social mobilization process at the grassroots level. They have provided a framework for decentralization at three levels viz., district, block and village, by providing a uniform three tier structure for rural and urban areas as also a uniform term of five years for each tier. The uniform tenure ensures that the local bodies do not remain in a state of suspended animation for long. If at all the local bodies are superceded before the completion of their tenure, provisions for fresh elections within a period of six months, has been provided for in the Acts. Thus, the local bodies can remain suspended only for a period of six months in the new dispensation. This is a very positive impact of decentralized development.

#### **Elections**

The impact of direct election of the chairperson of the Gram Panchayat was good. It has been observed that such a chairman is a strong executive head and at the same time is also directly accountable to the people. The field experiences from Andhra Pradesh and other states reveal that the direct election of the chairpersons, i.e. the Sarpanch, of the Gram Panchayat tends to promote the emergence of the people not only for his actions but also for performance of the Gram Panchayat as a whole.

Whereas, on the other hand, in states like Karnataka, the chairman is indirectly elected from amongst the elected members of the Gram Panchayat. It is felt that direct election of the chairman leads to chairman becoming a dictator, taking unilateral decisions and becoming partisan to a particular group or a community (Sharma, P.R. and Joshi, R.P.; 2004: 149). Hence, the state opted for indirect election of the chairman.

#### **Reservation**

Another area of decentralization, where its impact can be assessed, is the participation of SCs/STs, OBCs and women in PRIs and ULBs. Some three million people have been elected to local councils at all three levels of local government, including one million women and a large number of SCs and STs. The very presence of large numbers of poor people in local councils, mainly on account of seat reservations, is a very significant development in the local political landscape of most parts of rural India where they were

previously excluded from public life and political participation (Robinson, Mark; 2005:17). Vastly increased numbers of elected representatives have provided new opportunities for political representation at the local level, especially for women and marginalized social groups. The reservations have provided under-privileged groups with increased visibility and an opportunity to influence local affairs. There are many instances where women have managed to generate modest local development dividends by marshalling financial resources and lobbying bureaucrats and politicians at higher levels (Ibid: 20).

The most positive impact of reservation for women is the recognition of the value of education by women. New panchayat/municipality members experienced many handicaps due to lack of education. This made them keen to educate their daughters. In the near future, female literacy and education will definitely improve (Baviskar, B.S.; 2005: 340).

Besides, the status of women in their families has been enhanced due to their participation in the public sphere of panchayats and municipalities. Some of the women representatives have highlighted that their husbands have stopped battering them and many have even given up drinking. As a result, they have become more confident and there is significant improvement in their self-image. Even the other village/town women have started coming out of their homes. They approach the women leaders with petitions about family conflicts, disputes over land, employment and housing.

Studies from Karnataka indicate that women have made some headway in gram panchayats by using reserved seats as a vantage point to shape local development priorities. Scattered evidence suggests that individual women panchayat leaders have registered significant success in securing government resources for sanitation and street lighting, local infrastructure in the form of village roads and community buildings (such as schools and childcare centers), and ensuring that public servants such as school teachers carry out their designated responsibilities. These modest but important gains demonstrate the ability of women to use the elected office for the benefit of the community and strengthen their legitimacy as elected representatives (Robinson, Mark; 2005: 21-22).

Many such success stories about the effective participation of women have already been discussed in detail in Unit 5.

Reservation of seats for SCs and STs has provided them a guaranteed level of representation and share of leadership positions. It has ensured the access of SCs and STs to rural/urban power structure thereby legally enlarging the social base of the system. Now the people from SC/ST community are in a position to air their grievances and get them cleared through process of participatory decision making process. Some elected presidents from these communities have been able to use their new found authority to significant effect by bringing in more resources and challenging caste discrimination in village affairs (Ibid.).

The reservation has thus enlarged the participatory process at the local level because of mandatory participation of women and weaker sections in these bodies. Besides facilitating greater degree of communication among the rural and urban people irrespective of their caste or gender affiliation, it has also opened vistas of social change thereby accepting the process of equity with social justice.

On the other hand, the reservation of seats for SCs/STs and women has its negative impact too. Elite dominance continued to prevail in most panchayats/municipalities. As a result, the traditional caste leaders and landed elites dominated decision making by proxy



or manipulation during the first phase of the functioning of PRIs and ULBs. Outspoken SC and female representatives have often had to contend with violence, ostracism or non-cooperation from dominant interests (Ibid: 21).

There have been repeated cases of violence directed at SC representatives, and a series of publicized murders. There are numerous instances (already discussed in detail in Unit 5) where women elected to local office have faced abuse and violence and in some cases have been murdered.

### **Role of Gram Sabha**

The Gram Sabha, corner stone of the entire scheme of democratic decentralization, was non functional prior to the 73<sup>rd</sup> Constitutional Amendment Act. Even after the Amendment, it has not been activated to the desired extent. Realizing the importance of this institution at the local level, the Government declared the year 1999-2000 as the “Year of Gram Sabha”. As a result, the Gram Sabhas started meeting on specified dates (26<sup>th</sup> January, 1<sup>st</sup> May, 15<sup>th</sup> August and 2<sup>nd</sup> October) and the local people came in large numbers to attend the meetings in States like Rajasthan, Madhya Pradesh, Kerala, etc.

In Rajasthan the general masses who elect their Gram Panchayat representatives have become aware of their sovereign power to control the governance and functioning of an elected body like Gram Panchayat. Whenever the meetings of the Gram Sabha is convened for the selection of beneficiaries under various programmes of the Government, it is well attended by the villagers. Now they are very cautious that there should not be any favour and partisanship in selecting the beneficiaries. The educated youth of the area has awakened and now they are asking the president, the head of the village panchayats, that how they have utilized the resources or finances coming to them either from State or the Central Government. With the passing of the Right to Information Act, the people now know that they have a right to ask for a copy for any document relating to the affairs of the village from the Gram Panchayat and thereby bringing transparency in the working of Gram Panchayat (Sharma, Ashok; 2003: 755).

In Kerala detailed development plans are developed through open assemblies at the village-level (Gram Sabhas) and are only sent upwards for finalization after the needs and priorities at that level have been openly debated. These meetings, where plans developed at the village level are put to vote, are open to everyone in the village, and the plans developed are comprehensive with both horizontal and vertical linkages of projects and other activities. Besides, the Gram Sabha also reviews expenditure details and implementational status of projects agreed upon in the previous year. As a result, the Gram Sabhas become directly accountable to the people and there is little space for misuse of funds (Mohmand, Shandana Khan; 2005: 283).

The experience of people’s plan through Gram Sabha infused enthusiasm among people who have been taking very active part in Gram Sabhas specially because plan funds to the tune of 40-45 lakhs were placed at the disposal of every panchayat to sanction need based proposals given by Gram Sabha whereby the aspirations of local people were fulfilled.

The examples of Kerala and Rajasthan clearly prove that the Gram Sabhas have started functioning thereby enlarging people’s participation. In various part of the country the anger of the public has outburst in the meetings of Gram Sabha and this has compelled the local leadership and local bureaucracy to satisfy the eager voices in these meetings

(Sharma, Ashok; 2003: 756). This is a very positive impact of decentralized development. Strengthening of Gram Sabhas has resulted in greater involvement of people besides facilitating transparency and accountability at the village level besides propelling the process of consultation and participation (Jain, S.P.; 2003: 605). Though a lot has to be achieved but still a beginning has been made. The effective functioning of Gram Sabha should not be restricted to few states. Rather it should spread across the country only then the real fruits of decentralization can be achieved.

### **Role of the Ward Committees**

The provision for ward committees was made to ensure some proximity between citizens and their elected representatives. Since many aspects of day-to-day civic life could be addressed in a better way at the neighbourhood level, it was necessary to have the ward committees, which could serve as effective forums for interaction with elected ward councilors.

The ward committees have been constituted only in eight States (Andhra Pradesh, Karnataka, Kerala, Madhya Pradesh, Maharashtra, Tamil Nadu, West Bengal and Delhi). Out of these States, it is only in Kerala that the ward committees have been constituted in all the ULBs. Excepting Kerala, and to some extent West Bengal, none of the State Governments have shown any enthusiasm in setting up the committees.

In Kerala, the participation of the people's representatives has been made broad-based by listing various categories of civil society organizations, professionals and neighbourhood groups. It serves as a platform for seeking and obtaining some accountability from the councilor (Sivaramakrishnan, K.C.; 2006: 23). In the case of Karnatakas and Kerala, citizens can have access to the minutes of the committee meetings. In Kerala, the citizen's groups participating in ward committee meetings ask question on the progress made in redressal of complaints and civil works.

Thus, we see that the ward committees in Kerala have contributed greatly to ensuring participation of people in governance. One of the ward committees installed rainwater harvesting structures in the ward to tackle the problems related to scarcity of water during summer. Besides, the ward committees are looking after solid waste management. The ward committees took the initiative to appoint workers to collect solid waste from households to prevent accumulation of garbage on roadsides (Ibid: 185). All this has led to greater decentralization, accountability, transparency and people's participation. It is a very encouraging and positive impact of decentralization.

The ward committees have demonstrated their potential to emerge as platforms for citizen's participation and their interaction with elected representatives. However, this potential has been achieved only to a limited extent. Unless and until the rest of the States follow in the footsteps of Kerala, their real impact cannot be visible. The negative side of the ward committees is that the municipal leadership view it as an incursion into their domain and the skepticism of the people in looking up to these committees as a forum for their participation (Ibid: 49).

### **Accountability**

Accountability of local institutions is a precondition for creating trust in the minds of the people. The expectations of the people from the government in general and the PRIs/ULBs in particular do not remain confined only to the prevention of abuse of power or dishonesty in the use of public resources. Rather they expect their government to be

responsive to their needs, wishes, and preferences. As such, the public agencies in general and the local government institutions in particular must remain accountable for being responsive to the needs of the citizens they serve (Ghosh, Buddhadeb; 2005: 257).

The provisions like display of all vital information pertaining to development projects, especially receipt of funds and how they are being spent, in the Panchayat/Council offices or on a prominent board outside the school, for the information of the public, ensures the accountability of the local bodies. Similarly, the provision to obtain photocopies of documents pertaining to development projects as also matters of general public interest by paying a nominal charge, too ensures accountability and transparency.

These provisions have a direct impact on the citizens in the sense that now they can keep a check on the functioning of the local bodies. The experience gained from the experiment of Jan Sunvais (Public Hearings) in Rajasthan is a proof that the citizens can no longer be befooled and the funds be misutilized. Under the Jan Sunvais, the village people demand for all documents related to works undertaken with public funds. If there are discrepancies, they are questioned by the village people. The Sarpanchas in several villages have paid up the recoveries demanded by the people and Jan Sunvais have been highly effective in mobilizing villages on the issues of transparency and accountability (Background Paper, Shimla; 1999: 29). This is a very positive impact of decentralization. It is hoped that in near future, the local institutions will reconcile the ethical values of fair play and integrity, democratic values of rule of law, participation, responsiveness, and transparency, and corporate values of providing services in an efficient and effective manner (Ghosh, Buddhadeb: 2005: 273) and will ultimately achieve the goal of decentralization, which we have been striving for too long.

### **11.3.2 Functional Decentralisation**

It refers to transferring subject specific/functions to the local tiers. The functions prescribed under 11<sup>th</sup> (29 subjects) and 12<sup>th</sup> Schedules (18<sup>th</sup> subjects) are to be transferred to panchayats and municipalities respectively.

#### **Transfer of Functions**

The full transfer of functions under 29 and 18 subjects have not taken place in almost all the States. Even, in the functional terms, the subjects under basic needs (like primary education, health, agriculture, veterinary, irrigation etc.) have not been transferred. Also, inter-tier demarcation of functions has not been carried out resulting, into overlapping of functions and conflicts in certain cases. Similarly, subject-specific responsibilities have not been assigned to each tier (Gupta, D.N.; 2004: 225). As such, the local bodies are not in a position to take up the responsibilities under various subjects.

The performance of some States is better than the others. While some States have yet to start. Very limited action in this regard has been taken by the States. But still the impact of decentralized development is visible. The functional devolution has essentially galvanized the local bodies from the stage of dormancy to performance. A challenge has been placed on these bodies to perform (Jain, S.P.; 2003: 605). Though there are variations across the states with regard to functional devolution and performance of these bodies, the overall results can be seen in the positive direction. The local bodies are involving themselves in the implementation of poverty alleviation programmes, besides the schemes under social development sector. This has paved the way for greater people's participation which has been lacking so far (Ibid: 606).

### 11.3.3 Financial Decentralisation

Under financial decentralisation, powers with regard to taxation, funds and expenditure are devolved upon local bodies in order to improve their financial position and also to give them financial autonomy for planning and implementation as per local needs.

#### Devolution of Funds

Like devolution of functions, the devolution of funds too has not taken place in most of the States. Financial decentralisation has progressed to a very limited extent as resource flows are determined by the implementation guidelines for state and central government anti-poverty schemes. Hence, financial autonomy to the PRIs and the ULBs have been granted in very few States. Despite that, the impact of decentralisation can be seen on the financial health of the local bodies. The constitution of State Finance Commission (SFC) and provision for effective local tax administration in the Act, have no doubt improved the financial health of the local bodies. Similarly, provisions like auctioning the Gram Panchayat financially beneficial properties like fisheries, ponds, pastures and others, have also improved the financial position of the local bodies. In the past, lack of financial resources made these institutions totally handicapped and did not allow them to fulfil the hopes and aspirations of the people (Mishra, S.N.; 2005: 73).

The impact of decentralisation in the financial sphere can be witnessed from the fact that under the Terms of Reference (TOR) of Eleventh Finance Commission (EFC), for the first time the Presidential Order required a Finance Commission to make recommendations regarding the transfers of fund to the States which further pass on to the local Governments for augmenting of resources of these bodies. Accordingly, the EFC recommended a grant of Rs. 1600 crore for the Panchayats and Rs. 400 crore for the Municipalities for the period of five years (2000-01 to 2004-05). Similarly, the Twelfth Finance Commission (TFC), too recommended a sum of Rs. 20,000 crore for the Panchayats and Rs. 5000 crore for the Municipalities for the period 2005-2010, as grants-in-aid to augment the consolidated fund of the States to supplement the resources of the local bodies. This is a welcome step in the direction of making the local bodies financially independent.

### 11.3.4 Administrative Decentralisation

Administrative decentralisation involves placing planning and implementation responsibilities with the local bodies and assigning the roles and responsibilities to functionaries and elected members.

#### The District Planning Committees

A planning body has been given constitutional status for the first time as per the provisions of Article 243 ZD. The new dispensation has given a fillip to the institution building efforts for shouldering the responsibility for plan formulation which is an important prerequisite for micro-level planning (Singh, S.K.; 2005: 163). It has emerged as a strong body outside the panchayat and municipal system, as can be seen from the experiences of Madhya Pradesh where DPC has been made as Zila Sarkar, that is, district government.

The Kerala experience proves that it has gone much ahead in carrying out decentralized planning process or 'planning from below'. Under this process, people are to be mobilized through the local bodies in all stages of development planning from formulation, implementation to maintenance. The primary objectives of people's campaign for Ninth Plan is "to ensure that the Panchayat/Municipal bodies prepare and prioritize the shelf of

integrated schemes in a scientific manner". With this campaign, for the first time in the history of our country there has been a process of genuine planning process from below. As a result of this people's campaign, maximum participation at every stage of the planning process from proposals to implementation has been ensured. The campaign has also successfully contributed towards strengthening people's unity in development action and has generated a new development consciousness in the State (Biju, M.R.; 1998: 146). This is a very positive impact of decentralized development as decentralized planning has heralded a new era in people's participation. This participation should extend to conceptualization, formulation, implementation, monitoring and evaluation of locally relevant plans by local people (Mishra, S.N. and Mishra, Sweta; 2002: 57).

### **Role of Bureaucracy**

The local bodies can function effectively if there is facilitative functional relationship in terms of coordination, cooperation between the elected and official functionaries. But in the new scheme of decentralization, the State Acts have given ample scope for the State Governments, through bureaucracy, to exercise control, supervision, powers of dissolution and of annulling resolutions. As a result, in most states, the bureaucracy had been found to be in a prime position over the elected leadership.

The above provisions have a very negative impact leading to recurring confrontation figuring between district panchayat leadership and administrative leadership. Since there is no clear cut demarcation of powers, functions and responsibilities between panchayat functionaries, particularly between the presidents and chief executive officers of the panchayats, a lot of confusion prevails over the exercise of these functions. Notwithstanding the confusion on paper, the bureaucracy, in most of the States, except in States like Karnataka, Kerala and West Bengal, is found to be a dominant partner in decentralized governance. Bureaucrats in local governments, especially gram panchayat secretaries, continue to exercise considerable influence over elected representatives. Consequently, though panchayats have vertical linkages (organizational and functional) between them and the functionaries, there appear to be gaps as far as 'role perception', 'role appreciation' and 'role performance' is concerned (Chandrashekar, B.K.; 2000: 12). This is not a good sign as the real aim of decentralized development is being thwarted.

From the above analysis it becomes clear that political decentralization has largely been successful. So far as functional, financial and administrative decentralization is concerned, it has achieved partial success. The percentage of political participation has increased, reflected in active campaigning, high levels of voter turnout, and heightened engagement with local officials and elected representatives. All these have helped in invigorating local democracy.

The provisions for regular local elections, affirmative-action measures designed to bring women and scheduled castes and tribes into public life, and strengthening the oversight and accountability functions of gram sabhas, have deepened local democracy by broadening political participation and diversifying representation. The very presence of large number of poor people in local bodies, mainly on account of seat reservations, is a very significant development in the local political landscape of most parts of rural/urban India where they were previously excluded from public life and political participation (Robinson, Mark; 2005: 17).

On the other hand, there are certain issues which are still creating hurdles in achieving the goal of decentralized development. Issues like dominance of bureaucracy, the role of



District Rural Development Agency (DRDA), the non-functional character of the DPC, devolution of funds and functions needs immediate attention if we really want to see the impact of decentralized development.

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## **11.4 SUGGESTIONS FOR STRENGTHENING DECENTRALISED DEVELOPMENT**

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As local self-government bodies have come into existence throughout the country their functioning has come under scrutiny. A congenial climate for taking governance to the doorsteps of the people is slowly being created. However, a lot remains to be done. Accordingly, in the succeeding pages, some suggestions are provided for strengthening decentralized development.

Panchayats and Municipalities can fulfil their responsibility as institutions of self-government only, if devolution is patterned on a nexus between the three Fs: functions, functionaries and finances. The closing down of the line departments and the transfer of staff to the administrative and disciplinary control of the panchayats and the municipalities should be done. In the absence of such effective devolution of functionaries with functions, a kind of dyarchy will keep on operating at the ground level which is detrimental to good governance and extinguishes all possibility of effective self-government (Aiyar, Mani Shankar; 2005: 65).

The Gram Sabhas constitute the bedrock of the Panchayati Raj system in India. Hence, unless the Gram Sabhas meet regularly, we cannot ensure direct accountability of the elected representative to the electorate. There should be wide publicity for the Gram Sabha meeting through local media and local communication methods like announcement on loudspeakers, beating of drums, distribution of pamphlets, etc.

The people attending the Gram Sabha meetings should be encouraged to express their opinion freely so that no single group dominates the proceedings. People should be educated regarding the powers and functions of Gram Sabha. The NGOs active in the field of rural development must be encouraged to educate the people so that they can participate actively in the Gram Sabha meetings (Meenakshisundaram, S.S.; 2005: 427). Apart from the NGOs, the teachers in village schools may be assigned the function of educating the people about the powers and functions of Gram Sabha. The village school should serve as a resource center to the members of Gram Sabha (Sharma, Ashok; 2003: 766).

In order to ensure transparency and accountability, certain measures should be taken up. For example, a register containing the details of all development works should be maintained. It should contain information like assets created, work done, cost and dates of their completion etc. This register should be made available to the members of Gram Sabha/Gram Panchayat on demand. This will help in scrutinizing the works completed. The information regarding income and expenditure of the Gram Panchayat should be provided to the Panchas by the Sarpanch. Complaints regarding manipulation of funds, should be enquired into and those found guilty should be punished (Singh, Mohinder; 2003: 770).

Besides these, the NGOs operating in the respective areas of the Gram Panchayat should be involved to ensure transparency. Whenever any new scheme/programme is introduced the block and district level officials should visit the village and brief the villagers about the



objectives, procedure and types of benefits that are likely to accrue under the scheme/programme. The functionaries should directly contact the villagers for seeking and giving information. This will create awareness regarding schemes of rural development as also ensure interaction among the people (Ibid: 771). Finally, the Gram Panchayat as a whole should be made more responsive and accountable to the concerned Gram Sabha. All these will lead to the transparent functioning of the Gram Panchayats.

The decentralization process cannot be complete unless proper planning is done. Though the District Planning Committees have been constituted in most of the states, yet desired result have not been achieved. Accordingly, it is suggested that the union governments accord the highest priority to the constitution and functioning of the DPC with a view to making plans prepared by DPCs the basis for the preparation of the Five Year Plans (Aiyar, Manishankar; 2005: 79).

The prime focus of the DPC should be guiding and facilitating panchayats and municipalities in formulating their plans. It should also resolve policies, priorities, programmes and strategies for the overall development of the district in order to ensure maximum and prudent utilization and exploitation of available natural, human and other resources in the area. The DPC should convene a general body meeting of all panchayat and municipal representatives of the district to approve and endorse the plan so that due importance is accorded to such district plans in the planning process at higher levels. Only after this, the development plan of the DPC should be forwarded to the State Government.

Apart from these, the DPC should organize training programmes to impart technical skills to personnel engaged in the plan formulation at the lower level bodies. This training will enhance the capability of personnel leading to improvement in the quality of planning.

So far as financial devolution is concerned, it is suggested that the recommendations of the State Finance Commission (SFC) for strengthening of the financial position of rural and urban local bodies should be implemented in toto. The necessary sanction with regard to the release of funds must be done in time. Apart from this, some kind of link up between the recommendations of the Central Finance Commission and the SFCs should be evolved so that the PRIs and the ULBs do not remain dependent on funds for specific schemes but also get some “untied funds” for taking up activities which meet the local requirements (Jain, S.P.; 2002: 604).

It is further suggested that the taxing power and auctioning power should be in the hands of the PRIs and the ULBs and collection of taxes and auction money should be done by local level bureaucracy. This strategy may come handy in timely collection of taxes and other means of augmenting of finances of the local bodies (Mishra, S.N.; 2005: 75). Apart from this, it is further suggested that in the initial stage provision for matching grant, like Maharashtra and Gujarat, may also help enthuse the local bodies to take up more and more developmental activities and getting more and more fund from the State Exchequer.

Reservation has opened the door to revolutionary changes of a political, social and cultural nature. It has empowered the women, SCs and STs. However, the real and genuine empowerment is still awaited. In order to achieve this, reservations for women should extend to at least two terms for any constituency. This way they will be able to enjoy the benefit of their past good work (which they might have done in the first term) while contesting the election for the second term.

It is further suggested that no-confidence motions against women chairpersons be allowed to be tabled only once every two years, no oftener, in order to end the widespread harassment of women chairpersons through threats of no-confidence motions, which are very much in vogue with respect to women than men chairpersons. Similarly, if a women chairperson or member is removed for any reason whatsoever, she must be replaced by another woman of the same category, not by a man, whether in full or acting charge.

If the above suggestions are taken into account women would, no doubt, create better village and town communities based on harmony and cooperation achieved through gender balance and justice.

So far as the ward committees are concerned, they are significant addition to the structure of decentralisation. The ward committees have facilitated greater proximity between the citizens and their elected representatives. But this is not enough to ensure better functioning of urban services or accountability to citizens at the local level. They have yet to become an effective platform of accountability to citizens.

The financial and administrative support needed even for ward committees as are presently existing, are not adequate. As such it is suggested that such support mechanisms be expanded and also replicated to the extent necessary for ward Sabhas. It is further suggested that the issues of composition and proximity should be resolved at the earliest, only then the ward committees can function effectively. Otherwise the ward committees are likely to remain as appendages to the nagarpalika structure rather than effective platforms of citizen's empowerment (Sivaramakrishna, K.C.; 2006: 51-52).

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## 11.5 CONCLUSION

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On the basis of the above analysis it be said that the overall impact of decentralization is visible in the form of provisions for regular local elections, reservation of seats for women, SCs and STs and strengthening the oversight and accountability functions of Gram Sabhas. As a result of these provisions, the local democracy has been deepened, political participation broadened and representation diversified. The very presence of large numbers of poor people in local councils, is a very significant development in the local political landscape of most parts of rural and urban India.

The political decentralization, thus, has largely been successful in the sense that most of the provisions of the constitutional amendments have been enacted in almost all the States and its impact has also been felt. The financial and administrative decentralization has progressed to a very limited extent. The scope for local revenue mobilization is very restricted, resulting in a high level of dependence on fund flows from higher levels of government. Despite formal provision for transfer of responsibilities to the lower tiers of local government and legislation governing transfer of development functions to Gram Panchayats, progress has been uneven.

However, most of the success on these fronts will depend on the relationship between the local bodies and local level bureaucracy. They would have to forget the love and hate relationship and work hand in glove for the success of the PRIs and the ULBs.

Decentralization is recognized as a largely positive aspect of political development. It entails arousing people's aspirations and allowing and encouraging people to meet their own aspirations.

The decentralization process has now given rural and urban local bodies an opportunity

to assume greater responsibility for rural and urban management. A new set of political opportunities for deepening democracy and advancing development has been created. Achievements from any political decentralization have not been matched either by financial or functional or administrative decentralization. Only a small number of status continue to make steady progress with regards to decentralization, others are lagging behind. If the above suggestions are taken seriously and implemented conscientiously in letter and spirit, the local bodies can function effectively and efficiently.

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## 11.6 KEY CONCEPTS

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- Ward Committees** : The 74<sup>th</sup> Constitutional Amendment Act envisages constitution of ward committees, consisting of one or more wards within the territorial area of a municipality having a population of three lakhs or more. The provision for ward committees was made to ensure some proximity between citizens and their elected representatives. The ward committees could serve as effective forums for interaction with elected ward councilors. The ward committees are expected to address local problems by performing planning, financial and administrative functions having a direct bearing on the related wards.
- (K.C. Sivaramakrishnan (ed.), *People's Participation in Urban Governance*, Concept Publishing Company, New Delhi, 2006).
- Non-Governmental Organization (NGO)** : A NGO is a non-profit group or association that acts outside of institutionalized political structures and pursues matters of interest to its members by lobbying, persuasion, or direct action. The term is generally restricted to social, cultural, legal and environmental advocacy groups having goals that are primarily non-commercial. NGOs usually gain at least a portion of their funding from private sources. Because the label "NGO" is considered too broad by some, as it might cover anything that is non-governmental, many NGOs now prefer the term Private Voluntary Organization (PVO) or Private Development Organization (PDO).
- (<http://en.wikipedia.org/wiki/Non-govern>).

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## 11.8 ACTIVITIES

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- 1) Discuss the impact of decentralised development.
- 2) According to you what reforms will make decentralised development a success.

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## UNIT 12    EVOLUTION OF LOCAL GOVERNANCE (BEFORE 73<sup>RD</sup> & 74<sup>TH</sup>) AMENDMENT

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### Structure

12.0 Learning Outcome

12.1 Introduction

12.2 Historical Overview

12.3 Post- independence Developments

12.3.1 Brief Overview of Initiatives Post -independence

12.4 Committees in Chronological Order of Appearance

12.5 Weakness of the New Panchayati Raj System

12.6 Evolution of Urban Local Government in India

12.7 Issues in Urban Governance

12.8 Conclusion

12.9 Key Concepts

12.10 References and Further Reading

12.11 Activities

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### 12.0 LEARNING OUTCOME

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After studying this Unit you should be able to:

- Understand the origin of local governance in India;
- Explain the evolution of Panchayati Raj Institutions;
- Discuss the initiatives taken by various committees on local governance; and
- Identify the weaknesses of the local governance before 73<sup>rd</sup> and 74<sup>th</sup> amendment.

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### 12.1 INTRODUCTION

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“Human institutions evolve over a period of time and in the process get adapted to the traditions and temper of the people”(Report of the Committee on democratic decentralization, Government of Maharashtra, 1969). It is therefore pertinent to understand the functioning of local self-governance institutions within the specific historical context. With the understanding gained by such study of the historical evolution of local self governing institutions and their functioning in different time periods in history, one is in a better position to understand their present working and likewise, suggest alterations, for further improvement. It is the *functioning* of the local institutions henceforth, that have been set up following the 73<sup>rd</sup> and the 74<sup>th</sup> constitutional amendments, that needs to be observed and studied for the purpose of real democracy, for democracy *inheres in processes*; in the way things are actually done. The historical factor in attitudes and proclivities that

develop over time, that characterize a particular culture cannot be denied. Democratic Decentralisation holds the promise of affecting real democracy by involving people in policy choices and other vital matters of administration that concern them, at the grass roots, which is where the actual implementation of policies take place and results are achieved, and where, the real success or otherwise of schemes and projects can be gauged.

In this Unit we will study the evolution of local self-governance in India in the *pre* and *post* independence periods. Texts tell us that neither democracy nor democratic decentralisation is/are an alien concept(s) in India. There was an interregnum when local autonomy in governance was lost to centralised administrations. However after successive attempts in the post independence period, the desired three-tier arrangement for local governance has been put in place.

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## 12.2 HISTORICAL OVERVIEW

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Panchayats as an institution of local self-government at the village level had its origin in Ancient India. A sort of village council or an association of the residents of the village consisting of the village elders, Panchayats or Gram Sangha performed administrative and judicial functions. Sometimes, the Gram Sanghas or Panchayats were formed among the villagers who regulated their own lives through these bodies. We find reference to Gram Sanghas in the Manusmriti, Kautilya's Arthashastra (400 B.C.) and the Mahabharata. The Shanti Parva of Mahabharata refers to a Sabha named 'Sansad' also. This consisted of the common people and was, therefore, called the 'Jan Sansad'. Valmiki's Ramayana speaks of the Ganapada, which was a sort of federation of village republics. Only those persons could become the members who had the general welfare of the people in their hearts (Kashyap, 2003).

Local self-governing institutions were disrupted following invasions from the north-west. Not much effort was made during the medieval period to reestablish the same. Mughal governance was highly centralised. Villages were penetrated only for purposes of collection of revenue, never that much for administrative purposes. While the emperor had ultimate control, his team of jagirdars, zamindars, who formed the aristocracy of the Mughals interacted with the peasantry, but for exploitative purposes. This complicated agrarian relations in the countryside. The pre-British Mughal system of administration had a highly bureaucratised hierarchy of officials. The British made full use of this apparatus of administration while bringing about necessary changes as per their own requirements. Administrative and political reform during the time of the British was largely guided by commercial considerations. Expanding commerce and private property needed rule of law and an official machinery to enforce the contractual obligations. Therefore, political and administrative reforms were carried out from time to time, including establishment of local self-governing institutions on lines of British theory and practice. They lacked the local tinge; nevertheless, were there.

The 'feudalisation' of India is attributed mainly to the Gupta era, when centralised authority of the preceding Mauryan age gave way to a decentralised system where the aristocracy attained land rights and subsequently power over subjects. The oligarchy exerted considerable influence on the monarch who depended on them for military supplies and cooperation during combat. The trend continued during the reign of Harsha, and worsened later. At the eve of the twelfth century, India had ceased to be a cohesive polity and presented a variegated picture of numerous tribes and ceaseless battles for



‘paramountcy’. Paramountcy however, was attained, long after, by the British. They consolidated the ‘nation state’, however obviously for personal gain, as above stated, and introduced modern systems of governance. The British rulers for the first thought of reversing the trend of centralisation only in 1882 when the Government of Rippon issued a resolution proposing steps in the direction of local self-government. The resolution called upon the provincial governments to establish a network of Local Boards charged with definite funds throughout the country.

Accordingly, the present idea of democratic decentralization (rural local government) is the result of Lord Mayo’s Resolution (1870) and Lord Rippon’s Resolution (1882). The Report of the Royal Commission on Decentralisation (1909), and the Government of India Acts of 1919 and 1935 have further contributed in this direction (Malik, 2002).

The British Government, with a view to preserve and stabilise its political control, took various measures and recognised village panchayats. A special Commission was appointed in 1909 on local self-government, which suggested the need for revitalising the village Panchayats for handling local affairs. The Decentralization Commission, which reported in 1909 made some far-reaching suggestions to remove some of the defects in the working of the Local Boards. In 1915 a Government resolution endorsed the Commission proposals. But, again the provincial governments took no steps in the matter. Following the Montague Declaration of 1917 regarding the introduction of responsible government in gradual beginning with the local bodies a Resolution was issued by the Government of India in 1918 and, under the scheme of provincial dyarchy, by 1919; rural self-government was put under the charge of the Indian ministries. Some progress was made. Besides Municipal and Local Boards Acts, laws were passed in almost all the provinces to introduce Panchayats in villages (Henry, 1970).

Subsequently, a number of Acts were passed like the Bengal village self-government Act of 1919; Madras, Bombay and United Provinces Village Panchayats Acts of 1920, Bihar and Orissa Village Administration Act, Assam Rural Self- government Act of 1926, Punjab Village Panchayats Act of 1935 etc. to look after the village affairs and certain matters relating to their development. Under the Government of India Act, 1935 provincial autonomy started functioning in the provinces from April 1937. Congress Governments took office in eight of the eleven provinces. Considerable progress in the direction of Panchayati Raj was made during the period of the Congress rule. According to the January 1948 Plan of Gandhiji, each village Panchayat would constitute a working party with an elected leader. Above the village Panchayat came the hierarchy of indirectly elected bodies— taluka and district panchayats—each of which comprised the sarpanchas of the next lower panchayats. Members from the district and municipal panchayats would make up the provincial Panchayat. The national Panchayat would be responsible for defence, currency, customs, running of key industries of national importance and the coordination of provincial economic development plans (N.V, Raj. 1948).

But the Panchayats formed under these acts were not democratic bodies as the government mostly nominated their members. The powers given to them were meager and their financial resources were also limited. Commenting on the status of Panchayats during the British period, Maddick observed, “*The British administration, with its Roman sense of justice replacing the traditional powers of Panchayats in the more serious judicial cases, its system of tax gathering and of administration made such a violent impact that the corporate life of the villages was weakened and in most cases ‘died’.*”

The end of the Second World War brought in its wake the downfall of colonialism and the subject countries were granted independence by the ruler countries one after another. Invariably these countries were underdeveloped and backward because science and technology were not applied to the welfare of the masses of these countries. The gap between rich and poor countries begins widening instead of narrowing down, because in the newly emerged nations there was human power but not wealth. This enormous disparity among the people of the world is a problem not only for the poor nations but also for the rich parts of the world. Prosperity, like peace is indivisible. The end of the war also brought on the world stage two super powers having different approaches for the economic progress and welfare of their masses. These approaches are poles apart from each other. The first is the democratic approach and second is the revolutionary approach. Thus a great burden fell on the shoulders of our leaders and they were called upon to share the responsibilities, which were to them a dream. Under such circumstances history came to their rescue and they cleared their policy in clear terms: *Planning—Democratic*, with a view to get the benefits of both the approaches—*Democratic and Revolutionary*.

In every committee, conferences and meeting be it national, international or regional, there was only one topic under discussion and it is how to achieve speedy development in underdeveloped and undeveloped countries. A great number of programmes are assisted by the United Nations, its specialised agencies, inter-governmental organisations, regional commissions, bilateral agreements and many semi-public and private agencies, with a view to improving the economic conditions of the people in different parts of the world.

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### 12.3 POST INDEPENDENCE DEVELOPMENTS

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The plea for greater autonomy to the rural bodies received conceptual strength with the advent of Mahatma Gandhi on the national scene and his advocacy of the doctrine of the national development through autonomous rural organisations, which he strived to model on the lines of Panchayat system as it prevailed in Ancient India. He envisaged five-tier system of Panchayats, Taluka Panchayats, District Panchayats, Provincial Panchayats and All-India Panchayats. The administrative system envisaged by him was that of a pyramid whose broad base would comprise numerous village communities of the country.

Mahatma Gandhi, in 1946 had rightly remarked that the Indian independence must begin at the bottom and every village ought to be a Republic of Panchayat having powers. It is a welcome phenomenon that several economists have started discovering a new virtue in the concept of political decentralisation to ensure people's participation at the grassroots level so as to allow the gains of development to reach them.

It was therefore only natural that demands were made in the Constituent Assembly for the revival of the Panchayat system of government at the local level. Soon after the independence some of the provinces had passed Panchyati Raj Acts and taken practical steps to organise village panchayats as units of rural self-government and endow them with certain powers and authority of administration.

*The Gandhian Constitution for free India* drafted by S.N. Agarwal envisaged self-sufficient, self-governing village communities. Gandhiji was an ardent exponent and devotee of village swaraj (self-rule). For him, the term comprises village autonomy and self-sufficiency. Thus, Gandhiji wanted to see each village working as a small republic in which the people will not only solve their problems at their own but also formulate policy and

programmes for development (On Gandhiji's insistence a clause regarding PRIs was inserted in Indian constitution in Article 40 under the chapter on Directive Principles of State Policy. Members of the village panchayats were to be elected by all the adults in the village). The village was to be the primary unit and the foundation of development planning. Later on, the Sarvodaya movement had also drawn on this philosophy of diffused democracy and decentralisation. As a result, "the movement for Panchayati Raj achieved both an intellectual respectability and sentimental appeal emphasizing that in such a state the best servants of the village should form the Panchayat, being elected unanimously, and from the village level there should be indirect election to sub-districts, provincial and central administration (Henry 1970).

Jawaharlal Nehru also referred to the existence of democratic institutions at the village level in ancient India and said that India's strength really lay in 'her widespread system of village republics or self-governing Panchayats'. These Panchayats were 'elected by the village folk and thus there was a basis of democracy in this system.' Nehru was rather surprised to find that these Panchayats enjoyed both executive and judicial powers 'and their members were treated with greatest respect by the King's officers' (Nehru, 1962). On 16<sup>th</sup> March 1963, Nehru remarked that community development and Panchayati Raj were among the most helpful developments in the country, together constituting a revolutionary movement which, even if it had only yielded a fourth of the expected results, yet had proved' an amazing success, strengthening India at the very roots and preparing millions of men and women to shoulder responsibility and to be self-reliant. Still later, on 22 June 1963, Nehru said: *"I have full confidence in its success because I have full confidence in Indian people."*

In March 1950, the Planning Commission came into existence and we began to plan for large-scale economic and social progress. As such the Planning Commission gave concentrated thought for a period of two years to the development of rural areas. The Planning Commission, therefore, thought of shaping the village development programmes, so as to attack the five giants of hunger, Poverty, Disease, and Ignorance through a self-help programme of Community Development. "Community Development is a movement designed to promote better living for the whole community with the active participation and on the initiative of the community". Thus was defined the term at the Ashridge Conference of Social Development in 1954.

The village Panchayats gained further impetus with the beginning of the First Five Year Plan in 1951. In 1952, several states launched community development and rural development plans with the help of local Five Year Plan introduced in 1956.

The Panchayat Raj Institutions (PRIs) in India have traveled a long way to acquire a constitutional status from a mere mentioning of it in the constitution in the form of Directive Principles (Article 40). Article 40 of the Indian Constitution states: "The state shall take steps to organise Village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government." The Article remained a dead letter for many years before finding a place of some importance in the form of the Balwantrai Mehta Study Team Report in 1959. The team had inter-alia envisaged directly elected Panchayats for a village or a group of villages, an executive body called Panchayat Samiti for a block with directly elected and co-opted members and an advisory body, Zilla Parishad, at the district level constituted indirectly with an ex-officio member from the lower tier and others with the Collector as the Chairman (Mishra, S.N, Kumar, Lokesh, Pal Chaitali, 1996).

### **12.3.1 Brief Overview of Initiatives Post-Independence**

The term 'Panchayati Raj' came into usage after the acceptance of the recommendations on Democratic Decentralisation of the Balwant Rai Mehta Study Team. Previously the terms used were 'village panchayat', 'district board' or 'sub-district board', which were the self-governing bodies at the village or regional levels. Panchayati Raj implies the creation of local government institutions at the village, block and district levels. The Institutionalisation of democratic decentralisation in the form of statutory Panchayati Raj thus opened a new chapter in the history and gave a new turn to the evolution of rural local self- government institutions in India ( Maithali, 1995).

Panchayati Raj involves a three-tier structure of democratic institutions at districts, block and village levels, namely Zila Parishad, Panchayat Samiti, and Village Panchayat respectively. These institutions are considered as training ground, or democracy and political education. Rural development plans and programmes are implemented at this level so that fruits of development at this level so that fruits of development can accrue to the community directly. These institutions were established in 1959 based on the philosophy of decentralization and Gram Swaraj. The philosophy of development that emerged in India after Independence emphasised the involvement of the people into a structure that would enable them to actively participate in the process of decision-making. In order to bring democracy to the grassroots level and involve people in decision-making, an experiment was made with the devolution of power to the elected representatives and allocation of responsibility and financial resources as it was felt that this would be a major institutional device for the development of rural areas.

Introduction of Panchayati Raj was hailed as one of the most important political innovation in independent India. It was also considered as a revolutionary step. Panchayati Raj is a system of local self-government wherein the people take upon themselves the responsibility for development. It is also a system of institutional arrangement for achieving rural development through people's initiative and participation. Administration of development programmes aimed at social economic and cultural development, provision of community and welfare services etc. are entrusted to these local self-governing intuitions.

Balwantrai Mehta himself, who said that a welfare state would never be achieved in reality so long as local self-government did not function at the District, Taluka and Village levels with elective elements, moved the Resolution on "Panchayati Raj". According to him, Panchayats and the cooperatives were the two institutions through which the people could be trained for the leadership. By the year 1962, Panchayati Raj had come to be accepted as national programme. It was felt necessary that Panchayati Raj got the widest support of the people and therefore the need for avoiding party politics in the election to village Panchayats was emphasised. It was hoped that the political parties would also avoid setting up candidates hoped that political parties would also avoid setting up candidates on party lines for Panchayat elections.

Balwant Rai Mehta Committee was appointed to enquire into, among other things, the lack of initiative, apathy and indifference on the part of the rural population. According to the Committee there was to be a Panchayat Samiti at the Block level, which was to be indirectly elected by the village Panchayats. At the district level there was to be a coordinating body called the Zilla Parishad consisting of the Presidents of the Panchayat Samitis, Members of State Legislatures and Parliament and all district level officers of the development departments as members and, with the collector as the Chairman.



The sixty-fourth and sixty-fifth amendment bills, which later became the seventy-third and seventy-fourth amendments were the first major constitutional efforts with the stated objective of transferring power to the grassroots people. It was a great initiative by Rajiv Gandhi as Prime Minister. But unfortunately, the two bills were lost in the Rajya Sabha by three votes.

The 73<sup>rd</sup> Constitutional Amendment sought to integrate the democratic process at all levels by formalizing a mechanism wherein people at all levels were to have an opportunity to participate openly in matters which concern their welfare and development. No doubt, a wide variety of functions have been assigned to the institutions of Gram Sabha but there is no uniformity in assigning the functions among the states and in most of the cases they are non-functional. The rural people are not fully involved in the decision –making process and financial management. They are kept aloof in the development process from planning to execution of rural development schemes and Programmes. The devolution of powers and functional strengthening of the different tiers of the PR system is progressing at snails pace in most of the states. Bureaucratic control over PRIs continues to be very strong. The financial devolution from centre to the states and the PRIs has not yet taken place. There is lack of proper maintenance of records and registers by the Panchayats. The elected representatives fail due to illiteracy and lack of awareness as compared to their better off counter parts. The bureaucrats are unwilling to empower the Panchyats. Politicisation has been the main in the smooth functioning of Panchayats (Singh, 2005).

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## **12.4 COMMITTEES IN CHRONOLOGICAL ORDER OF APPEARANCE**

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The year 1959 marked a revolutionary step in the development of the institutions of rural local self-government in the country. The year saw the inauguration of Panchayat Raj movement throughout the country. The Panchayats which had formerly been associated only in an executive and advisory capacity, under the community development programme were now to assume full responsibility for carrying it a head. The turning point came with the publication of the report of the Committee on Plan Projects in 1957, popularly known as the Balwant Rai Mehta Committee. The Committee was set up by Central government in 1957 to enquire into the questions of economy and efficiency and suggest other measures for the reorganization of community development programme. The Ashok Mehta Committee (1977), appointed by the Janata Party Government, was the major one, which suggested two- tier system of Panchayati Raj consisting of Zila Parishad and village Panchayats. However, these recommendations were not accepted by the government. C.H. Hanumantha Rao working Group (1983), G.V.K. Rao Committee ( 1985), L.M. Singhvi Committee(1986), Thungan Committee ( 1988) etc. were the other committees, which gave valuable suggestions for revamping the local bodies. The 64<sup>th</sup> and 74<sup>th</sup> Constitution Amendment Bills of 1989 and 1990 were the other abortive attempts made in this direction. (The Constitution (73rd Amendment) Act, 1992). Let us try and discuss the major landmark attempts in sufficient detail (in chronological order).

### **The Community Development Programme**

The Panchayati Raj System in India has evolved out of the Community Development Programme (CDP) introduced on Oct 2, 1952 intended to bring about the socio-economic development of rural masses in a democratic way. The National Extension Service (NES) further supplemented it in 1953. But, within a few years, it was realised that the programme has not delivered the desired results due to lack of people's

participation in development programmes and it was not able to initiate the process of transformation of socio-economic life of rural masses as was expected in the First Five Year Plan document (Darshankar, A.Y, 1979).

The United Nations has defined the term community development “as a process designed to create conditions of economic and social progress for the whole community with its active participation and the fullest possible reliance upon the community’s initiative”(United Nations, 1955). Community Development is a process of social action in which the people of a community organise themselves for planning and action; define their individual needs and problems; make group and individual plans to meet their needs and solve their problems; execute these plans with a maximum of reliance upon community resources; and supplement these resources with necessary with services and materials from Governmental and non-governmental agencies outside the community”(Community Development Review, 1956 ).

So, it can be said that without community development, democracy cannot work for a longer period. In this way the community development is the best approach for achieving economic development under democratic conditions. “Community development is a powerful means of creating the conditions that are essential to the growth of freedom in the newly developing countries of today’s world. It is a practical and effective way to achieve a viable and political, social and economic order in accordance with the principles of human dignity and self-determination. It is democracy’s most positive alternative to communism” (Poston, R.W).

India is the only country in the world—the greatest democracy— where this programme was initiated for the betterment of the life of several others in a peaceful way. The programme of community development started on October, 2, 1952, with the launching of 55 community projects comprising 27,388 villages and a population of about 2 lacs and a cultivated area of about 1,50,000 acres. National Extension Service Programme – was formulated and put into operation on Oct 2, 1953. This was a great plan for the uplift of the rural masses of India. This programme was initiated with a view to removing the mental lethargy of the rural people, i.e., to develop both an urge and the initiative for better living conditions. It is a human movement that seeks to “instill in the people a will for a better life, create in them a passionate desire for improving their standard of living through their own efforts and in full co-operation with the neighbours.”

### **The Balwant Rai Mehta Committee Report, 1957**

The Government accepted the recommendation of the Committee in 1958 and the PR system was inaugurated on 2<sup>nd</sup> October, 1959 in Nagaur district to Rajasthan by the then P.M Pandit Jawaharlal Nehru. The other states also adopted this system as per their requirements and condition. But these institutions could not fulfill the desired goals and came to decide with passage of time due to odd or even reasons. Various Committees were set up by various states to review their functioning and position.

Assuring that people’s participation involvement and ultimate taking over the Community Development programmes by the local institutions was the heart of the message. The Committee was faced with the puzzle of exploring the low level of activity in terms of people’s participation in post –intensive phase, the entire objective of transforming the programme from a “Government Programme with people’s participation” would be defeated (Mishra Sweta, 1994).



The Committee came out with the suggestions of three-tier system of rural local government, which would be given statutory status and upon which the various development function performed by blocks were to be devolved. “*Democratic Decentralisation*” was the name given to this process. Subsequently, the same begun to be called as “*Panchayati Raj*” in popular speeches and literature – a name, which is also synonymous with the term—“*Rural local self- government in India.*”

The first state to go for full stream with the scheme of democratic decentralisation were Rajasthan and Andhra Pradesh. Late Pt. Jawaharlal Nehru inaugurated the PR measures in Rajasthan on Oct 2, 1959 in an impressive ceremony at Nagaur. The movement spread like wild fire all over the country. By the end of 1963 most of the states had enacted legislation to introduce PR within their jurisdiction. It was hoped that by 1964-65, all the states would have introduced Panchayat Legislation in their areas.

The basic philosophy behind the PRIs was to ensure people’s participation in the development programme which was expected to unleash the arrested process of change and growth. However, these institutions failed to a great extent on both the fronts due to their no-performance. So much so that during the seventies, it created an impression of a “*God that failed.*” Nevertheless it had perceptible impact in terms of galvanizing the average citizen in rural India and whenever it took roots; it helped in narrowing the gap between the bureaucracy and the people (Mishra, S.N. 1981).

Keeping this in consideration, the Balwant Rai Mehta Committee recommended and stressed on the need of democratic decentralization, which is popularly known as Panchayati Raj (PR). It was a three-tier system and Zilla Parishad was the apex body. The Committee also opined that the system could be affected by devolution of powers to these bodies and handing over the entire charge of development works within its jurisdiction. (Singh, Hoshiar, 1996-97)

### **Ashoka Mehta Committee (1977)**

The Committee with Asoka Mehta as chairman was appointed by the then Janata Government in 1977 and was entrusted with enquiring into the sorry situation of the PRIs and suggesting measures to rectify them. The 132 recommendations of Asoka Mehta Committee speak a volume in regard to its terms of reference and the important aspects of it encompassed. The first three chapter of the Report are devoted to survey of the antecedents and development of Panchayati Raj into three phases—1959 to 1964—the striking of roots; 1964 to 1969—the phase of corrosion; 1967 —the stage of non-performance.

The Committee outlined the reasons for the decline of PRIs haphazard programmes, non-performance, rise of vested interests, lack of adequate financial resources. The concept of PR itself got lost in a haze of conflicting interpretations. The major thrust of the Report was on decentralization. “The formulation of structural function and the utilization of financial, administrative and human resources in PRIs should be determined on the emerging functional necessity of management of development,” stated the Report.

Though the Union Government, did not accept the recommendations of the Committee due to change again in the ruling party within it, some of these did exercise varying influence upon the working of Panchayati Raj in a few states. Some years later (1983-85) Karnataka and Andhra Pradesh remodeled their respective PR system under their influence by and large. The recommendations of the Ashoka Mehta Committee were

considered by a conference of chief Ministers held in 1979, which favored the continuance of the three-tier system. They suggested the drawing up of a model bill, which should be adopted and enacted by the states with necessary modifications to suit the local needs.

After concerns expressed by the Central Government several state governments including MP, Bihar, and Rajasthan also took serious steps in this direction. The Planning Commission also reiterated its plea in the seventh and eighth Five Year Plans for expanding and energizing the role of Panchayati Raj in promotion and management of rural development, which has been growing in scope, diversity and complexity. The Commission viewed that effective people's participation through PR in rural development, would contribute to better responsiveness to people's needs and aspirations, and to considered and to coordinated and accelerated progress of this development (Khanna, B.S.,1994).

In 1985 a twelve member Committee was appointed under the chairmanship of Dr. G.V.K. Rao for reviewing the administrative arrangements for rural development and poverty alleviation programmes. While recommending that the district should be the basic unit for Policy planning and programme implementation, this committee emphasized the need for regular elections to the PRIs. These grassroots bodies are to be assigned important role in respect of planning, implementation and monitoring of rural development programmes. Some of the planning functions of the state level may have to be transferred to the district level for effective decentralized district planning (Govt. of India, (CAARD) 1985).

After receiving the report of the Committee, the then PM, late Shri Rajiv Gandhi, organised All India Sarpanchas Conferences in New Delhi to ascertain their viewpoints. Once again in 1986, another Committee headed by Dr. L.M. Singhvi was appointed by late Rajiv Gandhi to suggest approaches as to how PRIs could be given constitutional status. The Committee recommended the reorganizations of villages to make village Panchayats more viable. It also suggested that more financial resources should be made available to these institutions. It further recommended that PRIs should naturally facilitate the participation of the people in the process of planning and development following from below as part of the concept of self-government and development planning should be democratic planning. (Government of India, Occasional Paper, 1988).

While these activities were going on, in the meantime Sarkaria Commission was enquiring into the federal structure particularly with regard to centre-state relations, which also made a passing remark in its report on nature of rural and urban local self-government. The Commission observed that many of the local self-governing bodies were not functioning effectively mainly because election to these bodies was being superceded. The need of uniformity of law in the states regarding holding of periodical election and super session of the Panchayat Raj bodies was also emphasized by the Commission (Government of India, Sarkaria) 1988).

A sub-committee to the Parliamentary Consultative Committee attached to the Ministry of Personnel, Public Grievances and pensions was set up under the chairmanship of Dr. P.K. Thungon to consider the type of political and administrative structure needed in the district planning. The Committee felt that the PRIs should be recognized continuously and recommended that a constitutional provision should be made to ensure timely and regular elections to these bodies with their terms lasting for 5 years. The Zilla Parishad should be the only planning and development agency in the district according to the opinion of the sub-committees. It also suggested setting up of a planning and co-ordination committee

at the state level under the chairmanship of the PM and Presidents of the ZP should be made members of the Committee (Government of India, Reports of the Working Group on District Planning, 1988).

The Indian National Congress also appointed a Committee on Policy and Programmes headed by V.N. Gadgil, which was entrusted the task of examining how best PRIs could be made effective (All-India Congress Committee, 1988). The Committee recommended a three-tier system of PR reservation of constituencies for SC/STs and women so that adequate representation is given to the weaker sections, five years tenure for PRIs, constitution of state Finance Commission and state Finance Commission.

The net result of the recommendations of these Committees was that a proper environment was created in favor of giving new thrust to the concept of democratic decentralisation. All political parties by and large arrived to the conclusion that it was a high time to give constitutional status to PRIs. The result of such consensus was the introduction of 64<sup>th</sup> Constitutional Amendment Bill in the Parliament in July 1989.

The Constitutional (64th Amendment Bill, 1989, which though was passed by the Lok Sabha could not become a part of the Constitution as it was not passed by the Rajya Sabha. This Bill provided for constitution of Panchayats in every state at the village, intermediate and district levels with the exception of state, which have a population not exceeding 20 lakh, where states may not constitute the intermediate level. It also provided for ‘, Eleventh Schedule’ in the Constitution embodying the functions to be given to PRIs.

The Panchayati Raj Institutions (PRIs) in India are the Prime instruments of decentralisation at the grassroots level. They assume importance due to the need to contain the relentless demographic pressures and optimum use of scarce resources for development. They act as vehicles in carrying back to people the power that really belongs to them. Panchayati Raj, or local self-government, is an exercise in decentralisation of administrative authority. The system is based on the following principles.

There should be a three-tier structure of local self-governing bodies from village to district level, with an organic link from the lower to the higher ones.;

- i) Adequate financial resources should be transferred to these bodies to enable them to discharge their responsibilities;
- ii) There should be a genuine transfer of power and responsibility to these bodies;
- iii) All development programmes at these levels should be evolved should be channeled through these bodies;
- iv) The system evolved should be such as to facilitate further decentralization in the matter of power and responsibility on future (Padmakar, 1998).

The Indian National Congress took interest in the organization of Panchayats to make them people’s institutions. Mahatma Gandhi had pointed out that independence must begin at the bottom. Every village should be a republic or a Panchayats having full powers. The greater the power of Panchayats, the better it is for the people. Mahatma Gandhi once said, “the soul of India lives in the villages...”. Rajiv Gandhi had the vision to realise true empowerment of the people through Panchayati Raj (India Today, 2006).

The higher Panchayat shall tender sound advice, give expert guidance and information, supervise and co-ordinate the activities of the village Panchayats with a view to increasing

the efficiency of the administration and public services. Jayprakash Narayan, having his own concept of Panchayati Raj had no place for political parties. He opined that the success of PRIs depended upon the extent to which political parties refrained from interfering with it and trying to convert it into their handmaiden, and using it as a jumping ground to climb power. "Self-government through faction –fighting will not be self-government, but self ruination." ( Mishra, S. N, 1996)

Three types of models emerge with regard of powers and functions of the PRIs (Bajpai, 1997) Firstly, States that have drawn the list of functions and activities for different levels of Panchayats in a routine manner on the lines of subject mentioned in the Eleventh Schedule. These states have also added some other functions like preparation of manual plans consolidation of the plans prepared by the lower level of Panchayats, preparation of annual budget, providing relief in natural calamities. States, which come under this category, are Assam, Karnataka, Haryana, Punjab, Rajasthan and Uttar Pradesh. The second model is prevalent in the states like Orissa, Kerala, Gujarat, Tamil Nadu and West Bengal. In these states the functions have been categorized under two heads. (a) Obligatory or mandatory functions; (b) discretionary functions. In the third category the states are Andhra Pradesh, Madhya Pradesh, Maharashtra, and Himachal Pradesh.

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## **12.5 WEAKNESS OF NEW PANCHAYATI RAJ SYSTEM**

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### **Co-ordination of three-tier**

One of the weaknesses of new Panchayati Raj system which has come to our notice is the problem of coordination among the three levels of PRIs on the one hand and bureaucracy, NGOs on the other. If we look into the problem of coordination, there is (i) lack of clarity in regard to distribution of powers and functions amongst the three tiers of PRIs mentioned in the Eleventh Schedule; (ii) the PR Acts of various states are quite vague as to whether PRIs are the implementing agencies of development programme or they are both planning and implementing agencies; (iii) the Acts also lack clarity in regard to relationship between the PRIs, and local level bureaucracy and (iv) the problem of open participation between PRIs and NGOs.

Under the old system of PR system, bureaucracy used to play the dominant role and as such the local level bureaucracy under the new dispensation is not prepared to change its behavior so easily. There is no point in getting disappointed as changing the old and existing mentality of bureaucracy will take some time. Among the three units of PRIs a clear-cut demarcation of responsibilities is highly required. Thus, what is required is to develop a new and responsible participative culture at the local level to sort out the problem of coordination. Apart from that there should be necessary Amendment in the PR acts of various states, which can be possible through real political and administrative will. PRIs should be made responsible both for Planning and implementation of development Programmes for the local community. If the New Panchayati Raj system is not working properly it is because of the independent existence of DRDA. Amongst all the programmes except for JRY sponsored and financed by central and state Govt. are implemented through DRDA. This is the reason in 1996 the central Govt. recommended the merger of DRDA with PRIs or to put DRDA under the control of PRIs. But except for MP, Kerala, UP, none of the other states have implemented the recommendation. This may be because of collusion between the bureaucracy and state level political leadership. So, PRIs have to succeed, DRDA has to be placed under the control of these Institutions (Misra, 2002).

### Transferring of MPs and MLAs Area Development Funds to PRIs

On the one hand, we are trying to make grassroots democratic institutions viable and effective, on the other, we are creating another centre of power at the local level in the name of MPs and MLAs area development fund. The political leadership of the state is apprehensive of the fact that if PRIs are given a free hand, the dominance of state leadership will be over. The cases of fraud have been detected in six states: Bihar, Himachal Pradesh, Karnataka, Manipur, Nagaland and West Bengal. (*Panchayati Raj Update, June 1998*) The frauds range from fake entries in record books to diversion of funds for non-development purpose and misuse by the MPs ( *Panchayati Raj Update, July, 1998*) If we really committed towards PRIs, why not MLAs and MPs transfer their funds to PRIs for the executive of development programme in their respective areas?. This may serve the double purpose of improving the financial health of PRIs and removing the sense of competition among the state politicians and PR representatives.

The Constitutional 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts, 1992 have triggered off new attempts towards decentralised planning. It is hoped that now decentralized planning will get a material shape as the main function of the Panchayats will be the planning and implementation of economic development programmes. The main role in planning has to be performed by the Panchayats at the recommendations of high-level committees, that the district is the most suitable unit for systematic planning below the state level. Article 243Z (D) of the 74<sup>th</sup> Constitutional Amendment Act provides for a District Planning Committee (DPC). In every state at the district level, a District Planning Committee shall be constituted to consolidate the plans prepared a draft development plan for the district as a whole.

The 73<sup>rd</sup> Constitutional Amendment which came into force in April 1993 sought to integrate the democratic process at all levels by formalizing a mechanism wherein people at all levels were to have an opportunity to participate openly in matters which concern their welfare and development. No doubt, a wide variety of functions have been assigned to the institutions of Gram Sabha but there is no uniformity in assigning the functions among the states and in most of the cases they are non-functional. The rural people are not fully involved in the decision –making process and financial management. They are kept aloof in the development process from planning to execution of rural development schemes and Programmes. The devolution of powers and functional strengthening of the different tiers of the PR system is progressing at snails pace in most of the states. Bureaucratic control over PRIs continues to be very strong. The financial devolution from centre to the states and the PRIs has not yet taken place. There is lack of proper maintenance of records and registers by the Panchayats. The elected representatives fail due to illiteracy and lack of awareness as compared to their better off counter parts. The bureaucrats are unwilling to empower the Panchyats. Politicisation has been the main in the smooth functioning of Panchayats (Singh, 2005).

The analysis of the 73<sup>rd</sup> Constitutional Amendment reveals that PRIs had to be vested with such authority and power as would have enabled them to function as effective institutions of self-government. It implies that by vesting of such authority and power by the State Legislatures, the PRIs could have turned democratic in nature (through mandatory and regular elections) with allocated values, priorities and policies and should have been able to provide its members with an opportunity to participate in the process of self-governance through Gram Sabha. The analysis further reveals that PRIs should act as a welfare government, which implies that they have to initiate, plan and execute the development activities and bring about social justice. India is a federal state. Recognising



the existence and wisdom of the State Legislatures, Article 243-A states that a Gram Sabha may exercise such powers and perform such functions at the village level as the legislature of a state may by law provide. It was expected that the spirit behind the 73<sup>rd</sup> Amendment would be carried forward through State Acts.

In practice it did not happen. It appears that the necessary amount of thought could not be given between the enactment of the 73<sup>rd</sup> Constitutional Amendment and subsequent State Legislations. It turned out to be a race for catching the deadline rather than realistic thinking. In most cases, some amendments were incorporated into the already existing State Acts to make them look ostensibly in conformity with the 73<sup>rd</sup> Amendment. One only wishes that Article 234-A were made mandatory and explanatory. If one takes a realistic look of what has happened in the past couple of years, one might even question the as mentioned in Article 243-A and 243- G. Was this the result of lack of clarity about the concept of self-government or a manifestation of internal resistance by the governing elite not to share power with people? Perhaps both are correct (Aslam).

While preparing the district plan, the DPC shall keep in mind the locational aspect of any projects; look at the integrated development of the infrastructure and environmental conservation, sharing of natural resources and financial resources. The composition of the DPC has been left to the discretion of the state, but it has been stipulated that 80 per cent of the members shall be those elected to the Panchayats and the Municipalities (Mishra, S.N, Op.cit, 2002). Also the DPC is still not an effective planning body as most projects are given case-by-case approval by concerned central ministries. There is not enough money to plan for or enough leeway with subjects. District planning will not become a reality unless untied block grants are given at the district level and district plans are integrated into state plans before the planning commission passes the latter. District Budgeting as has been attempted in Kerela and Madhya Pradesh needs to be attempted elsewhere across states.

Mid term appraisal of the tenth plan (2005) document points out that devolution of functions to the PRI (listed in the eleventh schedule) has not accompanied transfer of funds and functionaries in most states. Even where funds and functionaries have been transferred to the panchayats, state governments officials continue to exercise control on financial resources, and the personnel transferred to the panchayats. The sources of revenue earmarked for the panchayats are far from adequate. The power of taxation is vested only with the lowest tier-the gram panchayat. The higher tiers, that is the panchayat samiti and the zilla parishad do not have any power of taxation, and the extent of devolution for the state governments is most inadequate. The situation also differs widely across states in this regard. The issue of fiscal discipline at the local level has not been urgently taken up. Very few states have framed specific rules for dealing with financial irregularities and misdemeanors of elected functionaries at this level. The guidelines issue by the Comptroller and Auditor General in this regard need to be strictly followed by states.

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## **12.6 EVOLUTION OF URBAN LOCAL GOVERNMENT IN INDIA**

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History of planned municipal administration in India dates back to the Mauryas in the third century B.C. in Ancient India. According to Magasthenes, committees that looked after specific subject matters related to municipal administration governed urban areas. During the Mughal Period, administration of the town was vested in an officer known as Kotwal



who supervised multifarious municipal functions besides exercising supreme authority in all magisterial, police and financial matters. The British initially continued with the overtly centralist stance in local governance but later altered it to a pro decentralist stance. The first municipal corporation was set up in Madras, in 1687 by the East India Company on the model of local bodies in Britain. Municipalities at Bombay and Calcutta followed this initiative, however it started happening on a more regular basis, only in the nineteenth century. In 1880, Lord Mayo officially recognised the need for Indians to get training in local self-government. The developments however were confined to urban areas only. Lord Rippon, who also introduced the elected element in local bodies, extended the system to rural areas. A Decentralisation Commission, as also afore mentioned, in 1907 which made certain recommendations. Those recommendations were embodied in a resolution of 1915. As a result, certain reforms were introduced in the system. The number of elected members was increased; the District Board was empowered to have elected President. The subject of local self-government became one of the transferred subjects under the government of India Act of 1919. This meant that the portfolio of local government came in the hands of Indian ministers. Thereafter, efforts were made to decentralize powers and ensure accountability of local functionaries to the electorate. Municipal administration was kept in charge of an elected chairman who enjoyed both legislative and executive functions. Later, by various acts, executive functions were separated from legislative functions. These acts were further amended after independence by the Indian government. They were made more democratic by the abolition of nominated and official members. Today, municipal governments are official bodies and are performing many more functions than they were earlier.

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## 12.7 ISSUES IN URBAN GOVERNANCE

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Municipal reform has not kept pace with development of urban areas. Urbanisation and industrialisation are intertwined processes. With economic growth centered around urban areas, numerous problems have come up; namely, growth in urban population, mainly due to –migration from surrounding rural areas and fringe towns (see chart below):

Year	Per cent
1961	17.97
1971	19.91
1981	23.34
1991	25.71
2001	27.78

This has put onerous demands on urban space and urban utilities, which have been unable to keep up with the mounting pressure. Resources with urban bodies were always insufficient, now the pressure is still more to provide for the extra bulk of populations. Direct result of above developments has been, degradation of the urban environment, proliferation of slums, increase in diseases as a result of worsening sanitation condition, and the worsening law and order situation.

Notable attempts to get round the problem include increased emphasis on public private partnership in urban infrastructure development and public utility service provision, such as water, electricity etc. As read in the mid term appraisal of the tenth plan; private

participation has been elicited in Tamil Nadu, Karnataka, Andhra Pradesh, Maharashtra and Gujarat for conservancy, sanitation, garbage collection and disposal, compost plant, street lighting, water supply, collection of local taxes, development and maintenance of gardens and parks, bus terminus, and development and market development etc. Most PP projects are in water supply, sanitation and solid waste management. To fully utilise the potential a regulatory framework has to be put in place for this specific purpose. Commercial revenue is sought to be increased by 'rationally' charging public utilities, which, it is believed, have been undercharged until now as also the administrative process of collection of commercial revenue has been inefficient, resulting in below par collections. The regime is set to get stricter in the coming years as part of the reform package for augmentation of revenue of local bodies. Over the years, restrictive duties in property transactions, and tardy processes, land ceiling, zoning, restriction of FDI and the private sector slowed down urban infrastructure development due to slow growth of the property market, which had the effect of pushing up the prices unnaturally and also slowing down urban infrastructure growth. The impact as aforesaid has been shortfall in the supply as against demand for habitation. These restrictions would be cleared paving the way for a more robust market in property transactions, wherein the prices set through the market are expected to be more 'rational'. Foreign Direct Investment in the property market would be encouraged, as also the private sector would have greater participation in urban infrastructure development. This would also prevent illegal land transactions and growth of unauthorised colonies. Rents are so abysmally low, that there is little incentive for landlords to renovate dilapidated structures. Rent control is also therefore set for liberalisation. Besides institutional capacity would be augmented in that local government would be developed for bottom-up decentralised planning by devolution of functions matched by the authority and the resources to perform them. E- governance is expected to speed up processes, facilitate data analysis and also ensure better connectivity across agencies and municipalities engaged in services provision (GOI Tenth Plan, 2002-07).

Success in local self-governance post the 74<sup>th</sup> amendment would depend in the earnestness with which state governments implement article 243 (W). The Twelfth schedule lists 18 subjects to be transferred to the urban local bodies. As reported in the mid term appraisal of the tenth five year plan document, efforts have lacked urgency in this regard. Only six States-Bihar, Chattisgarh, Himachal Pradesh, Madhya Pradesh, Punjab and Tripura, have devolved all these functions. Only 21 states have set up District Planning Committees and only West Bengal and Maharashtra have established Metropolitan Planning Committees. "Functional and financial autonomy of ULBs remains a distant dream(Mid term appraisal of the tenth five year plan, 2002-07)."

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## 12.8 CONCLUSION

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In a nutshell, we can say local governance enables a better perception of the needs of local people, gives them a greater voice in better decision-making process concerning their development and welfare, achieve better coordination and integration among programmes, ensures an effective people's participation which serves to build up a measure of self-reliance by mobilising resources for the felt needs of the people. Every effort being made to see that it is not imputed needs, which get super imposed and form the real basis of our plans and projects. There is an effective participation of local people who gives motivational support to the implementation of plans and also leads to self-sustained development. Above all a spirit of initiative and self-reliance build up among the people. The PRIs could not achieve the objectives due to lack of adequate knowledge and skills.

Accountability and transparency have also not been assured. Besides, there are several complains about wrongful utilisation of public money by the PRIs. The weakness mentioned here requires thoughts and action. There is an urgent need for strengthening PRIs by devolving requisite powers, functions, finances and functionaries. Special attention should be paid towards capacity building of PRIs functionaries. The strengthened PRIs would be able to deliver goods and services to the rural masses in a better way.

All the shortcomings notwithstanding, grassroots democracy unleashed by the seventy-third and seventy-fourth amendments has come to stay and as time passes, its financial and functional domains will get power really comes to belong to the people and the Gandhian dream of building from below, of the bottom up rather than the top down approach can be fulfilled. An essential step has been taken to strengthening the local self-government through a Constitutional 73<sup>rd</sup> Amendment (1993), which envisages the establishment of Panchayati Raj Institutions as units of local self-government in different states, which can be understood in the next Unit in detail.

Likewise, an integrated rural –urban development perspective has been taken for the newly introduced urban local governance institutions, following the 74<sup>th</sup> constitutional amendment. There are myriad needs like urban congestion and sprawl to be considered

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## 12.9 KEY CONCEPTS

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| <b>Local Self-government</b> | : Self-government implies ‘ <i>rule unto themselves by people themselves or through their own representatives.</i> ’ As explained in the European Charter of Local self-government, “this entails the existence of local authorities endowed with democratically constituted decision-making bodies and possessing a wide degree of autonomy with regard to their responsibilities, the ways and means by which those responsibilities are exercised and the resources required for their fulfilment” (Strasbourg, 1985).  |
| <b>Nation State</b>          | : Nation state is a political science terminology, which explains a state of political unity attained by a country and characterized by modern institutions of governance, namely a representative parliament, impartial judiciary, rule of law and universal adult franchise. Nation states are said to have been established (arguably) post the Peace of Westphalia, which refers to the pair of treaties signed in October 1648, which ended the Thirty Years’ War. The treaties were signed on October 24, 1648 and involved the Holy Roman Emperor Ferdinand III, the other German princes, France, and Sweden. years of anarchy and bloodshed. Before that kingdoms and religion ruled the secular and religious spheres respectively. Though revisionists have challenged the claim, it largely marks the advent of ‘modernity’ as we know it(The Wikipedia Encyclopedia). |
| <b>Panchayati Raj</b>        | : The word ‘Panchayat’ refers to a collective body of  |

people set up for the deliberation of public issues. Panchayati Raj, means governance by a collective body of people. The word 'panch' in panchayat specifies the number of members in a collectivity set up for governance, that is, 'paanch', or five. Panchayat is a native term for village peers or wise men, who deliberate on human, particularly social affairs. "Traditional" and "charismatic" authority, hitherto enjoyed by the 'panchas' has been converted to "legal rational authority" by grant of constitutional status to the panchayat as an institution of local self-governance.

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## 12.11 ACTIVITIES

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- 1) Visit a nearby local authority and talk to the women and backward classes representatives who have found a place in local governance post 73<sup>rd</sup> and 74<sup>th</sup> amendment. Have they been granted effective voice in the new scheme of things? Write a report based on your observations.
- 2) Discuss the promise and prospects of the newly emergent local self-government institutions. Are they an embellishment or effective articulators of local interests/concerns? Give your own assessment.

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## UNIT 13    FEATURES OF 73<sup>rd</sup> AND 74<sup>th</sup> CONSTITUTIONAL AMENDMENT

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### Structure

13.0 Learning Outcome

13.1 Introduction

13.2 Initiatives towards Constitutional Status to Local Governance

13.2.1 Features of 73<sup>rd</sup> Constitutional Amendment

13.2.2 Features of 74<sup>th</sup> Constitutional Amendment

13.2.3 Decentralised Planning in Context of 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Act

13.3 Initiatives after Economic Reforms

13.4 Functioning of PRIs in Various States after 73<sup>rd</sup> Amendment

13.5 Functioning of Local Governance after 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment:  
Observations

13.6 Conclusion

13.7 Key Concepts

13.8 References and Further Reading

13.9 Activities

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### 13.0 LEARNING OUTCOME

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After studying this Unit you should be able to:

- Identify the background of revitalisation of local governance;
- Understand the features of 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendment;
- Discuss the initiatives after economic reforms; and
- Outlines the functioning of local governance in various states after the amendment.

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### 13.1 INTRODUCTION

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The revitalization of Panchayati Raj manifested through the 73<sup>rd</sup> Constitutional Amendment owes its origin to the dynamic leadership of Rajiv Gandhi. In his address to the 5<sup>th</sup> Workshop on 'Responsive Administration' held at Coimbatore in June, 1988, he said that *"If our district administration is not sufficiently **responsive**, the basic reason is that it is not only sufficiently **representative**. With the decay of Panchayati Raj Institutions, the administration has got isolated from the people thus dulling its sensitivity to the needs of the people"*. With events moving at a faster pace, Panchayati Raj emerged as a major institutional channel of such administration.



The Constitution 73rd Amendment Act, 1992 came into effect from 24<sup>th</sup> April 1993. No one disputes that it is a historic legislation. The basic question arises as to what was the basic spirit behind this legislation? Was it limited to the passing of conformity acts and endowing panchayats with some administrative and financial powers or to make them genuine institutions for participatory self-government? The emphasis has been so far on the former, which has made panchayats mere implementing agencies of central and state schemes, passed on to them, with funds. The basic objective of the democratic decentralization through reactivation of the Panchayati Raj system was to realize Gandhiji's concept of "Swarajya" (*Ibid.*). In this Unit we will be discussing the various features of the 73<sup>rd</sup> and the 74<sup>th</sup> amendments.

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## 13.2 INITIATIVES TOWARDS CONSTITUTIONAL STATUS TO LOCAL GOVERNANCE

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As is known, both the amendment bills (64<sup>th</sup> and 65<sup>th</sup>) could not sail through the Parliament because of opposition from the Rajya Sabha. Allegedly and arguably, they put local governance under direct control of the Centre, which was resented by the states. However, these two bills provided enough opportunity for a national debate as to whether the PRIs should be given constitutional status. The bills also helped the members of the Parliament to go into the details, as and when opportunity came, through more suitable amendments. By the time the mid-term Lok Sabha assembled, the consensus emerged that PRIs be given Constitutional status and suitable provisions be made so as to enable these institutions to function as an agent of change and development at the local level. After coming to power in 1991, the Congress Government gave top priority to the PRIs and brought out the Constitutional 72<sup>nd</sup> Amendment Bill, 1991. The Bill was passed by the Parliament on Dec 22, 1992 and is now known as the Constitution 73<sup>rd</sup> Amendment Act, 1992.

The institutionalisation of democratic decentralisation in the form of statutory PRIs thus opened a new chapter in the history in India and gave a new turn to the evolution of rural local self-government institutions. The term institutions of self-government have been interpreted in two ways; *firstly*, the constitution says that the Panchayats are institutions of self-governance, implying that they must have autonomy and the power to govern in an exclusive area of jurisdiction. In its essential element, the 73<sup>rd</sup> Constitutional Amendment gives Panchayat this distinct status. Therefore, it is the de facto third tier of governance. *Secondly*, it strengthens 'administrative federalism'. Professor S. Guhan argues that the provisions of 73<sup>rd</sup> Amendment strengthen administrative federalism in order to facilitate and encourage delegation of administrative and financial powers from the states to the local bodies. Their administrative powers and to discharge their responsibilities, are entirely derived from legislation that will have to be passed by the states.

### 13.2.1 Features of 73<sup>rd</sup> Constitutional Amendment

- 1) Part IX has been inserted immediately after 'Part VIII' of the Constitution and after the 'Tenth Schedule' of the Constitution, 'Eleventh Schedule' has been added (Article 243G) which gives the detail list of functions to be performed by PRIs. Panchayats shall be constituted in every state at the village, intermediate and district levels, thus bringing about uniformity in the PR structure. However, the states having a population not exceeding 20 lakh have been given the option of not having any Panchayat at the intermediate level.

- 2) While the elections in respect of all the members to Panchayats at the level will be direct, the election in respect of the post of the Chairman at the intermediate and district level will be indirect. The mode of election of Chairman to the village level has been left to the State Government to decide. All members including the chairperson shall have the right to vote.
- 3) Reservation of seats for SC/STs has been provided in proportion to their population at each level. Not less than one-third of the total membership has been reserved for women (in both reserved and general category) and these seats may be allotted by rotation to different constituencies in a Panchayat. Similar reservations have been made in respect of the office of the chairperson also.
- 4) A uniform term of five years has been provided for the PRIs and in the event of dissolution or super session, election to constitute the body should be completed before the expiry of six months from the date of dissolution. If the remainder period is less than six months, fresh elections may not be necessary. Panchayat constituted upon dissolution may continue for the remainder of the period (Bajpai and Verma, 1995).
- 5) With a view to ensuring continuity, it has been provided in the Act that all the Panchayats existing immediately before the commencement of this Amendment Act will continue till the expiry of their duration unless dissolved by a resolution to that effect passed by the State Legislatures concerned or any law relating to the panchayats which before the amendment came into force, not inconsistent with its provisions shall continue, unless amended or repealed.
- 6) There shall be an Election Commission for the conduct of all elections to the panchayats consisting of a State Election Commissioner to be appointed by the State Government. It shall also be in charge of superintendence, direction and control of the preparation of electoral rolls.
- 7) The State Legislature have been given the power to authorise the Panchayats to levy, collect and appropriate suitable local taxes and also provide for making grants-in-aid to the Panchayats from the consolidated fund of the concerned state.
- 8) A State Finance Commission has to be constituted once in every five years to review the financial position of the Panchayat and to make suitable recommendations to the Governor as to the principles which should govern the distribution between the state and the panchayats of revenue, whether net proceeds of the taxes, duties, tolls, and fees leviable by the state or grants in aid and recommend measures to strengthen the financial position of the panchayat bodies and deliberate on any other matter referred to it by the Governor. The Constitution 73<sup>rd</sup> amendment act adds a sub clause (bb) to Article 280 of the Constitution. According to this sub clause, the Central Finance Commission, in addition to other stipulated duties, shall also make recommendations to the President regarding the measures needed to augment the then Consolidated Fund of a State to supplement the resources of the Panchayats in the State on the basis of the recommendations made by the Finance Commission of the State (Bajpai and Verma, 1995).
- 9) The State Legislatures should bring in necessary amendments to their Panchayat Acts within a maximum period of one year from the Commencement of this Amendment Act so as to conform to the provision contained in the Constitution

### Observations on the 73<sup>rd</sup> Amendment Act

The 73<sup>rd</sup> Amendment Act, 1992, has only provided the general guidance for the effective and efficient working of panchayat raj institutions (PRIs) in India. It has granted the PRIs Constitutional status and some sort of uniformity by making three-tier system a permanent feature; regularity, by making election an imperative after the termination of the PRIs after every five years and provision of the State Election Commission to conduct and supervise the election; and more financial autonomy with the constitution of the State Finance Commission, to outline its major contributions.

**Firstly**, the most debated problem till recently was giving constitutional recognition to the PRIs. It was often observed by the scholars that the founding fathers of the Constitution gave only lip service to democratic decentralisation by mentioning it in Article 40 of the Constitution in (Part IV) the Directive Principles of State Policy. But after the 73<sup>rd</sup> Constitutional Amendment Act, the PRIs have got constitutional legitimacy. Indian federalism has moved a step further in that up till now there had been two tiers of governance; henceforth, there would be three acknowledged tiers of governance. However, there is a strong body of opinion that in order to give an air of finality to the scheme, a separate list, namely the panchayat list could have been included in the seventh schedule, which lists subjects for legislation into the Union, the State List and the Concurrent List.

**Secondly**, the present amendment does address the issue of uniformity of structure across the country but leaves certain important matters, such as size of a panchayat at a level, to the discretion of the state governments.

**Thirdly**, PRIs by and large, had failed because of irregular elections and frequent suppression and suspension. The chronic problem was rightly been taken care of by the recent amendment. However not all states have been dutiful in complying with the provisions. Court intervention has been necessary, as for example, in the case of Orissa and Uttar Pradesh to secure compliance (Chaudhrai, 2003). Courts also had to intervene to ensure compliance with the reservation clause in Punjab and Uttar Pradesh.

**Fourthly**, the Gram Sabha is an institution, which provides an opportunity to participate meaningfully in governance, to all the people willing and capable of participating in the development process. The 73<sup>rd</sup> Constitutional Amendment makes the establishment of Gram Sabha mandatory. It however, leaves it to the State Governments to spell out its jurisdictions and powers. Most state legislation assign to Gram Sabha a ceremonial, tokenistic role, e.g., endorsing proposals, making recommendations, considering annual accounts, reviewing development plans, scrutinising completed works. Other functions entrusted to Gram Sabha include those like promoting harmony and unity in the village, mobilising voluntary labour and contributions in cash or kind, rendering assistance in implementation of development schemes, and promoting programmes for adult education and family welfare (Sharma, 2004). Moreover scepticism has been expressed regarding direct election for the village panchayat, as arguably it would make him a 'first among equals' relegation other participants to a less significant position. Besides, the presence of MPs and MLAs in local bodies might overwhelm local leaders (Chaudhari, 2003).

**Fifthly**, yet another problem relating to the functioning of the local bodies has been the love-hate relationship between the local level bureaucracies and the elected representatives of PRIs. Due to the lack of defined roles for the two, both have had a contentious working relationship rather than displaying the required harmony. This has been one of the practical and the more important reasons for the failure of PRIs. The cooperation of the

bureaucracy would be vital in working out the details of devolution of powers and functions, as stipulated by the act, in each case, for instance. If such cooperation were not forthcoming, implementation of programmes and policies would run into roadblocks, making the ideal of local self-governance more a chimera. If the bureaucracy continues to be unenthusiastic about local self-governance, as it has been in the past, for rationales of its own, most initiative for empowerment of local self-governance and the ideal of participatory democracy itself would be lost. Hence the chief but unrecognised player in the venture is the bureaucracy. Much would depend on the way it perceives this change and vouches or otherwise for it. It would help to inquire in to the “rationales” for which local government has been considered unfit to shoulder the responsibility for development on the part of the responsible administrators and redeeming the same. Cooperation and commitment the part of the bureaucracy would be crucial in bringing about the desired state of affairs with respect to local governance and administration. Significantly, devolution is an executive process, which means that the statutory provisions need detailing in terms of administrative rules and procedures-procurement rules, reporting structures, compensation schemes, accounting systems etc. without which the statutory provision is a mere skeletal framework without much substance to it. This is necessary if the 11<sup>th</sup> and 12 schedules are not to get reduced to being mere shopping lists (GOI, 2001, WB, 2000, in Chaudhari, 2003).

**And finally**, other problems related to PRIs, during the last three decades have been the status of Panchayat Samitis and Zilla Parishads, the inadequacy of finances and lack of involvement of PRIs in rural development planning. The amendment has tried to take care of all of these problems by bringing them into the statute book. However, certain problems have persisted. There has been a general reluctance to concede political space to the underprivileged in panchayats. As aforesaid, Punjab and Uttar Pradesh reportedly have not been dutiful in implanting the reservation provision of the act. Hence, could it be claimed with any degree of confidence that the backward sections would be articulate and effective or rather, and more realistically, they would get overwhelmed, as is feared, by the power elite? Would the state bureaucracy, affect a change in stance and work in cooperation with the local government? Or would a stint with a panchayat, harm the individual career prospects of bureaucrats? Would devolution of powers and functions, in fact, take place in practice as it is stipulated on paper? Would increase in private and foreign stake in urban development skew the balance against the urban poor in plan priorities? These and others would be some of the pertinent questions that would need to be continually monitored by means of empirical research and rectified by policy in this regard, on course.

As per Palanithurai and Raghupathi, democratise decentralisation follows the new public management principle in that the intent is to improve service delivery by invoking demand through institutions like the District Planning Committee and the Gram Sabha and adjusting/modifying supply accordingly. There is a paradigm shift from macro to micro concerns in planning. Development paradigm suffered hitherto due to an overemphasis on macro concerns. Democratic decentralisation would counter this tendency by encouraging interest articulation on the part of the underprivileged, and the ‘unequally placed’ at the local level. Also, in view of the expansion of the market and shrinking of the state sector, democratic decentralisation is the counterfoil, the state has attempted by enlarging the arena of ‘choice’ available to the people by providing for multiple service delivery and self help options as against the monopoly of the state which had created a climate of corruption and inefficiency. In this way the state has attempted to discharge its constitutional

obligations in the changed dispensation, towards the people of the country, given the imperatives/constraints of globalisation, liberalisation and privatisation. By institutionalising peoples' participation in administration, the state has created an alternate service delivery mechanism to the bureaucracy, which is set to further shrink in the coming days as liberalisation gathers momentum. As per Chaudharai (2003), the timing of 1991 trade and industrial policy reforms coincides roughly with the initiative for democratic decentralisation. Trade and industrial policy reforms were initiated due to the economic crisis owing primarily to fiscal management; endemic inefficiency, corruption and waste on the part of the State bureaucracy that had brought things to such a state, that nothing short of a paradigm shift was called for to redeem the situation; nothing short of a system overhaul. In 1991, consequently in the wake of a serious balance of payments crisis, the government initiated a broad package of economic reforms, which is being followed and furthered even today, irrespective of the party in power, involving dismantling of the infamous industrial licensing regime, deregulation of domestic industry, trade liberalisation measures, opening up of the economy to foreign direct investment and financial sector reforms. Aim of all these measures put together is to cut on the non-performing state apparatus and instead, yield functional space to the private and the civil society, typified by the non- government sector in active cooperation with the state agency, who in turn would henceforth, function more as facilitators and catalysts, rather than 'monopolists'. This would give the broad framework of "reinventing government" for the sake of good governance (Osborne and Gaebler, 1991). Though the idea of local governance reform was conceptualised sometime later, consensus emerged soon, as the failure of the Indian developmental state in terms of human development and poverty alleviation was ubiquitous. "The aim", therefore, "was to reconfigure the structure of government"(Chaudhari, 2003). Though inertia in the old order giving way to the new is expected, reform efforts would need to be continued to remove roadblocks, whether structural or attitudinal, as and when, any, is/are encountered. One indication all ready is the discretionary provisions; the effort obviously has to been not to irk power centres at the sub- national level and secure consensus for democratic decentralisation within the 'givens', which give to us the "environment of constraints" in Simonian terms.

There are a few glaring limitations in the framework. The 29 subjects mentioned in the 11<sup>th</sup> schedule do not give power to legislate to the local bodies, only to take decisions. The State Finance commissions' recommendations are not mandatory in nature. It is completely up to the State Governments to devolve/not to devolve, functions, functionaries and resources on the local bodies as per the constitutional scheme. The 29 items are handled by different ministries and are not in the hands of the Minister of Panchayati Raj and Rural Development. Coordination and cooperation from these different ministries would be needed to secure needed devolution, which could be brought about only by the Chief Minister. He has to feel committed enough to the cause of Panchayati Raj. Rules need to be evolved to guide Panchayat Raj administration that should be compiled in a handbook and circulated in the regional language for the knowledge of everybody concerned. Devolution of functions need to follow a set process. Activities need to be mapped, requisite skills identified and developed at the local level, with the cooperation of the bureaucracy; communications have to flow uninterrupted from the state officials to the local functionaries. Leaving things to the sweet will of the State Government would not help matters (Ministry of Rural Development Occasional paper 5 cited in Palanithurai and Raghupathi's). Unfortunately however, indications from various states in this regard, except a few states, which have zealously followed the ideal of local self-governance, like West Bengal, Karnataka and Gujarat and Maharashtra, have not been encouraging.



Gujarat and Maharashtra passed legislation in the 1960s transferring many activities, including primary health care and education to district panchayats. In both the states, funds were devolved and as well as a separate administrative service-the panchayat service in Gujarat and the Maharashtra Development Service in Maharashtra, were started wherein state level bureaucrats could be sent on deputation to work with district panchayats. In the mid-80s, Karnataka devolved many significant developmental functions to the panchayats. The task of devolution is being attempted in a most perfunctory manner. There is no systematic process in place. West Bengal has been another state, where concerted efforts have been made to nurture local bodies as developmental outfits by devolution of powers and functions (Chaudhari, 2003).

### **Discretionary Provisions**

Discretionary provisions leave a lot to the free will of the State Governments. Besides certain less significant issues like nomenclatures of panchayats, etc. some critical matters have also, been made discretionary, like determination of size in terms of population and area, mode of election of chairperson, the powers and functions of the Gram Sabha, devolution of power and authority to institutions of self governance at the local level, accounting and auditing at the local level, which if not attended or handed properly, in right earnest, could dilute the expected outcomes considerably. Indications are already there. Village Panchayats in Kerala and West Bengal are considerably larger than in other states. While it could be said that this has been rightly left to the historical legacy and administrative convenience of each state, the fact remains that this does not bring administration to the “door step of the people,” which is the, main hypothesis of proposed change. Given below is a list of the discretionary provisions of the 73<sup>rd</sup> amendment act in brief (Bajpai and Verma, 1995):

- 1) Nomenclature of panchayats and chairpersons
- 2) Size in terms of population and area covered for village and intermediate level
- 3) Composition of panchayats; representation (whether or not to provide) of the chairpersons at a level in the next successive higher level; MPs and MLAs belonging to the upper and lower houses of state and union legislatures, representing that constituency; mode of election of the chairperson of the village panchayat, that is, whether direct or indirect; *manner in which* various seats would be circulated for giving effect to reservations; provide or not for reservations for backward class of citizens.
- 4) Powers and functions of Gram Sabha
- 5) Devolution of powers and functions to panchayats at the appropriate level with respect to preparation of plans for economic development and social justice, and implementation of the same as well as in relation to the matters listed in the 11<sup>th</sup> schedule ascribed to the local bodies.
- 6) To decide what taxes, duties, tolls and fees *would be leviable* by the panchayats, and to establish procedures, limits and conditions for the same and those that would be levied and collected by the states and assigned to the panchayats.
- 7) To decide the amount of grants-in aid that will be provided to the panchayats from the consolidated fund of the state.



- 8) To authorise the panchayats at all different levels to create a fund for crediting all the money received thereto and withdrawals therefrom.
- 9) To provide for the composition of the Finance Commission, the qualifications requisite for members, manner of their selection, powers and functions, and the Governor shall cause to be laid before the legislature of the state its recommendations along with the explanatory memorandum with respect to the action taken by the government.
- 10) To make provisions with respect to the maintenance of accounts by the Panchayats and the auditing of such accounts.
- 11) To determine the conditions of service and tenure of office of the State Election Commissioner and to make provision with respect to all matters relating to or in connection with election to the panchayats. However the office of the state election commissioner has been treated as on par with the judge of a high court to ensure neutrality and impartiality on his part and secure autonomy as would be necessary for discharge of his constitutional responsibilities. Hence, the State Election Commissioner shall be removed from his office in like manner and on the like grounds as judge of a High Court. The condition of service of the State Election Commissioner shall not be varied to his disadvantage after his appointment and the Governor of the state when so required may put at his disposal such staff as may be required for the discharge of any function.
- 12) To make provisions regarding all matters in connection with elections to the panchayats.
- 13) To make provisions with respect to the:
  - a) The composition and functions of the District Planning Committee;
  - b) The manner in which the post of the chairperson of the DPC shall be filled; not less than 4/5 of the total members shall be elected by the members of the district level panchayat and municipalities, from amongst themselves, in proportion to the ratio of the population of urban areas and rural areas in the district.
- 14) Provision regarding panchayats, or any law relating to panchayats in existence before the amendment, continuing if not dissolved, amended or repealed respectively has been kept discretionary.

### 13.2.2 Features of the 74<sup>th</sup> Constitutional Amendment

From the very beginning, since independence, the urban local government received a step-motherly treatment from those who stood for the cause of self-government at the grassroots level in India. Like the 73<sup>rd</sup> amendment, the 74<sup>th</sup> amendment also lays down the structure of urban local bodies; provides for their regular, free and fair elections; makes provision for reservation of seats for SC, ST and OBCs; fixes their term to five years; protects them against arbitrary dissolution, specifies their powers and responsibilities; and attempts to strengthen the fiscal base of the urban local bodies. It does two more things, which are not to be found in the 73<sup>rd</sup> amendment; that is that, besides elected, it also provides for nominated members for decentralised planning.

In the 43<sup>rd</sup> year of the Republic of India, 1992 the Constitution (74th Amendment) was passed which came into force on 1<sup>st</sup> June 1993. Two important Committees, namely (1) Committee for District Planning (Article 243ZD, (DPC) and Committee for Metropolitan

Planning (Article 243 ZE, (MPC) have been constituted. The features are discussed below:

- 1) Constitutional status has been accorded to Urban Local Government bodies. Three-tier structure has been envisaged, whereby there would be municipal corporations, for larger areas, municipal councils for smaller areas, and nagar panchayats for villages in transition to becoming towns. Since, “Local Government” is a state subject, the state legislatures have been left within their powers to define the details of the powers and functions of different units of urban government institutions whose broad outline only has been drawn by the Parliament.
- 2) Direct election to these Municipal bodies by the people in the manner as the elections are held for the Lok Sabha and State Assemblies has been provided. For the purpose of elections, the Municipal elections are to be conducted by the State Election Commission.
- 3) Reservation of one-third of seats for women including women belonging to Scheduled Castes and Scheduled Tribes is ensured.
- 4) The State Finance Commission would ensure financial viability of the Municipalities. Municipal funds have been augmented through taxes, tolls, duties and fees, grants-in-aid.
- 5) Urban municipal institutions of self-government have been endowed with power and authority to formulate and implement schemes for economic development and social justice on 18 subjects.
- 6) Developmental Committees, namely, (DPC) and Metropolitan Planning Committees have been constituted. Thus, planning in India has been decentralised up to the grass-roots level.
- 7) For better proximity with citizens, wards committees have been constituted.
- 8) The 74<sup>th</sup> CAA and also the 73<sup>rd</sup> CAA (on Panchayats) have created local self government institutions through out rural and urban India with powers (29 for rural and 18 for urban) delineated, devolution, deliberative and executive wings of government created, authority and responsibilities defined, developmental committees (DPC, MPC) and Finance Commission constituted; and within each Municipality, Wards Committees and Zonal Committees have been constituted.

### **Observations on the 74<sup>th</sup> Amendment**

The two (73<sup>rd</sup> and 74<sup>th</sup>) Amendments to the Constitution mark a watershed in the evolution of local government in India. For the first time the Panchayati Raj Institutions in rural India and the municipalities and municipal corporations in urban India have been accorded constitutional status by these two Amendments. They have been raised to the status of ‘governments’ at the local level like the Union Government at the national level and the State Government at the state level (Bhattacharya, 2004).

The Nagar Palika Central Legislation i.e., the 74<sup>th</sup> CAA has scattered spatially hundreds of small local governments through out India. Governments with their respective territorial jurisdictions have been formed. India has, thus, become a “federation of federations”. The 74<sup>th</sup> CAA has not only constitutionalised the status of urban local government but also improved its life, structure, working and finance (Dash, 2004).

However, certain questions remain unanswered. First and foremost, the very exercise of classifying an area, rural or urban is a confused one. Some of the states with larger concentration of non-municipal activities like the Gujarat, Kerala, Tamil Nadu and West Bengal have nearly two-thirds of towns as census or non-municipal towns. In spite of predominance of non-agricultural activities in these towns, they are not accorded the municipal status. The state governments are interested in retaining their panchayat status, as they fetch grants under rural development schemes. Their classification as 'urban' would require the government in turn to give them grants. On the other hand, local bodies lose out because urban local bodies have the benefit of better sources of finance, such as the property tax, entertainment tax and service charges, which are lost if the urban classification is not given. Moreover, panchayats are easier to control than urban bodies and hence, the power elites prefer the rural tag. Besides, in the BIMARU states like Rajasthan, Uttar Pradesh, and Madhya Pradesh, districts are carved out for political reasons; which defies theoretical logic. It was pointed out as early as during the 1961 census, that instead of the two fold classification into rural and urban, there should be threefold classification, into urban, sub urban and rural, as it conforms better to reality. Owing to all of this confusion, all urban areas defined by census are not necessarily accorded the municipal status. On the other hand, all settlements accorded municipal status are automatically declared as urban. Hence, there is a need to redefine the rural and urban boundary keeping in view their revenue potential in order to reorganise them as urban or rural local bodies. Another problem is that of urban outgrowths, which are the urban areas that develop around the fringes of a cantonment board because of a university or a port etc. Since, these areas lie within the geographical limit of an adjoining village panchayat, the municipality does not govern them even though they are urbanised. Since they are too small they cannot be set up as independent municipalities. This problem needs to be addressed since vital revenue is lost if they are erroneously classified (R.B. Bhagat)

For the first time the DPCs (District Planning Committee) under 243Z (d) have got constitutional status by way of 74<sup>th</sup> Constitutional Amendment Act. Here we must mention that the Planning Commission is an extra constitutional body and even then it is so powerful that every year all the State Governments come begging before the Planning Commission for funds. But unfortunately the institution, which has got constitutional status for District Planning, is largely ineffective. The need of the hour is that the DPCs should be made effective and the district plan prepared by the PRIs and the Municipalities should also approve the State Government without any change. This is also desirable that the DPC may issue guidelines to lower level units in regard to their annual action plan and consolidated five years plan.

What is significant, however, is that apart from the traditional municipal functions, municipal bodies, as per article 243 W, have been allocated the function of preparation of "preparation of plans for economic development and social justice, which suggests their elevation from mere instrumentalities for 'agency functions' to responsible bodies for development planning. Traditionally, municipal bodies had been endowed with the responsibility of providing some basic amenities of civic life. Services such as water supply and sanitation, roads and drains, street-lights collection and disposal of solid waste, maintenance of public places, burial grounds and crematoria, cattle ponds, registration of births and deaths, maintenance of markets and some regulatory functions relating to construction of buildings, public health areas such as eating places, slaughter houses and tanneries, etc. The 74<sup>th</sup> constitutional amendment broadens the range of functions to be

performed by the urban local bodies to arenas such as urban and town planning, regulation of land use planning for economic and social development, 'safeguarding the interests of weaker sections of society' including the handicapped and mentally retarded, slum improvement and upgradation, urban poverty alleviation and promotion of cultural, educational and aesthetic aspects. The subject of cattle pounds has been extended to include, prevention of cruelty to animal (The Tenth Plan, 2002-07).

Also significantly, there are around 73,000 elected representatives in the ULBs all over the country. This shows that democracy has percolated down to the lowest level and is effective at the grass roots; at least the right start has been made. As per the official document, the role set out for the ULBs in the immediate future will be:

- to be responsive and accountable to the community
- to develop cities with standards of service comparable to the best in that particular category; and
- to constantly improve their capabilities so as to equip themselves to undertake their tasks in resource raising, service provision and poverty alleviation (ibid).

As can be seen, the tasks are onerous. The question is, whether requisite institutional capacity has been created and whether the administrative expertise exists to carry through the aforesaid functions. The success of the venture, if it is not to be a mere paper venture, would depend on the commitment of political parties ruling different states to developing *institutional capacity and administrative capability*, through training elected local functionaries in the nuances of administration through workshops organised for the purpose and thereupon, delegation of tasks. As per the New Public Management principle, that is the guiding maxim behind democratic decentralisation in the present context, innovative regimes such as public-private participation, in urban infrastructure development and channelising of non-government organisations in a synergetic mode with the government to augment 'total (system) capacity at the local level. Development of capacity is crucial since that would encourage the state bureaucracy to delegate, since there would be the assurance that the task would be successfully accomplished. Since delegation thrives on trust of the subordinate's capability, the same would have to be developed to create the right environment for delegation.

Moreover, like the eleventh schedule, it is not clear how the three tier bodies would work in tandem to accomplish the tasks, as these subjects are not clearly demarcated between different local units of the urban local government, leaving it to respective states to work out the arrangements by themselves in this regard. This has given the states the liberty to impose their own choices in this respect, which has at times created more confusion than order, regarding what is to be delegated and what is not. This has created a much undesirable situation of flux in the local administration scenario. This is not conducive either to its sustenance or development in the future. Notably, the 64<sup>th</sup> and the 65<sup>th</sup> amendments were defeated in the Rajya Sabha, because they did not give this much discretion to the states in the design of local government reforms (Chaudhari, 2003). The new amendments divide the provisions into mandatory, denoted by "shall" and discretionary, denoted with "may". In many cases although the powers have been transferred on paper, their actual transfer has not taken place, and the concerned government departments at the state level retain monopoly over those subjects who are handling them directly rather than operating through the concerned local unit. Similar is the case with transfer of funds. This is critical since the main problem that the local units have always faced hitherto, has

been lack of financial resources. In the absence of proper funds, powers become meaningless because the same cannot be translated effectively into real efforts and outcomes. An obvious contradiction is that on the one hand the local bodies are staving for funds but on the other hand, elected representatives want more allowances and other perks and facilities in view of their newly acquired constitutional status. The above bottlenecks need to be taken care of if the Constitution (seventy- fourth) Amendment has to become a reality, both in letter and spirit.

74<sup>th</sup> Amendment Act provides for the constitution, by every state, of a State Finance Commission, within one year of the amendment and thereafter every five years, regarding the financial resources of local bodies. Unfortunately, the recommendations of the Commission are not binding on the respective states. But still the Municipalities blame the State Governments that they are not getting the required finances to run the urban body.

In spite of the fact that the 74<sup>th</sup> Amendment visualises the 'people's participation' as one of the main objectives, the people's actual participation in the municipal affairs of the city is still limited. Major cause of this attitude is that the people look towards the municipal bodies with inherent suspicion and take it for granted that their problems and grievances will not be taken care of.

As most of the municipalities are badly governed, no private party is willing to shake hands with the municipal authorities. Private parties also think that to push their project through the municipal authorities is really time consuming and wasteful (Dixit, 2004). Lot of effort would need to be put in to change this negative perception of municipalities. The effort has been made on paper. Now the constitutional scheme needs to be worked out in practice. Computerisation would help cut on delays; there would be more certainty about records and also their timely availability. Training of municipal personnel has to be taken up in right earnest to develop requisite 'managerial' capabilities among staff, so work is performed on the basis of sound managerial principles.

### **13.2.3 Decentralised Planning in Context of 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Act**

Efforts to establish suitable planning machinery at the local levels have been half-hearted. The effective decentralisation in planning in India existed at the state level vis-à-vis planning at the state level seems to depend very much on the size of the state (Rao, 1989). The Planning machinery at the district level was weak both in terms of technical expertise and financial resources. There was virtually no such co-coordinating agency, which could take the responsibility to link various existing programmes and schemes so that they can be implemented effectively. Decentralised planning at the District level was effective precisely in those states where performance in respect of land reform was better like West Bengal, Karnataka, and Jammu and Kashmir belongs to this category (ibid).

All the Committees prior to 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment advocated decentralized planning. All these efforts culminated into the presentations of two bills viz., 64<sup>th</sup> and 65<sup>th</sup> Constitutional Amendment Bills in the Parliament in the election year of 1989 for providing Constitutional status to the local government institutions in the rural and urban areas respectively. The two bills though crucial steps towards decentralised planning were passed by the Lok Sabha but fell in the Rajya Sabha due to want of majority. Thus it is obvious that none of these attempts towards decentralized planning in the post-independence era (before the passage of 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts)



could satisfy the set of requisites the research team developed. Therefore, these efforts could not give desired results and the idea of decentralized planning remained a distant dream.

It was felt necessary to build up and strengthen the planning capabilities at the district and block levels. Accordingly, the 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts were enacted. With the PRIs and Municipalities setting constitutional status by way of the 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts respectively decentralised planning has got a new responsibility of formulation and implementation of the programmes of economic development and social justice. It may be said that now onwards there would be three-tier in the planning process, viz., the centre, the states and the Panchayats (Kumar, 1997).

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### **13.3 INITIATIVES AFTER ECONOMIC REFORMS**

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In the wake of economic reforms initiated by the Narasimha Rao led Congress ministry in the early nineties, the need for democratic decentralization planning was once again realised. This realisation led to the passage of much talked about constitutional amendment acts. The two acts were regarded as milestone of decentralised governance and decentralised planning. In view of this, it becomes imperative to see as to how akin these two acts are to the idea of decentralised planning i.e., to what extent they satisfy the following pre-requisites:

- 1) Creation of regular bodies in the planning hierarchy;
- 2) Decentralisation of power and functions to each of these tiers;
- 3) Devolution of financial resources to each of these tiers;
- 4) Subordination to higher political echelons rather than to bureaucracy;
- 5) Assigning professionally trained manpower to each of these tiers;
- 6) Devising effective co-ordination mechanism among these tiers; and
- 7) Devising means to ensure effective people's participation.

#### **Creation of Regular Bodies**

Article 243B provided for the creation of a three-tier structure of panchayats at the village, block and district levels. Further, Article 243E provided for a fixed tenure of five years of these local bodies. Legislatures of all the states to which the Acts apply in consonance with the provisions of the two acts have created the necessary structures in the urban and rural areas and are holding regular elections to them. This shows that that 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments Acts satisfy essential pre-requisites of decentralised planning.

#### **Devolution of Financial Powers**

The 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment Acts have favoured devolution of financial powers (through creation of 11<sup>th</sup> and 12<sup>th</sup> Schedules vide which functional and fiscal powers have been devolved to them) upon the local governments institutions. However, it is pertinent to note, "The two schedules by themselves do not contain subjects of 'revenue resources' except by way of incidental receipts. The taxes, duties, tolls and fees to be levied by them and assigned to them and the grants-in-aid to be given to them are left to the discretion of the state governments (Ibid).



The two acts also provided for the appointment of Panchayat Finance Commissions, to look into the needs of the rural and urban local bodies in totality and make suitable recommendations so as to enable these institutions to perform the assigned functions effectively. This was definitely a landmark step in the direction of providing financial autonomy to the local bodies. But it is noteworthy that though most of the states have constituted the PFCs, but many of them have not yet submitted their reports and, in the case of those state finance commissions which have submitted their reports, no tangible action has been taken on their recommendations.” Thus, the above analysis shows that much leaves to be done for devolution of financial powers to these institutions and hence, the third pre-requisite of decentralised planning under the two Acts also seems to be half heartedly attempted.

### **Subordination to Higher Political Echelons Rather than to Bureaucracy**

As also hinted earlier, one of the significant postulates of democracy is the subordination of bureaucracy to the democratically elected representatives of the people. This is because bureaucracy is a good servant but a bad master. This is as much applicable at the grassroots as at the centre and the state levels. Ironically, however, the enactments of the different states have given upper hand to the bureaucracy vis a vis the representatives of the people at the local level”(Maheshwari, (1992-93). The higher bureaucracy under the Acts of various states has been given the powers to suspend and even supersede these institutions. In most of the states, it is the district level functionaries who regulate and control the working of these institutions. For instance, Section 47(1) of the Harayana Panchayati Raj Act, 1994 empowers the District Development and Panchayat Officer or the Sub Divisional Officer ( Civil) to suspend the execution of any resolution or order of the Gram Panchayat or prohibit the doing of any act. In this connection, the observations of Gangarde are also worth mentioning:

“*The Karnataka Panchayati Raj Act* vests the power of adjudging the performance of the panchayats with the bureaucracy. Under the *Bihar Panchayati Raj Act*, 1993, officials are also the controlling authority. Panchayat leaders have to tender their resignations to bureaucrats. The *Harayana Panchayati Raj Act* also confers most of the powers on the bureaucracy or the government, leaving little room for panchayat to work independently. In several cases the order of the Director, Panchayat, is not only final but also cannot be questioned in any court of law. The government can cancel any resolution of the Panchayat under the pretext of it being against the public interest. The Kerala Panchayat Act is also an effort towards establishing of Officer’s Raj in place of people’s Raj. *The Himachal Pradesh Panchyati Raj Act* has not given administrative and financial autonomy to panchyats for discharging their responsibilities effectively. *The Punjab Panchayti Raj Act* empowers the Director, Panchayt to remove any Sarpanch. The U.P. Assembly ratified the Action such a hurry that the opposition was not given a chance even to discuss it. *The Andhra Pradesh Panchayat Act*, too is no exception where control over the Panchayat by the Bureaucracy is concerned ( Gangarde, 1995).

### **Assigning Professionally Trained Manpower**

Planning is a specialized activity requiring technical skill, information and database, which the people’s representatives in a democracy cannot be expected to posses. Moreover, they are elected to the offices for a short period. On the other hand, bureaucracy, being permanent, has wide field experience and knowledge. Further, most of the information lies in the official records, which remain in the custody of the bureaucracy. Thus in a

democracy, it is essential for planning to assign professionally trained manpower to the people's representatives and make them subordinate and subservient to the later. The dichotomy is that they are always made responsible for the formulation and implementation of local plans without making the local bureaucracy subordinate and subservient to them. Rather, most of the authority has ever rested with the district administration. It is mainly because "historically, local government was virtually a part of district administration and with the emergence of the democratic aspirations of the people, was gradually made a separate entity but was ever looked upon as only an offshoot and satellite of the district administration. Local government has formidable competitor and revival in the form of district administration"(Maheshwari, 1992-93), op. cit).

The 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts as well as the Acts of the various state governments have also not made any progress in the direction of assigning professionally trained manpower to the local bodies and bringing the local bureaucracy under the local popular control. Therefore, the 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts have also not been able to qualify this prerequisite of decentralised planning.

### **Devising Effective Coordination Mechanism**

Multi-level planning, which is essential for decentralised planning, leads to mere misuse and wastage of scarce resources. It becomes obligatory to develop and devise inter-linkages among the plans formulated at different levels. Thus, devising effective coordination mechanism is one of the essential prerequisites of decentralized planning. In this connection, 74<sup>th</sup> Amendment Act made a revolutionary step by providing for the creation of District Planning Committees ( DPCs) to coordinate the plans framed by the various tiers of local bodies both in the urban and rural areas. Article 243Z(D) of the 74<sup>th</sup> Amendment Act also provides the setting up of District Planning Committees—consisting of the elected representatives of both the urban and rural areas—in every district to prepare composite plan for the whole district.

However, the implementation of this provision leaves much to be done. Undoubtedly, the formation of DPCs is a step towards making decentralization 'pro-poor yet' even after more than a decade from the effect of 74<sup>th</sup> Amendment Act many states are yet to constitute the DPCs in their respective states(Chatterjee, op. cit). In so far as the creation of DPCs , which is a statutory obligation of the state governments, is concerned, some of the states" have only set them up formally without making them operational. Andhra Pradesh has not even set them up. Although a few states like Kerala and West Bengal have taken to decentralize planning earnestly, the tardiness of the others in constituting and operational sing the DPCs may limit their role as instruments of decentralized planning (Mathew,) 2000). Even in the state like Karnataka where panchayats have taken roots and had once become a model of decentralized planning (under 1985 Act), DPC is not functioning properly (Mishra, 2000 op. cit.). Amazingly, provision for constituting DPCs is not made in the Gujarat State Panchayati Raj Act (Chandrashekhar, 2000).

### **People's Participation**

People's participation is a must for the success of every plan. People's participation in the context of decentralized planning means their direct involvement at the level of both plan formulation and implementation. The necessity of people's participation in planning was highlighted in the fifth five-year plan. Perhaps the most effective system of securing people's participation in decentralised planning is through the constitution of Gram Sabhas at the village level. Though the role of the Gram Sabha was recognised even earlier and

in some of the states, it was even provided a statutory status as far back as 1960s, but it was the 73<sup>rd</sup> Constitutional status to this body. The Act provides that a Gram Sabha is to be constituted in each village, exercising such powers and performing such functions at the village- level as the State Act may provide. It consists of all registered voters in the area of the Panchayat. The significance of the institution lies in the fact “it is the only political institution in the country in which direct democracy is in operation.”( Maheshwari, 1992-93,op. cit), It has been rightly observed that the Gram Sabha is the “unique forum for collective thinking, planning, and decision –making and overseeing different activities in the village. This institution is designed to help in bringing common people to the decision-making and uplift the status of women and the depressed classes ( Sharma, 2003).

In fact it is the only “forum, which can ensure direct democracy. It offers equal opportunity to all the citizens of a village to discuss, criticize and approve or reject the proposal of the panchayat executive and assess its past performance and is a watchdog of democracy at the grassroots level”( Mathew, 2000, op.cit)

Thus, it may be said that since the two Constitutional Amendment Acts have not satisfied the basic pre-requisites of decentralized planning, the claim of their being revolutionary steps in the direction of decentralized planning is hollow. Further, the idea of decentralized planning, unless any such effort in this direction satisfies the above said pre-requisites, would remain a distant dream.

*The Constitution ( 73<sup>rd</sup> Amendment ) Act 1992* has been passed by the Parliament with a view mainly to strengthen and revitalize the Panchayati Raj bodies so that they can sub serve the needs of the millions that live in rural areas. The first sign of a healthy democracy is that evolving of a mechanism for arriving collective decisions by involving the people who are most affected by them. Decentralisation is the vital mechanism through which democracy becomes truly representatives and responsive. The linking mechanism between effective administrative set up and participation is the delegation of powers to the people at the grassroots level. In a country like India where majority of its people lives in rural areas, decentralization of governance should not remain at local level as a mere creed, but it should be an operational imperative. After independence the focus of the rulers shifted from regulatory to welfare administration.

The crucial challenge ahead was the upliftment of the rural masses from an utmost poverty. Number of rural development schemes evolved in this regard could succeed due to lack of active participation of the people at the implementation level. Prior to the historic 73<sup>rd</sup> constitutional Amendment, any references to the decentralization of local government was confined to the Directive Principles of State Policy. The successive central and state governments have tried to shift the responsibility to one another in implementation of the decentralization schedule. The 73<sup>rd</sup> amendment has given a new lease of life to Panchayati Raj Institutions, where central and state governments have to delegate all powers to Panchayats to enable them to function effectively as self-governing institutions. It provides for the reservation of seats and offices for SC/STs, OBC and women, fixed tenure for Panchayats, prevents its dissolution and provide more powers and functions of the Panchayats. It also provides for the constitution of a State Election Commission for the conduct of election to the PRIs and a State Finance Commission to review the financial position of the Panchayats and to make recommendations to the Government (Krishna, 2005).

### **13.4 FUNCTIONING OF PRIs IN VARIOUS STATES AFTER 73<sup>RD</sup> AMENDMENT**

All the states completed the process of enacting fresh legislation on strengthening the PRIs on April 23, 1994. As many as eleven states pushed through fresh legislation in 72 hours, some of them even in the early hours of April 23, 1994 to beat the stipulated deadline of April 23, 1994, the day Panchayats became part of the Indian constitution. However, the 73<sup>rd</sup> Constitutional (Amendment) Act is not applicable to Jammu and Kashmir, Mizoram, Nagaland and certain Scheduled Areas of the country. However it did contain a provision for future extension of the act to scheduled areas. As per that, parallel provisions regarding local government in scheduled areas was ultimately enacted through the provisions of panchayats by the Extension to the Scheduled Areas Act of 1996. But mere legislative enactments do not ensure effectiveness and viability of the PRIs in the States. What is more important is their operationalisation.

#### **Andhra Pradesh**

The Andhra Pradesh Panchayati Raj Act 1994 became on May 30, 1994. In the Gram Panchayats the existing Sarpanchas were re-nominated as “in-charge Sarpanchas.” In Andhra Pradesh, the Gram Panchayats have to perform 12 obligatory functions and 27 optional functions, apart from the 29 subjects mentioned in Schedule I of the Andhra Pradesh Panchayati Raj Act, 1994 which is a replica of the Eleventh Schedule. The Mandal Parishads in the state have to perform functions specified in Schedule I of the Act besides functions mentioned in Schedule I of the Panchayati Raj Act under 4 broad items (i) Community Development (ii) Animal Husbandry and Fisheries, (iii) Agriculture, (iv) Health and Rural Sanitation (Vittal, C.P 1988). The irony is that even after holding elections to Panchayati Raj bodies in the state, powers and functions were not transferred to the PRIs to the desired extent let alone financial resources. The State Assembly has amended the Andhra Pradesh Panchayati Raj Act to provide for depositing all funds received by the Panchayats under the Jawahar Rozgar Yojana( JRY) and the Employment Assurance Scheme ( EAS) in the nationalized banks, cooperative banks or post-offices.

#### **Bihar**

Though the Bihar Panchayati Raj Act came into force on August 6, 1993, election to all the three tiers of PRIs has not been conducted so far. Even threat of Central Government to stop release of funds for rural development for failing to hold election in time has not been effective. The provision of reservation of seats was utilized by him for crating vote banks for the State Assembly election ( Mishra, Kumar and Pal, 1996,).

#### **Gujarat**

The Gujarat Panchayati Raj Act became effective from August 26, 1993 and the elections to the local bodies were held in May- June 1995. The autonomy of the local bodies like the Panchayats in Gujarat as elsewhere has been marginalized by the increasing influence of the MLAs and MPs in era of coalition government. The MLAs who by threatening to join some other exercise control over the Chief Minister are strong enough to influence the activities of the panchayats even after the 73<sup>rd</sup> Amendment Act (Purohit, P.V, 1998). As a result of decentralization process in Gujarat all developmental activities were transferred to the PRIs. However, so far as funding is concerned, it remains in the hands of the government, and district bodies hardly had a say in fund allocations. In Gujarat,

the powers and functions were assigned to the PRIs in a big way. The state government has transferred all the developmental machinery to the District Panchayat and below i.e., Taluk Panchayats and Gram Panchayat. The Gram Panchayat has powers to impose about 20 different taxes and fees and the Taluk Panchayat has powers to increase the taxation rates of Gram Panchayats.

### **Haryana**

So far as Haryana is concerned, the elections to all the three –tiers were conducted in December- January 1994-95. The State Government has delegated more powers to the PRIs. These include control and inspection of the schemes and programmes launched by the Departments of food and supplies, Education, Public Health, Women and Child Welfare, Agriculture, Horticulture, Animal Husbandry, Forests, etc. besides the schemes of the Panchayat Department. The records of the PRIs had been made accessible to all voters and members of the Gram Sabha. Gram Panchayats provide all details of income and expenditure incurred on various schemes on a board known as ‘Vikas Patt’ put up at each Panchayat.

### **Karnataka**

Karnataka was the first state to pass the new legislation on April 7, 1993, which became effective from April 30, 1993. The Gram Panchayat elections were held on non-party basis on December 29, 1993, which was landmark in itself as 43 per cent of those elected, were women and 32 per cent belonged to SC/STs. A Review Committee, popularly known as the Nayak Committee, was appointed by the State Government to look into issues and problems viz. a weak gram Sabha, bureaucratic dominance in Panchayati Raj administration at different levels, devolution of powers and functions between and among the tiers, absence of provision for Nyaya Panchayats, accommodating different reserved categories as chairpersons in a term of Five years. The Committee forwarded its recommendations in a report submitted to the Government on March 19, 1996. In the light of the given issues, the meaningful recommendations were accepted by the Government in the form of the 3<sup>rd</sup> Amendment to the Act of 1993. With these amendments, Karnataka is moving towards realizing the ‘spirit’ of the provisions 243G of the 73<sup>rd</sup> Amendment which implies that PRIs should become institutions of self- government (Subha, K, 1998). The Government of Karnataka is trying to curb corruption at the grassroots by bringing elected chairpersons under the purview of Lokayukt. Besides, the Government is also thinking to come out with a bill on Naaya Panchayats and the District Planning Committees will be operating the way it is envisaged in the Constitutional Amendment so as to lead to genuine decentralized planning (Ibid.)

### **Kerala**

In Kerala, the new Panchayati Raj system came into operation from September 30, 1995. Though organic linkage exists between the three-tiers in the form of ex-officio membership at the higher level, each tier is independent of others and performs certain exclusive functions given to it (John, Oommen, 1998). The Government on August 17, 1996 formally inaugurated the People’s Campaign for the Ninth Plan. Under this process, people are to be mobilized through the local bodies in all stages of development planning from formulation, implementation to maintenance. With the landing of the people’s campaign for the Ninth Plan the state has entered into an era of a new development culture. The campaign has also contributed towards people’s unity in development action and has generated a new development consciousness in the State (Biju, M.R., 1998). The



State Planning Board has announced new norms for allocation of Plan funds to the local bodies. The block and gram panchayats would get a weight age of 65 per cent age points for population, excluding that of SCs and STs (Panchayati Raj Update, March 1998). The PRIs in Kerala are in a better position now when compared to previous years. Apart from constitutional protection, it has that resource—finance and that too in plenty, which it lacked before.

### **Madhya Pradesh**

Madhya Pradesh is the first State to have elections at all levels under the new constitutional provisions. The elections for Gram Panchayat, Janapad Panchayat and Zilla Panchayat were held in May-June 1994. The first meeting of the elected Panchayats was held in August, 1994 and August 20, 1994 was observed as 'Adhikar Divas' as all the elected office bearers of the PRIs took charge of their offices. As against 29 subjects, 23 subjects are reported to have been transferred to the PRIs. The remaining items are with the concerned departments requiring necessary action in this regard. The State Government is not able to channelise funds beyond what it receives from the centre for JRY and EAS even after setting up SFC. Finally, there are reports of planned attempts by bureaucracy to underline the powers of the elected panchayats (Vittal, C.P., 1998).

### **Maharashtra**

In Maharashtra the elections to the three-tiers of PRIs were completed in September 1995. The State Government has reduced the terms of Chairpersons of Zilla Parishads and Panchayats Samities from five years to one year. Of the 29 Zila Parishads in Maharashtra, ten have been reserved for various categories of people to be decided by draw of lots. (Panchayati Raj Update, February 1997). The Thane Zilla Parishad has undertaken an action programme to activate the gram sabha in the district. The response to the action programme was good in the district as a whole but it was more so in the tribal areas. Gram Sabhas in all talukas except two went off successfully in about 83 per cent of the Gram Panchayat areas. (Panchayati Raj Update, June 1998) Zilla Parishad has planned to mobilize popular participation in development works to ensure greater transparency and accountability in the working of the Panchayats.

### **Orissa**

Orissa has been the first state to implement 33 per cent reservation of seats for women in Panchayats, having 2, 500 representatives in the Panchayats. A unique provision of Orissa Gram Panchayat Act states that if the Gram Panchayat Sarpanch elected or nominated is not a woman, the office of Naib-Sarpanch will go to a woman. In Orissa, the Panchayats are having effective role in socio-economic development. The role of the Panchayats is being publicized through films, photographs, wall writings, group discussions etc. In October, 1997 a meeting of Presidents and Vice –President of over 20 Zila Parishads was convened in Bhubaneswar in which they expressed their concern over the state Government's failure to transfer to them powers stipulated in the 73<sup>rd</sup> Amendment Act (Panchayati Raj Update, November, 1997). In early 1998, the State Government had directed all the district collectors to ensure autonomous functioning of Panchayat institutions. It was observed that the Sarpanchas do not inform the people about the meetings of 'palli sabhas' and 'gram sabhas'. The gram sabha meetings are called without a prior notice. Besides, they are also not held regularly. Some of the Gram Panchayats are functioning very effectively and have been awarded cash prizes to three gram Panchayats, viz, Ghanantri Panchayat, Kotapeta Panchayat and Padmapur Panchayat under Rajagada Panchayat



Samiti, for their good performance in development, utilization of JRY funds, sanitation, literacy, old age pensions, Indira A was Yojana (IAY), family welfare and other areas (Panchayati Raj Update, June 1998)

### **Punjab**

So far as the State of Punjab is concerned, the Government passed a fresh legislation, constituted a separate SEC as well as SFS, and held elections to the village Panchayats, Panchayats Samitis and Zilla Parishads in 1993-94. Subsequently, the Government also identified the schemes and selected the departments which were to be transferred to the PRIs, by the beginning of 1997. The Punjab Panchayati Raj Act 1994 violated the provisions of the 73<sup>rd</sup> Amendment Act which aimed at extending power to the grassroots level by providing for direct elections for the membership of Panchayats Samitis and Zilla Parishads. The Act, on the other hand, by inserting a clause, allocated only 40 per cent seats by direct elections and the remaining 60 percent by indirect elections from amongst the Sarpanches themselves ( Verma, 1998).

In the case of Punjab, the empirical findings show that most of the Sarpanchas, Chairpersons and Vice-Chairpersons represent a relatively better off families from the economic point of view. In fact the leading agricultural families have captured most of these positions. Apart from that many state level leaders have pushed in their blood relations such as sons, brothers, nephews in these positions. It was a surprise to note that even in those village Panchayats where the SCs have a majority, land owning Jat-sikhs have been elected as Sarpanchas ( ibid). The State Government dissolved all the panchayats in the State and the elections to all the three tiers of PRIs were held in June – July, 1998. Although the elections were held on non-party basis, various political parties had fielded candidates as independents. For the first time as many as 4, 124 women have been seen elected as Sarpanchas in the present panchayats elections ( PanchayatI Raj Update, June, 1998).

### **Rajasthan**

In Rajasthan, the elections for the three tiers of PRIs were held in 1995 under the supervision of SEC and these institutions have come into position after March 1995 (Hooja, 1998) The State Government has transferred Rs.164 crores to Panchayat Samitis for taking up development works of various categories. Earlier, the expenditure used to be made by the departments concerned. The Panchayat Samitis would spend the money on the works identified in the meetings of elected representatives. Previously, although the Panchayat Samitis and village Panchayats had been authorized to utilize the funds for development, supervisory powers had been vested in Zila Parishads.

### **Tamil Nadu**

In the case of Tamil Nadu, the new Panchayati Raj System came into effect from April 1994 and the elections were conducted in 1996. The Panchayats in Tamil Nadu have been assigned three broad types of functions- mandatory, discretionary and those entrusted by government notification ( Sekhar, 1998).The PRIs in Tamil Nadu continue to remain as welfare institutions rather than the village republics with the power of self- rule (*Ibid. p.91*). An 'innovative mode of funding' has been devised by the Tamil Nadu Government, to enable the financially weak rural local bodies overcome the lacuna in the population based devolution formula for the panchayats. In this mode of funding an outright grant from the equalization fund is given to the financially weak panchayats.

## **Uttar Pradesh**

In the case of UP, the legislative formalities were completed in April 1994 and the elections to all the three tiers of PRIs were conducted in April 1995. In accordance with the Tenth Finance Commissions recommendation, the gram panchayats have been allocated Rs. 189.8 crore for construction of roads and drainage ( Panchayati Raj Update, March, 1998). The State Government has decided to decentralize the administration. Under the new scheme, village panchayats would be granted direct control over officials functioning in their jurisdictions. The Panchayats would appoint these officials belonging to 10 departments, including primary education, healthcare, and rural development and also supervise their activities.

## **West Bengal**

In West Bengal, the Panchayat elections were held in May 1993, in which the left front, particularly the CPI(M), had gone home with a larger majority. Gram Sansad has substituted the institution called Gram Sabha. This is an institutional innovation for ensuring effective participation of the people (Datta, 1998) The Gram sansads are authorized to transact annual or half yearly meeting and such other business relating to the affairs of the Gram Panchayat as may be agreed upon by the persons present at such meetings. It has to be admitted that with the functioning of the Gram Sabha and the Gram Sansad, the formation of the District Council in West Bengal, the Panchayats in the state have become responsive and effective vehicles for identification and resolution of local problems, for ensuring social justice, and for improving the quality of life to the rural people (Ray, 1998). After the completion of five years terms, elections to all the three tiers of PRIs were held on May 28, 1998. The State Election Commission (SEC) conducted the elections for the first time. The State budget for 1998-99, presented in the State Assembly on March 23, proposes to arm panchayats with a wide range of new functions in education, health and rural electrification sectors. It also provides for setting up 1,000 "new type of primary educational centres" in addition to an equal number of conventional primary schools under the supervision of panchayat Samitis. Similarly, in the health sector, the Panchayat Samitis will take control of new primary health centres. Besides, the government proposes to set up a corporation to coordinate with the Panchayats in implementing rural electrification programmes ( Panchayati Raj Update, March, 1998).

Thus, the functioning of new panchayati raj reveals the fact that though the legislative formalities have been completed in almost all the States yet at the operational level, there are large variations between them. Elections to all the three tiers of PRIs have been completed in all the states except Bihar, where elections have been delayed for one reason or the other. In some states, viz. Karnataka, Punjab, West Bengal, PRIs have been constituted for the second time either because of completion of their tenure or due to dissolution. Still the highhandedness of bureaucracy, with a few exceptions, over the local autonomy prevails. We hope that PRIs may be deeply rooted in the rural community and may become the real vehicle of change and development in the countryside. The only danger which we visualize is from the side of the state governments ( Singh, 1993).

So far as the assigning of powers and functions of each tier of PRIs is concerned, we find that the powers and functions entrusted to the PRIs vary from state to state. The experiences gained so far are that at the district level various line department/ agencies implement programmes and functions under the overall supervision and control of the District Collector/District Magistrate. And the PRIs have to be content with backseat driving ( Vittal, op.cit.).

Thus, it becomes clear that the sphere of activity of each tier under each item has not been defined and left to the discretion of the concerned state government. In the changing scenario, Panchayati Raj has to devote itself to the task of development and PRIs should enjoy a large measure of autonomy to the extent possible.

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### **13.5 FUNCTIONING OF LOCAL GOVERNANCE AFTER 73<sup>RD</sup> AND 74<sup>TH</sup> CONSTITUTIONAL AMENDMENT: OBSERVATIONS**

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There are some observations given below regarding the functioning of PRIs after 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendment. It has been observed that there is a wide gap between theory and practice in implementation.

- Assets have been created under the various rural development programmes. But assets were not being utilised properly. Primary schools have been built but children are not going to schools and in some cases there are no staffs. Community scheme is a total failure because the people want that each and Sarpanch should do everything.
- It was found that beneficiaries for rural development programmes are not selected in proper manner. It is supposed to be selected in according to Base Line Survey (BLS). This BLS contains the names of those families are not included in the record available at Block and DRDA office. The list contains tax payees, as beneficiaries are the sufferers. With regards to loans and subsidy it was found that the total amount of loan is never given to beneficiary.
- So far as the meetings of PR bodies are concerned it is found regular. But meeting of Gram Sabha in all the three districts are not held regularly and even if they are held the adult members of the village do not attend them.
- According to the provisions of the new Act, 29 items have been given to the Panchayats. But it has been noted that very few of these subjects have been transferred to the Panchayats and are neither substantial nor meaningful. They are only supervisory in nature.
- It was also found that the ex-Sarpanchas with the help of the MLAs of the area, try to intervene in the working and functioning of the DPC, it was found that the women Sarpanch.
- With regard to the functioning of DPC, it was found that the most of the beneficiaries, people's representatives and even some of the officials are not aware of the constitution, composition and structure of the DPC.
- It was found that still MPs and MLAs are still controlling the PRIs. They get development work done in their area and as such the needy and the remote village get neglected and remain underdeveloped their dominance are also seen with regard to giving grants to Panchayats. They are giving grants to only those panchayats, which are dear to them.
- It was observed that due to the dominance of the MLAs and MPs and BDO cum Panchayat Raj Officer and their subordinate staffs virtually dominates over even upon

the articulate representatives of the Gram Panchayats.

- Ex-Sarpanchas with the help of the MLAs of the area, try to intervene in the working and functioning of the Sarpanchs especially the women Sarpanch.
- With regard to the functioning of the DPC, it was found that the most of the beneficiaries, people's representatives and even some of the officials are not aware of the composition, constitution and structure of the DPC.
- With regards to women's participation in the affairs of the panchayats, it was found that maximum numbers of them are still working on the advice of the male members of the family (Pal, 2002).

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## 13.6 CONCLUSION

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In a nutshell, it may be said that illiteracy, lack of training and prevalence of old traditionally dominant systems are the basic reasons for their non-performance. But this should not be taken as a sign of total surrender. We must realize that due to the new system gradually consciousness is coming among such sections of the rural community and they have raised their voice against exploitation and excess. In this connection, regular election to PRIs will prove to be a milestone towards enlightenment and social political consciousness of the weaker sections. Now they are coming up and quite vocal. In the coming years they teach lesson to the dominant sections of the society.

Local Government in India has not been a great success. A part of the fault lies in the system, a part in the immediate social environment but a large part is to attribute to the controlling state government itself. There are some areas of concern in local bodies. *The first area* of concern is the wide gap between the aspirations of the people and the performance by the grassroots institutions. *The second area* of concern is the mismatch between the financial resources of the local bodies and the functions allotted to them or between expenditure responsibilities and their own resources available. *The third area* relates to weaknesses in the working of Gram Sabhas. *The fourth area* of concern is to redefine and re-look at the picture of local bodies in the light of challenges, which they are facing. *The fifth area* is most important is the type of political culture that has been evolving in India. Let the local bodies guard themselves, let the local bodies change their attitude, policies, technology and systems and get empowered for better governance.

The ethos of democracy can find real nourishment only when power reaches the grassroots level. For the ordinary citizen, it is local democracy, which can have real meaning and significance. In a vast country where large masses are still unlettered, village panchayats and participative democracy can do wonders. If the aim is to establish a democratic society, where change is brought about by voluntary consent and willing cooperation and not by the force of arms, there may be no alternative to Panchayati Raj or Local Self Government Institutions. In that sense, the most revolutionary measures in recent decades have been the 73<sup>rd</sup> and 74<sup>th</sup> Constitutional Amendments. It is hoping that with this Indian democracy could become a unique model for the rest of the world.

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## 13.7 KEY CONCEPTS

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### Cabinet Government

- : The British system, whereby the cabinet as a whole, rather than only the prime minister who heads it, is considered the executive, and the cabinet is collectively

responsible to the Parliament for its performance. In addition, the cabinet ministers are typically drawn from among the majority party's members in Parliament, whereas in the United States the cabinet secretaries are only from the executive branch.

**Constitutional Architecture** : The administrative arrangements created by a government's constitution - from the separation of powers to the requirement that specific departments be created or services performed.

**Regulation** : The totality of government controls on the social and economic activities of its citizens; the rule-making process of those administrative agencies charged with the official interpretation of laws.

**Statutory and Census Towns** : The Indian definition of urbanisation incorporates both administrative and demographic criteria. Two types of town are identified by the census. First one, are known as municipal or statutory towns and the second one, census or non-municipal towns based on the different criteria of their identification. The urban definition adopted in 1961 Census has the following criteria: (a) All places having municipal corporation, municipality, notified area committee and cantonment board, etc; (b) The places which satisfy the following criteria: (i) Population not less than 5,000 (ii) Density of population 1,000 persons per sq mile (400 per sq km), (iii) Seventy-five per cent of workers engaged in non –agricultural sector.

**Transitional Areas** : The 'transitional area', 'smaller urban area' or 'larger urban area' means such area as the governor may having regard to the population of the area, the density of population therein, the revenue generated for local administration, the percentage of employment in non-agricultural activities, and the economic importance of other factors as he deem fit, specify by public notification for this purpose. Since the 74<sup>th</sup> amendment act does not define the population size and leaves it to the government to decide, which it does quite arbitrarily at present.

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## 13.9 ACTIVITIES

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- 1) Discuss the features of 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendment.
- 2) Briefly discuss the functioning of local governance in various states after the constitutional amendment.

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## **UNIT 14 ORGANISATIONAL STRUCTURE OF RURAL LOCAL BODIES**

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### **Structure**

- 14.0 Learning Outcome
- 14.1 Introduction
- 14.2 Historical Background
  - 14.2.1 Democratic Decentralisation - Panchayati Raj
  - 14.2.2 Structure of Panchayati Raj System
  - 14.2.3 73<sup>rd</sup> Amendment Act and Powers and Functions
- 14.3 Administrative Framework
- 14.4 Devolution of Powers and Functions – Actual Position
  - 14.4.1 Devolution of Powers and Functions: Trends in the Local – Government Gram Sabha
- 14.5 Conclusion
- 14.6 Key Concepts
- 14.7 References and Further Reading
- 14.8 Activities

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### **14.0 LEARNING OUTCOME**

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After studying this unit you should be able to:

- discuss the structure of rural local bodies;
- highlight the importance of democratic decentralisation; and
- understand the structure of Panchayati Raj System at the national, state, district, block and village level.

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### **14.1 INTRODUCTION**

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Panchayati Raj implies the creation of local government institutions at the village, block and district levels. These bodies play a vital role in rural administration in the present age when more and more governments are carrying the banner of welfare state. In fact the powers entrusted to these bodies really make a State democratic or undemocratic. The units of local self government in rural areas are village Panchayat, Panchayat Samitis and Zila Parishads. The village Panchayats have been linked to the Panchayat Samitis at the block level and to the Zilla Parishad at the district level. No doubt the scheme of Panchayati Raj emerged after the acceptance of the recommendations on Democratic Decentralisation of the Balwant Rai Mehta Study Team. A new system of local –self Government has been introduced which seeks to tackle the problems at the grassroots level, building up democracy and mobilize the entire potential manpower resources of the country for the purposes of economic and social progress. Panchayati Raj makes democracy a reality—PR aims at making democracy real by bringing the millions into the functioning of democracy. It is really grassroots democracy wherein the individual family in the remotest village is linked up with the democratic process. The introduction of PR is the most appropriate step for building up democratic traditions in the country. India is committed to the democratic form of Government democracy not only a form of government but a way of life. Democracy cannot be built up either from Delhi or from a State Capital. It can be built up only when all people are directly or indirectly involved in it. It stands for local government, local leadership, local competency, local initiative and participation of local people in all the activities (**Moorthy**). In this unit we will be discussing about the organisational structural of rural local bodies and understand the structure of Panchayati Raj System at the national, state, district, block and village level.

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## **14.2 HISTORICAL BACKGROUND**

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In India, the system of village Panchayat is very old. In ancient India the village formed the basic unit of social and economic life in India. During the foreign rule the inhabitants of our country were denied all the benefits of a civilized life. This tendency has been in its naked form since the onset of Industrial Revolution in

England. The 18<sup>th</sup> century Revolution in England brought far-reaching changes in Great Britain in different fields viz., agriculture, transport and Industry. These changes in Britain subsequently affected the economy of the country. The village suffered the most. The village organization as a self-sufficient unit which was the characteristic feature of the old Indian economy disappeared. Our handicrafts and manufactured were ruined with a view to providing a push to British Industries. In due course of time, agriculture became more and more an uneconomic population. (**Darling**).

Britishers made all efforts to ruin our culture, arts and crafts and foreign trade. The villagers became conservative and shrewd. In this way, the condition of the rural masses from physical economic, social, educational and cultural points of view became gradually very unsatisfactory and beyond the limit of tolerance. There were the victims of mental lethargy. Thus, in the course of a few decades a developed and advanced country—due to the imposition of certain checks, hindrance and obstacles on the smooth path of developing process in our country, we lagged far behind many other countries – was put in the category of under-developed countries. The several cause led to the village Panchayats during the British rule in our country. It is stressed and claimed that India had a self-governing system at the base level during ancient time in the form of village Panchayats. The village organization then functioned as a centre of Community life independent of the state. It is, therefore, argued that the British rule dismantled our self-governing system. “Planning in a welfare State is a social process in which every citizen has to participate” says Planning Commission. India is a land of villages and we have lacs of villages in the country. Gandhiji used to say that India consists of villages and ultimately our progress will be really regulated by the advancement that the village people can show.

Gandhiji drew the picture of free India’s political structure in the words, “Indian Independence must begin at the bottom. Every village should be a republic or a Panchayat having full powers—the greater the power of Panchayats, the better for the people. (**Harijan, 1946**). Swaraj signified to him the vesting of the ultimate authority in the peasant and the labourer. True democracy cannot be worked out by twenty men sitting at the centre. It has to be worked from below by the people of every village. (**Harijan, 18<sup>th</sup> Jan, 1948**).

The Report on the organization of Local –self Institutions (Rural and Urban) in relation to Planned social and economic development in India emphasized in 1951, “ *A democratic Government at the centre can never function satisfactorily unless it is supported by democratic organisatuion of local administration.*” Democratic government will never be secure unless it is so supported. Our leaders were careful, cautious and watchful and they realized that we may also be in danger of losing our democratic government unless we take steps to afford security to our system of Parliamentary Democracy by establishing a properly organized scheme of local-self government.

The First Five Year Plan pointed out that, “ The Constitution has provided for democratic Institutions at the centre and in the states, but so long as local self-governing institutions are not conceived as parts of the same organic institutional and administrative framework the structure of democratic government will remain incomplete. Local –self governing bodies have to play a vital role in the fields of development. It may also be necessary to work out suitable arrangements for linking local-self governing bodies at different levels with one another. For instance village Panchayats with district or sub- division local boards.”( **First Five Year Plan**). In this way, the First Plan emphasized that the administration of the country has to provide for establishment and development at the village level and above of appropriate agencies which derive their authority from the people. This point was re-emphasized in the Second Five Year Plan. ( **Second Five Year Plan**)

The Second Five Year Plan recommended that village Panvhayts should be organically linked with popular organization at a higher level an that, by states determined in advance, democratic bodies should take over the entire general administration and development of the district or the sub-division perhaps other than such functions as law and order, administration of justice and certain function pertaining to revenue administration. The NDC in the 8<sup>th</sup> Meeting decided that a special investigation into such a re-organisation of the District Administration should be carried out by the Study Team for Community Development and National Extension Service.

The Study Team came to the conclusion, the block offers an area large enough for functions which the village Panchayat cannot perform and yet small enough to attract the interest and services of the residents. Thus, the Team pointed out that the existing local bodies cannot take over and perform function which the Planning Commission has proposed for the local bodies to perform. The Team found that without organizing units of continuous local administration, with truly democratic in spirit reflects the wishes and aspirations of the rural people and work for their fulfillment, the Community Development movement would not become a people's movement. Democracy has to function through certain executive machinery but the democratic government operational over large areas through its executive machinery can not applicable local needs and circumstances.

It is realized that there should be devolution of powers and a decentralization of machinery and those powers be exercised and such machinery controlled and directed by popular representatives of the local areas. The Team suggested that the Government should develop sufficient powers to locally elected representatives so that they may assess their own priorities of need in the sphere of development activities within certain limits prescribed by the Government. What the Team suggested in actual details was the creation of a three-tier system of decentralization, namely, the village Panchayats, the Panchayat Samitis and Zila Parishads and recommended that the entire development administration should be handed over to these bodies. The Team gave the details organization, functions, resources and relations of one with the other.

**Firstly**, we should have village Panchayat purely on an elective basis, with a provision for the co-option of two women members and one member each from the scheduled Castes and Scheduled Tribes. To this body, maximum powers should be delegated for the implementation of the Community Development Programme falling within the territorial jurisdiction of the village. The main source of income of the Panchayat will be property or house tax, tax on market and vehicles, terminal tax, water tax, lighting rate, grant from registration of animal sold.

**Secondly**, Panchayat Samiti should be formed for an area included in a block at present to be constituted by indirect election from the villages. Panchayats within



the block area can be grouped together in convenient units and the Panches of all the Panchaytas in each of these units shall elect from amongst themselves person or persons to be members of Panchayat Samiti.

**Thirdly**, it was proposed by the Team that there should be Zilla Parishad at the district level, mainly with a view to achieving the necessary co-ordination between the Panchayat Samitis within the district. The ZP was to consist of the President of Panchayat Samitis, members of Parliament and the state legislatures and District level officers of the development departments. The Parishad was to be an advisory-cum-supervisory body.

#### **14.2.1 Democratic Decentralisation - Panchayati Raj**

The recommendations of the study Team in favour of a system of democratic decentralization were considered by the NDC in Jan 1958. The Council emphasized that the foundation of any democratic structure had to be democracy in the village, and endorsed the recommendations of the Team. It was, however, left to each state to work out the structure, best suited to its conditions. This point was affirmed by the central Council of local self- government when it suggested that the devolution of this genuine transfer of power to the people may be left to the State Governments. Accordingly, the state governments are evolving their own patterns of democratic decentralization. Subsequently, the term of 'democratic decentralization' was given up and the term ' Panchaytai Raj' was adopted.

In this way, Panchayati Raj is a three-tier system of rural local government in India viz, Panchayat at the village level, Panchayat Samiti at the block level and Zilla Parishad at the district level with adequate powers and resources and responsible for Planning and devolution in their respective jurisdiction. No doubt, the scheme of PR emerged as an alternative to district and block advisory/ development Committees, which failed to evoke popular initiative and response for the implementation of Community development programme. In condition of our country, self-government is possible only when there is development. But it has brought about a revolutionary change in the structure of administration within the district and in the pattern of rural development. The development

administration was married to local self-governing bodies. It can be said that Panchayati Raj is an agency of the state government. Panchayati raj institutions form part of decentralization state. They can be entrusted with any work by the state government and they are supposed to execute the same. In this way, the Panchayati Raj is (1) a unit of local government (2) an extension of the Community development programme and (3) an agency of the state government. “We are clear in our minds that Panchayati Raj embraces in its scope all three sets of functions.

PR is the only route by which the people of India may gain the knowledge, the feeling, the practice and the experience they must have to make freedom a living reality.

### **PR provides a valuable Training ground for further leadership**

It has enables a majority of citizens to associate themselves in public affairs. Local bodies have been rightly regarded as the ‘Nursery of Democracy’. These local bodies form a valuable training ground for the elected persons to move to higher levels of representative institutions. The experience on these bodies is valuable elementary training for budding Statesmen and Politicians. ( Corry)

### **PR is a means of Political Education of Citizens**

Local Government not only forms a valuable training ground for the elected leaders at higher levels of representative institutions, but also becomes a source of political education, of citizens in general. Political education means that citizens knowledge and experience the political machinery operating at local levels and understand their role in it. Local Government is a door-to –door government. Its composition and functioning are open to the citizens of a local unit. They learn how to exercise the vote and how to decide issues of public importance. Local electors can be decided only once. They learn from their mistakes in choosing incompetent or corrupt representatives and realize that dissatisfaction can only be expressed at the stated times. Since political parties have come into the areas of local bodies, they play their own role during the election campaigns. Citizens become aware of different types of problems. Understanding problems of local

magnitude broadens their mental horizon and makes them capable of understanding national problems. Citizens also become aware of their needs and demands. The world of politics and public affairs becomes intelligible and familiar to them.

### **Role of PRIs in the achievement of our Plan Targets**

PR has given the rural people an opportunity, which they never had before. Now people have powers to solve their own problems and to do things by themselves. Farmers through Panchayats and Panchayat Samitis assess their own requirements, initiate, formulate and execute the plans for their own betterment with the aid of such resources as are made available to them by the state or which they are able to raise on their own. This development of PR bringing with it the transfer of authority, responsibility and resources to village Panchayats is bringing about a major changes and revolutionary the outlook of our rural masses. There is an increasing realization among them that it is through their own initiative, handwork and cooperation with the resources under their control and command that they can achieve rapid progress in various developmental activities, particularly in agricultural, animal husbandry, education, health and sanitation, communications, co-operations, village industries, housing and welfare work among valuable sections o the society.

The PR provides a promising means for the democratization of Planning. The idea is growing that planning can succeed only if it becomes a shared activity, the different organized groups is the Community must have a part in it. Progress would be slow but the results would be more lasting. Ever since the introduction of Planning in our country, it has been felt by some people that planning from the grassroots level, i.e, the village and local level, has not been given due attention. Planning from the village level is very essential and important at the same time. It educates the people and develops their abilities to do things by themselves. It helps in drawing up of local plans of action keeping in view local needs and priorities. It helps in fixing local targets. It helps in exploring and mobilizing local resources. It ensures people's participation in development work. But Planning from the National level cannot be ignored. Therefore, priorities have to be fixed

up and emphasis has to be placed on certain aspects to reach the National objectives and goals as quickly as possible.

Panchayats discharged their responsibilities in connection with the Five Year Plan very efficiently. Instructions were issued to Gram Panchayats to prepare draft Plan on the basis of their needs and resources. The 2<sup>nd</sup> Five Year Plan is thus a Combination of village level plans after the necessary scrutiny at block district and state levels. The contribution of the Panchayat towards the Five Year Plan has created a new awakening in the rural areas. ( **Local self- government, 1955-56**).

These above comments explain one thing that Panchayats and local self-government institutions have a role to play in the achievement of plan targets and they have not played their due role in this connection so far.

This is only possible through Panchayati Raj. In the process of PR, the citizens tend to mature; they are no longer content merely to complain. They contribute to the Planning process and thus are responsible for the achievement of Plan targets. PR engenders plan consciousness among the rural people. They are required to prepare village Plan, block Plan and so on. In this way, it helps in proper utilization of the available resources in man and material which have remained unexploited and unutilized so far.

A new outlook of life has opened and new vitality is pulsating in the areas where Panchayati Raj has been established. The things are taking such shape that the powers, prestige and importance of Central and State legislatures are in melting pot and are being transplanted to the Pradhans, Sarpanchas and Panchas. It is really very encouraging to see that Kisans and other rural people, who had suffered for long for lack of opportunities, have responded magnificently to the new form of life and their achievements are creditable and praiseworthy. The process has brought about new faces and new blood. So, PR, in India must succeed. If it fails, the confidence of all developing countries in the development through democratic way would be shaken and million would plunge into utter despair, frustration and despondency.

#### **14.2.2 Structure of Panchayti Raj System**

Balawant Rai Mehta Committee in its Report suggested a three tier system of Panchyati Raj—Gram Panchayat in village level , Panchayt Samiti at Block level and Zilla Prishad at district level.

### **Gram Panchayat**

The Panchayat is the executive committee of Gram Sabha. It is known by a variety of names. The membership of the Panchayat varies from five to thirty one. Members of the Panchayat are called Panches and are elected by the Gram Sabha by secret ballot. The President is directly elected by the people in Orissa; by the Gram Sabha in Assam, Bihar, Punjab, Uttar Pradesh and West Bengal, and by the Panches in Andhra Pradesh, Gujarat, Jammu and Kashmir, Kerala, Madhya Pradesh, Maharashtra and Karnataka. The President can be removed from the office by a majority of two-thirds of votes of the members of the panchayts present and voting. Several states provide for reservations of a specified number of seats for women as well as members of Scheduled Castes and Scheduled Tribes. The tenure of the Panchayat in various states varies from three to five years.

The Panchayat is looked up in as an instrument for execution of the Community Development Programme. Functions of Panchayat are obligatory and discretionary. The Panchayat may also be entrusted with any other functions given by the state government. To perform these functions the panchayt has been given certain sources of revenue. It has been seen that the Panchayats do not function as an effective institution. Agenda of meetings was not issued, meetings held without proper quorum, sometimes with proper delay. They suffer from lack of resources, secretarial assistance, adequate powers, and cooperation from revenue and police agencies, guidance and supervision, apathy on the part of Panches. Apart from all these they have group rival which hinder smooth functioning. There exists the complexity of rules and procedures, lack of timely action against defaulters, proximity of the Panchayat Samitis . So, to reduce all these loopholes some remedial suggestions by the Balwant Rai Committee are as follows: Finances of the Panchayts should be augmented; Powers and functions should be more clearly enunciated; Efficient and regular secretarial assistance

should be there; roles and procedures should be simple; cooperation from revenue and police agencies must be ensured; Cooperation of government departments is needed; gram sabha should be active; Education among the people need to be stepped up. There is a state control over Panchayat. It includes the power to delimit and alter its jurisdiction, appointment of staff, records management, financial administration, election. The state government may call for necessary reports and records. It may suspend or remove a panch or a sarpanch under certain conditions.

### **Panchayat Samiti**

The Panchayat Samiti is the intermediate tier in the PRIs of rural local government in India. The term varies from three to five years. There is no uniformity in constituting a Panchayat Samiti in different states. It consists of ex-officio, associate and co-opted members. The Sarpanches of the Panchayats are the ex-officio member. Members of State Legislatures and of Parliament are also members. Women members and members from Scheduled Castes and Scheduled tribes in Panchayats are also members. President of Panchayat Samiti can be removed from his office by a no-confidence vote of the Panchayat Samiti passed with a special majority. President exercises control over the Block Development Officer for implementing resolutions of the samiti or its standing committee. He has all access to all records of the Panchayat Samiti. He is empowered to demote, suspend or dismiss any member of the staff whose jurisdiction is less than the whole Block.

The Panchayat Samiti is the pivot of the Panchayati Raj system of rural local government. It is the principle executive body in all the states except Gujarat and Maharashtra charged with the responsibility of implementing Community Development Programmes. Besides, it also acts as an agent of the state government in the performance of tasks which may be assigned to it. It also exercises supervision and control over Panchayats within the jurisdiction and provides necessary technical and financial assistance to them. It scrutinizes budgets of the Panchayats of the area under its control and makes suggestions to them. Functions may be classified in two broad areas: (1) provision of civic amenities and (ii) fulfillment of development functions.



A Panchayat Samiti appoints a number of Committees to assist it in performance of its functions. A Panchayat Samiti appoints a number of Committees to assist it in performance of its functions. Members of the Standing Committee are elected by the members of the PS. President of the PS shall be the ex-officio member or the chairman of the standing committee. Taxation is not a major source of revenue of the Samiti. The Samiti gets a certain share of land revenue collected in the state. The Samiti is equipped with the administrative machinery called the Block Development Officer. As, all the executive authority in the three-tier local government structure has been vested in the Panchayat Samiti, the body at the district level being given only a supervisory and coordinating role.

### **Zilla Parishads**

The Zilla Parishads constitute the apex in the Panchayati Raj System of rural local government in India. It is a corporate body. Membership of Zilla Parishads has been designed in such a way as to link it, with the intermediate tier of PR, i.e., PS. ZP is an official rather than a popular body because of its ex-officio and co-opted membership. The Zilla Parishad's membership varies between forty to sixty. Urban local governments in the districts must be represented in the ZP to enable it to view and function in a comprehensive, intelligent and meaningful manner. The term varies from three to five years. The members of the ZP elect amongst themselves a president called chairman. He exercises administrative supervision over the chief executive officer for implementing resolutions and orders of the ZP, and sends a confidential report on the part of the CEO to the Divisional Commissioner. The provision is made in all statutes to remove the president by a vote of no-confidence. The ZP functions through a network of standing committees.

In most of the states the ZP has been assigned with the executive authority, particularly in those of planning and development and designed to be the strongest tier of PRIs. Except in Gujarat and Maharashtra, ZP functions as a supervisory and coordinating body. It coordinates development plans prepared by the Panchayat Samitis, advises the state government on all matters relating to developmental activities in the district, informs the district collector and Divisional Commissioner about irregularities, it collects statistics relating to the

activities of local authorities in the district, it advises the state government on allocation of work to be done among Panchayats and Panchayat Samitis. Normally sources of income available to ZP are taxes, non-tax revenue, grants from State Government etc.

There are many problems which hindered the success of PRIs (i) the illiteracy and conservatism of the village people;(ii) rural local self- government have become riddled with casteism, communalism, factionalism;(iii) benefits not reached to the common man;(iv) dishonesty and corruption in the local bodies;(v) urbanization is another problem;(vi) excessive government control is also responsible for the slow progress;(vii) shortage of funds;(viii) irregular elections to these bodies.

### **14.2.3 73<sup>rd</sup> Amendment Act and Powers and Functions**

Before 73<sup>rd</sup> Amendment to the Constitution also, the panchayats were assigned some traditional functions such as maintenance rather than developmental responsibilities. The 73<sup>rd</sup> Amendment has made PRIs responsible for maintenance as well as developmental activities. The Article 243G of the 73<sup>rd</sup> Amendment enlists the power, authority and responsibilities of panchayats as under. Though, the amendment had provided with a list of functions under the provisions of 11<sup>th</sup> Schedule, it has not mentioned clearly about the level of PRIs which would perform the particular type of functions. In conformity to the 73<sup>rd</sup> Amendment Act, all the states have amended their respective Panchayat Acts and enlisted the functions assigned to the different levels of PRIs in the respective states. Here, in this juncture, it is essential to discuss the functions at different levels of PRIs across the states. The functions enlisted in the different 13 states Panchyats Acts are classified into three categories: (i) General Administrative Functions (ii) Developmental and social and (iii) Maintenance.

#### **Functional Responsibilities of Gram Panchayat( GP)**

At this level, administrative functions include: (i) Preparation of annual plans for the development of the village Panchayat; (ii) preparation of annual budget;(iii) mobilizing relief in natural calamities;(iv) removal of encroachment on public

properties;(v) organizing voluntary labour and contribution or community works ;(v) maintenance of statistics of village;(vi) any other functions entrusted by the Panchayat Samiti, Zilla Panchayats or state or central government on an agency basis, is most commonly found across the states. Apart from this, village defence, information and publicity and the constitution of Nyaya Panchayt were found in Andhra, West Bengal and Maharashtra. In case of developmental and social activities, are agriculture, social forestry, animal husbandry, rural housing, education etc. Next is a maintenance function which includes rural electrifications, rural sanitation and conservation.

### **Block Level ( Panchayt Samiti- PS) functions**

In this level, general administrative functions include –providing relief in natural calamities and other works entrusted by the Zilla Panchayt. Some of the functions like trusts, social education and village defence corps ( Gujarat alone). Publicity and information ( Gujarat and Maharashtra) and statistics ( Gujarat, Maharashtra, and Rajasthan) were very common. Regarding developmental social activities concerned are agriculture, animal husbandry, fisheries, social farm and forestry. Among the maintenance functions, the market and fair maintenance, health, family welfare, sanitation and medical and cultural activities and sports were common responsibilities of PS in many states.

### **Zilla Parishad ( Zilla Panchayat ( ZP) level functions**

At this level, the major responsibility of general administrative function is of overall supervision, coordination; consolidation, integration and implementation of development schemes at block and district levels. Preparation of plans for economic development and social justice of the entire district and securing the execution of plans, projects, schemes or other PS works were commonly found in almost all the states. Amongst the developmental variety the agriculture including extension and horticulture, animal husbandry, dairying and poultry, social forestry, fuel and fodder education were quite common among all the states. Health, and hygiene and family welfare, medical and sanitation were only responsibility of maintenance variety performed commonly performed by two or

three levels of PRIs in most of the states. In case of maintenance variety of functions the situation is slightly better as compared to the development and social. Most of these functions are performed by the GP only. In sum, with respect to development and social variety of functions the demarcation of the areas of responsibilities in the state Acts are not defined clearly.

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### **14.3 ADMINISTRATIVE FRAMEWORK**

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The present administrative system of India is inherited from the colonial rulers, and it is this structure which has primarily been entrusted with the functions and responsibilities of rural development. Some modifications have been grafted on to it from time to time. The revenue and general administrative organization and structure have been mobilized for rural development functions. Changes have been made since the inception of the Community Development Programme in 1952 which for the first time attempted in a big way to set up development administration right unto the field level and this included induction of technical expertise and training of manpower to undertake various schemes under the Community Development Programme.

It was the Grow More Food Enquiry Committee which in its Report submitted in 1952 stressed, for the first time, the need for an integrated organizational structure for rural development. It also laid down the blueprint for the set up at various levels—National, State, District, Block and village. It recommended the establishment of the taluq as a development block covering 100-120 villages under the charge of a development Officer for the Block who would be the Revenue Divisional Officer assisted by four Technical Officers for agriculture, animal husbandry cooperation and engineering; and village level workers, one for 5 to 10 villages. The Report also recommended that development activities at the District should be unified under the Collector assisted by specialized officers and the State level there should be a Cabinet Committee presided over by the Chief Minister and a non-official Board for coordinating policies and finalizing joint action.

The blueprint was given shape with the launching of the Community Development Programme (CDP) in 1952 followed by the National Extension Services (1953) which covered the whole country. Under the CDP Programme, the development block was created as the basic unit of planning and integrated rural development comprising agriculture, animal husbandry, village industry, education, health, social welfare with special emphasis on self-help and public participation. The most striking administrative innovations made by Community Development Programme were identification of block as the unit of administration, appointment of extension officers who were subject specialists, appointment of the village level worker( VLW) for a group of villages as multi-purpose development functionary through whom programmes of different departments were administered, role of Development Commissioners as the coordinating functionary at the State level, coordination and integration of development programmes of different departments at the Block level, and mobilization of people's participation in development.

The Organizational set up conceived at the time of the implementation of the Community Development Programme has broadly continued till now with some changes introduced at the District level during the Fourth and Fifth Plan periods, with the shift in the strategy of the rural development programmes and the launching of special programmes. The strategy of rural development has gradually begun focusing on area based and clientele specific development.

### **Administrative Set-Up**

Initially, the implementation of CDP was entrusted to the Planning Commission. A special organization, viz., Community Project Administration headed by the administrator was created for this purpose. He was to be assisted by a central committee comprising members of the Planning Commission and some central ministers with the Prime Ministers as its Chairman. This Committee was entrusted with the task of laying down broad policies relating to the programme and supervising its progress. Considering the growing magnitude and importance of the work, a separate Ministry of Community Development was set up in 1956 to deal with subjects like allocation of blocks, financial assistance, supply of equipment to states, training, research, overall direction, and monitoring and

implementation of the programme. The nomenclature and status of the Ministry has been changing from time to time with the shift in emphasis in rural development programmes. In 1958, the subject of village Panchayats was transferred to the Ministry of Community Development from the Ministry of Health, and Cooperation from the Ministry of Food and Agriculture, and the Ministry was renamed as the Ministry of Community Development and cooperation. The Ministry was organized into two departments—the department of community development and department of cooperation. With the introduction of Panchayati Raj in 1959, as suggested by Balwantrai Mehta Committee, the Ministry was redesigned as Ministry of Community Development, Panchayati Raj and Cooperation but after a short period it was again redesignated as the Ministry of Community Development and Cooperation.

During the early 1960s the emphasis of rural development programmes shifted towards increase in agricultural production. As a result, the Intensive Agricultural Area Programme (IAAP) in 1964. In order to implement IAAP, in 1966 the Ministry of Community Development and Cooperation. For the effective supervision of the Programme special machinery was created at the Centre. Emphasizing the need for coordination at the central level to implement the programme effectively, the Estimates Committee of Parliament pointed out : “ It was recognized that effective coordination must be maintained at all levels among the agencies concerned with the implementation of an integrated programme of rural development, especially agricultural production. As a result, at the Centre, the Departments of Community Development and Agriculture have not only been placed under one Minister but at the official level under one Secretary also.”

In its Draft Plan (1978-83), the Planning Commission reviewed the approach to rural development specially with reference to the poor. It visualized an integrated plan of development at the Block level within which a beneficiary –oriented plan for the poor was to be appropriately accommodated. Consequently, the IRDP was launched in 1978-79 in 2,300 development blocks all over the country. The Small Farmers Development Agencies (SFDA)s were also merged with IRDP in 1980, when IRDP was extended to all blocks in the country. For employment generation, the National Rural Employment Programme (NREP) was launched in 1980 as a modification of the earlier ‘ Food for work’ programme which had been launched



in 1977. However, doubts were raised with regard to achieving the objectives of IRDP and NREP through the existing administrative arrangements of multiple agencies looking after various special programmes in the districts. The Government of India, issued instructions in 1980 for the integration of administrative arrangements both at the State and District levels. State level Coordination Committee and District Rural Development Agencies were set up. The Ministry of Rural Reconstruction was constituted in 1979 and continued till 1982. In Jan, 1985, it became the Department of Rural Development in the Ministry of Agriculture with a separate Department of Rural Development as one of its constituents.

Now, we will describe the organizational structure operating in 1989-90. The Department of Rural Development is now one of the four Departments of the Ministry of Agriculture and is headed by a Secretary to the Government of India; he is assisted by an Additional Secretary, six Joint Secretaries and other supporting staff, administrative as well as technical. The department is divided into six wings each headed by a Joint Secretary. The six wings are:

- i) Administrative Wing
- ii) Rural Employment Wing
- iii) Integrated Rural Development Wing
- iv) Land Reforms Wing
- v) Finance Wing
- vi) Monitoring Wing

Besides these six wings, a Technology Mission on Drinking Water in villages and Related Water Management was set up in the Department in 1986 under the charge of a Mission Director-cum-Joint Secretary to provide safe and adequate drinking water. The Department of Rural Development is responsible for Policy, Planning, Direction, Coordination and monitoring of the programmes.

The Department of Rural Development has the following institutions under its administrative control:

- Directorate of Marketing and Inspection (DMI) which is an attached office;

- National Institute of Rural Development which is an autonomous body;
- Council for Advancement of People's Action and Rural Technology (CAPART) which is a registered society.

A National Fund for Rural Development (NFRD) was set up in 1984 for the purpose of attracting donations for rural development projects. It provides incentives to the donors by offering tax concession to the donor. It is also true that the Department of Rural Development is not the only Department which implements programmes in rural areas. Rural Development is as much the concern of several other Ministries/ Departments which too have programmes in rural areas. The Department of Agriculture and cooperation has a large number of programmes as also the Ministry of Environment and Forests. The Department of Women and Child Development has programmes for welfare of children and women. The Ministry of Welfare has programmes for the welfare of Scheduled Castes and Scheduled Tribes, and the physically and socially and socially handicapped in rural areas; the Ministry of Health and Family Welfare for health and family planning programmes, the Ministry of Industry for village industry, the Department of Education for educational development and the Ministry of Water Resources for development of water resources.

### **The Present Set-Up at the National Level**

A New Ministry of Panchayati Raj has been created w.e.f. 27th May 2004. As per the amended allocation of Business Rules, "all matters relating of Panchayati Raj and Panchayati Raj Institutions" will be looked after by the newly created Ministry.

Ministry of Panchayati Raj will be responsible for the work of advocacy for and monitoring of the implementation of Constitution (73rd Amendment) Act, 1992 and the Provisions of the Panchayats (Extension to the Scheduled Areas) Act, 1996, hereinafter refer to as said Acts to ensure that the State Panchayati Raj Acts adhere to the provisions of the above mentioned two Acts and are implemented in letter and spirit.

States/UT Administrations at present are at varying degrees of the implementation of said Acts. The Ministry, inter-alia, would ensure that they hold timely elections, set up State Finance Commissions and implement their recommendations, constitute District Planning Committees and empower them suitably to ensure grass-root level planning to feed into State and Central level Planning effectively. One major task of the Ministry will be to ensure that the State Governments/UT Administrations devolve funds, functions and functionaries on the Panchayati Raj Institutions in the spirit of the Constitutional provisions. The Ministry of Panchayati Raj will also be responsible for formulation and implementation of an Action Plan for seeing PRIs to emerge as "Institutions of Local-Self Government" securing economic development and social justice in their respective areas.

Empowerment of Gram Sabhas by holding regular Meetings and social audit through Gram Sabhas so as to enable them to emerge as foundation of Panchayati Raj will be pursued vigorously with States/UT Administrations. Depending upon the local situation, States/UT Administrations will be encouraged to institute Ward Sabhas and Mahila Sabhas and make them functional.

The Ministry attaches great importance to the capacity building of elected representatives and officials of PRIs as well as functionaries involved in the Rural Development Programmes. It is estimated that about 3 million elected Members and the Staff assigned to the Elected Bodies needs training to enable them to discharge their functions effectively. The Ministry will also be funding research studies, workshops and seminars for development of Panchayats. The Ministry will implement the scheme of "National Awards for Best Panchayats" to encourage PR Institutions in discharging their role of "Institutions of Self-government" to be able to enforce economic development and social justice at the local level.

### **Administrative Set-Up at the State Level**

The State government has direct responsibility for the administration of rural development programmes. Almost all states now have a separate Department of Rural Development headed by a Secretary. Above him is the Development Commissioner for Agriculture and Rural Development. In several states the Chief

Secretary himself is the Development Commissioner- cum- Secretary. During the late 1960's State level coordination and Review Committees were set up in all the states to bring about coordination among different departments. These committees consisted of Secretaries of all the departments concerned and a representative from the Central Government. A study conducted during 1979 to 1981 by the Programme Evaluation Organisation ( PEO) of the Planning Commission on the Antodaya Programme for Small farmers, Marginal Farmers and Agricultural Laborers (1983), pointed out that Coordination and the Review Committees at the state level have not been active in most of the states and have failed to provide guidance or support to the agencies. State level cells which were expected to exercise general supervision and ensure coordination of activities of various departments have also generally not been able to achieve their objectives.

The Union Ministry of Rural Development had prescribed that programmes like Integrated Rural Development Programme, National Rural Employment Programme (NREP), Rural Landless Employment Guarantee Programme ( RLEGP), Drought Prone Area Programme, (DPAP) Desert Development Programme (DDP) at the state level should be looked after by a single department having an overall control over the development administration right up to the Block and field levels so that inter-sect oral coordination with other departments are adequately taken care of. The Ministry had recommended the creation of a separate post at the level of a Commissioner for dealing with all the special programmes, to be assisted by middle level officers of the rank of joint/Deputy Secretary for monitoring, formulation and implementation of these programmes in the districts.

Consequently, at the State level, initially there was the office of the Development Commissioner who was in charge of all the development work under the supervision of the Development Committee usually chaired by the Chief Minister. Now in most of the cases, either the Department of Planning or the Department of Rural Development is responsible for policy, planning, and implementation. The Coordination Committee chaired by the chief Secretary / Agricultural production Commissioner/ Principal Secretary reviews, sanctions, coordinates. Monitors and evaluates the schemes. Some states like Rajasthan created an unique organizational set-up called the Special Schemes Organisation SSO) in 1971 to

formulate agricultural development projects. Gradually, special programmes like DPAP, DDP, IRDP, NREP were also entrusted to the SSO.

### **Administrative Set-Up at the District Level**

The District in India has been the basic unit of administration and the head of the district administration is the District Collector. At the District level, the revenue and development functions have been combined in office. When the CDP was launched, the District Collector was made the head of the community development administration in the district. The Collector coordinated district plans and presided over the District Planning Committee. The Committee consisted of official and non-official members assisted by a District Planning office.

Significant changes were introduced at the District level during the Fourth Plan ( 1969-74) when the Small Farmers Development Agencies ( SFDA) and Marginal Farmers and Agricultural Labourers development Agencies( MFALs.) were set up on the recommendation of the All-India Rural Credit Review Committee appointed by the Reserve Bank of India in 1969 to provide credit support and technical guidance to the small framers. To coordinate the activities of all departments, a coordination committee was created in each district under the chairmanship of the District Collector.

An autonomous agency registered under the Registration of Societies Act 1860 was established at the District level to implement the SFDA/MFAL programmes. Each agency consisted of a governing body with a small executive staff and was to receive support from a State Level Coordination and Review Committee. The Governing Body consisted of a Chairman who was normally the Collector of the district, and representatives of the State Departments of Agriculture, Animal Husbandry, Cooperation or any other department concerned with the programme, a representative of the Lead Bank, Chairman of the Central Cooperative Bank concerned, a representative of Zilla Parishad, and a few non-officials. Each agency was allowed only a nucleus staff comprising a Project Officer and three Assistant Project Officers drawn from the Departments of Agriculture, Animal husbandry and Cooperation. The SFDA had no field of its own and the agency

was supposed to work through the staff of other development departments concerned and institutions such as cooperatives and commercial banks.

Besides SFDA, other special programmes were also introduced in the country during the Fourth and Fifth Five Year Plans. Among these, the Drought Prone Area Programme (DPAP) and Desert Development Programme (DDP) were taken up in the 1970s. Special project agencies have been set up by the state or central government at the District level. Collectors are normally associated with them..

The Ministry of Rural Development had recommended that at the District level, the planning and implementation agency should be the District Rural Development Agency (DRDA) headed by a Chairman who is the collector or Deputy Commissioner or District Magistrate. Hence, DRDAs were set up as autonomous agencies at the beginning of the Sixth Plan when the IRDP and NREP were launched in all the blocks in the country.

The DRDAs are in overall charge of planning, implementation, monitoring and evaluation of the programmes in the district. The functions of DRDAs are:

- To provide information regarding the parameters, dimensions and requirements of the programmes to District and Block level agencies and to apprise them of their tasks in this regard;
- To coordinate and oversee the survey and preparation of perspective plan and Annual Plans of the Block and finally prepare a District Plan;
- To ensure the effectiveness of the programme by regular evaluation and monitoring;
- To secure inter-sect oral and inter-departmental coordination and cooperation;
- To publicize the achievements made under the programmes, disseminate knowledge and build up awareness about the programme; and
- To send periodic returns to the State Governments in prescribed formats.



The Governing Body of the DRDA includes, apart from the Chairman ( usually District Collector) the following:

- (i) All MPs and MLAs of the District
- (ii) Head of the Central Cooperative Bank
- (iii) Chairman of the Regional Rural Bank
- (iv) Chairman of the Zilla Parishad
- (v) An Officer of the Lead Bank
- (vi) District Employment Officer
- (vii) One representative of rural women, preferably a beneficiary.

The President of the DRDA is empowered to form an Executive Committee to assist the DRDA. The Committee has as its members District level officers. The Governing Body of DRDA is required to meet every quarter and the Executive Committee every month. The Project Officer of the DRDA is assisted by 2 to 3 Assistant Project Officers ( APOs) who are subject matter specialist. An APO for women looks after the women's component of IRDP and the Development of Women and Children in Rural Areas Programme (DWCRA). There is also an APO (Monitoring).

The Ministry of Rural Development had also suggested the setting up of a District Development Committee under the chairmanship of the District Collector. Its meetings are attended by the District level heads of the development departments, BDOs, representatives of the banks and non-official bodies. Its main function is to coordinate between all the district level departments and other agencies like Khadi and Village Industries Board, District Industries Centre, banks etc. It also reviews the working of various programmes in operation in the district and attends to the day-to day problems of implementation and administration of the programme.

Since the inception of the CDP (1952), some thinking had been going on regarding District level decentralization. The Planning Commission's Working Group on District Planning (1985) had reiterated the fact that District Planning

should be viewed as a holistic operation with different sectoral programmes integrated into a unified planning activity.

The Report of the Committee to Review the Existing Administrative Arrangements for Rural Development and Poverty Alleviation Programmes ( 1985) had stated that the district should be “ the basic unit for policy planning and programme implementation “. It is also observed that the formulation of a proper district plan is a pre-requisite for having a process of development which will ensure that the poor are properly taken care of, and a key senior officer of the rank of Chief Secretary should be designated as Development Commissioner to be in charge of development administration at the State level.

### **Administrative Set-Up at Block Level**

Under CDP, the Development Block was created as the basic unit of planning and integrated rural development comprising agriculture and allied activities, education, health, social welfare, with special emphasis on self- help and public participation. The Block administration consisted of the Block level officer, namely, Block Development Officer ( BDO) who was assisted by about eight extension personnel representing agriculture, animal husbandry, cooperation, social welfare irrigation etc. Village Level Workers ( VLWs) also called Gram Sevaks and Gram Sevikas and auxiliary staff. Provision was made for the constitution of block advisory committees to enlist popular support for the programme. But after some time it was realized that the block advisory committees were not functioning properly because they were purely advisory bodies without any direct responsibility in the development work. The Balwant Rai Mehta Study Team appointed by the Government of India to review Community Development Projects and National Extension Service in 1957 suggested decentralization of power to the basic unit viz., block, in a three-tier

organically linked structure including the District level above and the village level below.

Even with the introduction of new programmes, staff in the mid-sixties like SFDA, MFAL the structural mechanism at the Block level not altered much. All programmes and schemes of the DRDA are being implemented through the Development Blocks headed by the Block Development Officer ( BDO). Besides the BDO, the other block staff involved directly in the implementation of the IRDO are extension officers for Agriculture, Animal Husbandry, Social Welfare, Irrigation, Industries and Khadi Supervisor from Khadi and village industries Corporation ( KVIC). In states which have adopted the Training and Visit ( T&V) system of agricultural extension, agricultural extension is being directly handled by the staff of the Department of agriculture. Hence, the Agricultural Extension Officer and 70 to 80 per cent of the VLWs have been taken away from the Block establishment, and they have only a small nuclear staff. Consequently, the block administration had got considerably weakened.

The review of development programmes and schemes including IRDP is conducted at the Block level on a fortnightly basis in a meeting of VLWs and other block staff under the chairmanship of the BDO. The review of all activities of the block is also made in the quarterly general body meeting of Panchayat Samiti under the chairmanship of its Pradhan with the BDO as the member-secretary. This meeting is attended by all the members of the Panchayat Samiti, Sub-divisional Magistrate of the area, District level officers of concerned Development departments, representatives of DRDA, sub-divisional Agricultural Officer, Tehsildar of the area, Block Level Officers of other Development departments and the block For the review of credit supply and coordination there is a Block Level Coordination Committee (BLCC) which meets once a month in a fixed date. The Pradhan of the Panchayat Samiti is the chairman. All the branch managers of banks in the Block and the BDO are its members. All extension officers in the Block and the Tehsildar of the area also attend the meetings of this committee.

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## 14.4 DEVOLUTION OF POWERS AND FUNCTIONS – ACTUAL POSITION

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The type of functions assigned to and the level of PRIs perform the functions is unfortunately led to ambiguity. Same function is performed by the two or three different levels of PRIs. The level of PRIs and the sub-component of the function is not clear. There was also overlapping of functions between different levels and different official agencies. With the exceptions of Haryana, Himachal Pradesh, Madhya Pradesh and Tripura, the remaining states had not assigned the functions and allocated the powers on any clear principles.

Other issues regarding this, are to be concerned (a) appropriateness of functions/ areas of responsibilities at different levels; (b) coordination between different levels of Panchayats on the one hand and between Panchayats and official agencies on the others ;(c) incentive compatibility of panchayats and line agencies; (d) accountability of Panchayats not just to the higher authorities but also to the community. But unfortunately, these are not taken up by any other states Acts. (Gaiha)

It has also been felt in regarding the assigning of the responsibilities no selection criteria were used. There is no overburdening of function at gram Panchayats level. Here, a smaller group of functions can be identified and could be assigned to the particular level of PRIs in the basis of economic consideration. Overlapping, rigid and elaborate procedures and weak monitoring and evaluation systems impede coordination between the Panchayats at different levels as well as between the Panchayats and official agencies which result in delays in the implementation of schemes. Besides, even the formal participation of the people were there but as there were delays in elections and in implementing the quotas. All together the experiences so far as has not been very encouraging. ( Bohra, 2000).

Other issues of 73<sup>rd</sup> amendment are, there shall be a gram sabha in each village exercise in such powers and performing such functions at the village level as the legislature of a state may provide by law. While the elections in respect of all the members to Panchayats at all levels will be direct, the elections in respect of the post of chairman at the intermediate and district level will be indirect. The mode of elections of chairman to the village level has been left to the governments to decide. ( **Krishnamurti, 1993**).

Reservations of seats for SC/STs have been provided in proportion to their population at each level. Not less than one –third of total membership has been reserved for women and these seats may be allotted by rotation of different constituencies in a Panchayat. Similar reservations have been made in respect of the office of the chairman also.

A uniform term of five years has been provided for the PRIs and in the event of suppression, elections to constitute the body should be completed before the expiry of six months from the date of dissolution. ( **Jain, 1991**). The state legislatures have been given the power to authorize the Panchayat to levy, and appropriate suitable local; taxes and also provide for making grants in aid to the Panchayats from the consolidated fund of the concerned state.

Panchayat shall be constituted in every state at the village, intermediate and the district levels, thus bringing about the uniformity in the Panchayati Raj structure. However, the states having a population not exceeding 20 lakh have been giving the option of not having any Panchayat at intermediate level. A Finance Commission has to be constituted once in every 5 years to review the financial position of the Panchayats and to make suitable recommendations on the distribution of the funds between the state and local bodies.

With a view to ensuring continuity it has been provided in the Act that all the Panchayats existing immediately before the commencement of these Amendment Act and will continue till the expiry of their duration unless dissolved by a resolution to that effect passed by the state legislature concerned. The state legislature should bring the necessary Amendment to their Panchayat Act within the maximum period of 1 year from the commencement of these Amendment Act so as to conform to the provision contained in the constitution. ( **Mishra, Kumar, Pal, 1994**)

So far as the 73<sup>rd</sup> Constitutional Amendment Act 1992 has only provided the general guidelines for the effective and efficient PRIs in India. It granted the PRIs a constitutional status, some sort of uniformity by making three tier systems, a permanent feature, a regularity by making elections and imperative after the termination of the PRIs after every 5 years and the state election commission to conduct and supervise the elections, more financial autonomy with the constitution of the State Finance Commission etc. But the major question still remains: how the various states are responding and at what speed they are implementing the Panchayati Raj envisaged by the recent Constitutional Amendment. The amendment is designed to revitalize the Panchayats to promote growth in rural economy. This Amendment is an important landmark, because it has given legal recognition to the tier of governance, ie, PRIs,. It provides for a uniform three tier structure of Panchayats especially at the district, block and village levels and specification of areas of responsibility of the Panchayats at the three levels. Most of the states modified their Acts and went for Panchayat elections. However, the devolution of power has been far from smooth. ( **Bohra, Ibid**).

#### **14.4.1 Devolution of Powers and Functions: Trends in the Local – Government Gram Sabha**

Article 243 (G) – defines a village as one specified by the Governor by public notification to be a village for the purpose of the Act and includes a group of



villagers so specified. Article 243(B) of the constitution refers to Gram Sabha as “a body consisting of persons registered in the electoral rolls relating to a village comprised within the area of Panchayat at the village level”. Regarding the powers of Gram Sabha, article 243(A) of the Constitution states that, “A Gram Sabha may exercise such powers and perform such functions at the village level as the legislature of a state, may, by law, provide”. In essence, a clause, which has ensured that states have not devolved any significant powers and functions to the Gram Sabha. Instead, they have confined the role of the Gram Sabhas to overseeing and monitoring the functioning of Panchayats, approving schemes and identifying beneficiaries. While there are states like Madhya Pradesh and Kerala that have made the recommendations of the Gram Sabha binding on the panchayats, many States have given short shrift to Gram Sabhas where the calling of meetings is concerned. On 5<sup>th</sup> (Chandra Parul, 2001). They meet twice a year. The centre is pushing the states to hold it four times a year. Union Finance Minister, Sinha declared 1999-2000 as the year of the “Gram Sabha” to affirm our resolve to set the process of decentralized democracy in motion, with human development as the core objective of planning” (Panchayati Raj Update 1998)

On 5<sup>th</sup>, 2000 Union Ministry of Rural Development met in Hyderabad to discuss ways of strengthening the Gram Sabha as envisaged by the 73<sup>rd</sup> amendment (The Hindu, , 2000)

In order to accelerate the emergence of Gram Sabhas as bodies to whom the PRIs are accountable, the powers and functions of Gram Sabhas should be spelt out in detail articulating their role as planners, decision-makers and auditors. The Gram Sabha meeting should be held at least four times a year. Instead of holding the Gram Sabha meetings in predetermined days they should be held within a span of 30 days from the predetermined dates, so that concerned officers are present to respond to questions and concerns. The meeting resolved to implement the four point strategy—awareness, participation, transparency and social audit—for strengthening of the Gram Sabha and various rural development schemes in letter and spirit. (Panchayati Raj Update, 2001) It has been felt that meetings are held rarely. If the Gram Sabha has to be meaningful, the gathering can not be large. The Gram Sabha should meet periodically and the subjects placed before it is such that they attract public attention. Only then, the electorate will have any

interest to attend the gram sabha. Unfortunately, the Act does not appear to provide for both of these requirements explicitly. ( **Sundaram, 1997**)

Constitutional Provision does not make constitution of Gram Sabha at village level mandatory. Legislature of the State has the discretion to assign powers and functions of Gram Sabha in relation with Gram Panchayats. It is impossible to continue a single Gram Sabha in large Gram Panchayats as in Kerala and West Bengal. Multi Gram Sabha system has been introduced in these states. There is need to amend the existing article governing Gram Sabha as general assembly. But at the same time Gram Sabha should not undermine panchayats ( **Subrahmanyam, 2000**. The Union Ministry of Rural Development has indicated that broad guidelines would be framed by the centre on the functioning of Gram Sabhas, their accountability, strengthening and social audit. ( **The Hindu, 2000**). Another dimension is 'elected Sarpanch totally lacked understanding about their roles and responsibilities and had no skills in conducting the meetings of Gram Sabha, with the result that they were never held. Even when held, Gram Sabha meetings were poorly attended. What was more disgusting was that without any meaningful discussions really taking place, the minutes of their proceedings were written and signatures obtained by the village secretary, going from door to door. The lack of attendance of women in such meetings and lack of participation by the poor and the SCs were particularly striking' ( **Sundaram, 2000**).

In a study of 185 Gram Panchayats in Gujarat, Haryana, Himachal Pradesh, Kerala, Madhya Pradesh and Uttar Pradesh the following were observed in relation to Gram Sabha. ( **Panchayati Raj Up Date 1997**).

- In many instances Gram Sabha meetings were convened as a matter of formality;
- In most of the meetings the minimum required quorum was rarely fulfilled;
- In nearly 1/3<sup>rd</sup> cases of study, the records of Gram Sabha meetings were completed even when meetings were not held or there was no quorum;
- The important reason for ineffective functioning of Gram Sabha is due to absence of understanding about its role in the minds of both its members and Gram Panchayat leaders
- Absence of prior information about the Gram Sabha meeting is the most important reason for poor attendance.

- When ever Sarpanch and Panchayt members have consulted members of Gram Sabha in advance, participation of members has been substantial and active;
- Confusion about the role of Gram Sabha is mainly due to members perception that it is a programme of a political party or an occasion to identify beneficiaries;
- Except in Kerala and Madhya Pradesh the advice and suggestions of Gram Sabha are not binding on Gram Panchayat.
- Most Sarpanches lack skills in conducting meetings.

Above findings indicate that special interventions and awareness –building measures for their proper functioning is required. Unless the Institution of Gram Sabha put to use fully, the PRIs in general, and grassroots democracy in particular will not be able to flourish to the desired extent. The Gram Sabha has been recommended to serve as an assembly of the village and act as a watch dog on the working of Gram Panchayts besides facilitating people’s participation in the decision making process at the grass roots level ( **Jain, 1997**).The sub-group of the task force on Panchayati Raj constituted by the Union Ministry of Rural Development has suggested the following recommendations in relation to Gram Sabha (**Panchayati Raj, Up Date,. 1999**)

1. Appointment of specified officers of intermediate level or District level PRIs as observers of Gram Sabha;
2. Gram Sabha Abhiyan meetings through out the state for two weeks for awareness building;
3. The agenda of the Gram Sabha should be of interest to majority of members and must cover a range of subjects that vitally affect their day-to day-life;
4. They should not act merely as a recommendatory body or debating forum;
5. If the decisions are not capable of being implemented, the Gram Panchyats should report the reasons for non-compliances to Gram Sabhas.

A recent Amendment of Madhya Pradesh Panchayat Act has given a range of functions to the Gram Sabha. Kerala had involved the Gram Sabha in its people’s plan campaign. The Gram Sabha of Orissa and Rajasthan have been given power to approve the Gram Panchayt’s Plan and budget. Since the practical situation differs from state to state, it is not possible to make constitutional provisions on the specific functions and powers that should be given to the Gram Sabha, but the

constitution may explicitly indicate its intention to allow the Gram Sabha too play a substantive role in the functioning of Gram Panchayat ( **Ghosh, 2001**)

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## **14.5 CONCLUSION**

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The fruit of democracy could not immediately travel to level below that of the state as the transfer of power from the British to Indian hands on the mid-night of the 14<sup>th</sup> August, 1947 was, in effect the handing over the keys of the administration to the people's representatives at the centre and the state levels. It was expected that by this pattern state legislature will travel from the state head quarters down through the districts and the block to the village Panchayats. In this way, there will be a complete link-up of the millions in this country from the Gram Sabha to the Lok Sabha. The people of India will govern themselves through their representatives in institutions from the Panchayat to the Parliament and then democracy will travel from Lok Sabha to Gram Sabha. " Panchayati Raj thus reflects the new concept of inter-connected democracy from the Gram-Sabha to the Lok Sabha. ( **Dey**)

It can be said that India is on the threshold of a historic transition of political power to the grassroots with all the states completing the process of enacting fresh legislation on strengthening the PRIs on 23<sup>rd</sup> April 1994. As many as 11 states pushed through fresh legislation in 72 hours, some of them even in the early hours of 23<sup>rd</sup> April, 1994 to beat the stipulated the deadline of 23<sup>rd</sup> April 1994, the day Panchayats became part of the Indian Constitution. However, the 73<sup>rd</sup> constitutional Amendment Act is not applicable to Jammu and Kashmir, Mizoram, Nagaland and certain scheduled areas of the country. But mere legislative enactments do not ensure effectiveness and viability of the PRIs in the states. What is more important is their operationalisation. So, we will take up the state wise assessment of the New Panchayati Raj in Action to have clear picture on the ground realities.

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## **14.6 KEY CONCEPTS**

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**Empowerment:** Giving a person or organisation the formal authority to do something.

**Federalism:** A system of governance in which a national, overarching government shares powers with sub-national or state governments.

**Executive Branch:** In a government with separation of powers, that part that is responsible for applying or administering the law. Thus a president, governor, or mayor and their respective supporting bureaucracies are the executive branches of their respective jurisdictions.

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## **14.8 ACTIVITIES**

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- 1) Explain the structure of Rural Local Bodies.
- 2) Discuss the structure of Panchayati Raj System at the national, state, district, block and village level.

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## **UNIT 15    ORGANISATIONAL STRUCTURE OF URBAN LOCAL BODIES**

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### **Structure**

15.0 Learning Outcome

15.1 Introduction

15.2 Historical Evolution of Urban Local Government

15.2.1 Pre-Independence Era

15.2.2 Post-Independence Era

15.3 Organizational Structure

15.4 The Constitution (74th Amendment) Act, 1992

15.4.1 Municipal Finance in the Wake of the 74<sup>th</sup> Amendment

15.5 Conclusion

15.6 Key Concepts

15.7 References and Further Reading

15.8 Activities

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### **15.0 LEARNING OUTCOME**

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After studying this unit you should be able to:

- understand the historical evolution of urban local government in India;
- outline the organisational structure of urban local government; and
- discuss the urban local government in the wake of 74<sup>th</sup> constitutional amendment.

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### **15.1 INTRODUCTION**

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Urban administration in India has attracted the attention of policy formulators, planners, administrators, sociologists and academia in recent few decades. Although the country has been witnessing a fall in growth in urban population, the concentration, the concentration of population in larger urban areas has resulted into an urban chaos. The uncontrolled, unplanned and haphazard growth of urban centres is leading to great pressure on urban services, mushrooming of habitations with inhuman surroundings, degradation in environment, polluted air, water and noise. The cities are becoming inhabitable decade after decade. The institutional mechanism has either failed to cope with the situation or become weak and inefficient. The people are more vocal and demanding but less responsible and civil. The irreversible trend of urbanization warrants sustainable interventions.

The first fifty years of Independence have faced ups and downs in the sphere of urban administration. The historic 74<sup>th</sup> Amendment to the Country's Constitution was a major policy directive enacted during the period. This harbinger effort is a turning point in the life and functioning of urban local government. The country at the time of attaining

Independence had about one tenth population inhabiting the urban centres. The rural dominance, hence clearly reflected in the Indian Constitution. The slow but steady increase in level of urbanization burdened the age-old urban infrastructure. This led the policy makers to constitute, time and again, various commissions and committees for strengthening the finances of urban local bodies. The decade of 1980's recorded tremendous discussions at different for an urban issues. A long but willing deliberation resulted into granting urban administration a place in the Constitution. The historical 74<sup>th</sup> Amendment to the Constitution in the country. In this unit we will be discussing the historical evolution of urban local bodies, its organisational structure and highlight the importance given in the wake of 74<sup>th</sup> constitutional amendment.

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## 15.2 HISTORICAL EVOLUTION OF URBAN LOCAL GOVERNMENT

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The concept of local self-government is based on the assumption that there are certain basic human needs having direct bearing on the lives of the individuals and the community as a whole. Such needs can be better fulfilled by a government to which the individuals and the local community have direct and easy access. These certain civic functions such as garbage collection, cleaning of streets, drainage, water supply, fire services and health services are entrusted to the democratically constituted local bodies. So, urban local government is of primary importance to the urbanities, as it's the closest, most accessible and most amenable to them. Municipal institutions not only provide for the basic civic amenities for the safety and convenience of the citizens, but also mobilize local support and public cooperation for implementation of various social welfare programmes. After independence and with the introduction of the Constitution of India enshrining the provisions of liberal democracy and welfare state, urban local governments are expected to assume an increasing role in the political and administrative set up of the country. And it has been realized that the urban governments have to be essentially recognized as an organ of promoting the grass roots democratic decentralized governance and providing not only welfare services for the urban local people but also for carrying out the task of urban government and planning. Urban government includes Municipal Corporation, municipalities, notified area committees, town area committees, cantonment Boards and Townships According to 1991 census, in order to be called as an urban area:

- 1) All statutory towns i.e, all places with a corporation, municipalities, notified area committee, town area committees and cantonment.
- 2) All other places which meet the following criteria;
  - i) a minimum population of 5, 000
  - ii) seventy five per cent of the male working population engaged in non-agricultural activity;
  - iii) a density of population of at least 400 per sq. km.

It may be noted that the term, corporation, municipality, notified area and town area are mere territorial concepts. It is the council which as a body enjoys the corporate status and acts in that capacity.

There was no such conception like that of Local Self-Government in ancient India in place of which the system of modern Local Self-Government has prevailed. Although it

is said that the origin of local government has very deep roots in ancient India. On the basis of historical records, excavations and archeological investigations, it is believed that some form of local government did exist in the remote past. In the vedas and in the writings of Manu, Kautilya and others, and also the records of some travelers like Megasthenese, the origin of local self government can be traced back to the Buddhist period. ( **Mukherji 1958**). The local self government continued during the succeeding period of Hindu rule in the form of town committees, which were known as ‘ Gosthis’ and Mahajan Samitees’ ( **Sharma, 1965**).

In ancient times, the Local Government was mainly concerned with the military organization and with the supervision and punishment of crime. The present day Local Government is principally concerned with the provision of public services ( **Jackson 1945**), “Local Government in England and Wales, Hunt, Aylesbury). Thus, Local government is a local self government in the field of administration rather than in the field of legislation. Local authorities do not pass laws; they administer laws passed by some higher authority. Thus, from immemorial ideas of Local Self Government in India existed to a far greater extent than anywhere else in the world. These ideas and their beginning were landmark in the community life of the pre-historic creatures. These communities were the earliest form of social organization. The idea of cooperation and mutual goodwill were the unifying force of these communities. ( **Venkatarangayya, 1960**).

Although, Local Self-Government existed in India in ancient times, in its present structure and style of functioning it owes existence to the British rule in India. Neither the system of village self-government that prevailed in earlier time nor the method of town government, which was then in existence, visualized the type of periodically elected representative government responsible to the electorate that had evolved in the west and was planned in India by the British Government. The ancient village communities were constituted on a narrow basis of hereditary privilege or caste, closely restricted in the scope of their duties-collection of revenue and protection of life and property were their main functions and were neither conscious instruments of political education nor important parts of administrative system. ( **GOI**).

### **15.2.1 Pre-Independence Era**

The history of local self government during British regime may be divided into following periods.

- 1) Up to 1882
- 2) from 1882 to 1919
- 3) from 1919 to 1935
- 4) 1935 to 1947

#### **First Period (up to 1882)**

As mentioned above the modern Local Self government in India is British creation. The local self- governing institutions as they exist today do not represent a process of continuous growth but are the product of convenience, which was found necessary by the British Government in the interest of administration. The first Municipal Council of Madras (Chennai) consisted of a mayor, alderman and the local people. The local body was authorized to collect taxes for the maintenance and development of the city. In 1926, the Madras Municipal Council was replaced by a Mayor’s Court which was, by and large,

a judicial organization. In 1793, the Charter Act was passed and the municipal administration was extended to three towns of Bombay ( Mumbai), Calcutta( Kolkata) and Madras (Chennai)( **Tinker 1954**). It gave powers to the Governor- General of India to appoint justices of peace in these towns. The municipal administration was established in the district towns in Bengal in 1842. In 1870, Lord Mayo's Resolution came into force. In this resolution emphasis was given on the decentralization from the centre to the provinces. It was stated that Indians should be associated in the administration, and the municipal government was best for that purpose. (**Khatoon, 1980**),

### **Second Phase ( 1882- 1919)**

The effect on local self-government of the policy inaugurated by Lord Mayo was reviewed in 1882. Considerable progress was recorded since 1870, both in the number and usefulness of municipalities. But progress was found to have been more unequal in different parts of the country than varying local circumstances seemed to warrant. Thus till 1882, local self- government was functioning without the participation of Indians and therefore, it was neither, ' local nor ' self government'. In Lord Rippon's Resolution (1882) fuller scope for Local Self- Government was introduced. Under this approach emphasis was laid on the fact that Local Self Government in the final analysis was desirable as an instrument of political and popular education (**Khan, 1980**). Lord Rippon's Resolution is regarded as Magna Carta of Local government in India. According to Lord Rippon, local self-government was ' an instrument of political and popular education' (**Maheshwari, 1971**) Lord Rippon's Resolution introduced a new era in the constitution, powers and functions of municipal bodies which were greatly changed. The system of election for the municipal bodies was introduced with a limited franchise. Although the chairmanship was open to non-official according to the Resolution, this part of the resolution was not implemented and an official remained ex-officio chairman.

His successor Lord Curzon's influence attempted further to reduce the political education and reinforced the dominant position of District Officers and departmental experts. Lord Curzon was in favor of efficiency, centralization and officialisation. In 1907 -1909, the subject of Local Self- government was considered by the Royal Commission on Decentralisation as an aspect of administrative devolution. The Commission in its report clearly remarked that "local self-government has so far been a failure. " The Commission observed that local bodies should not only have the non-official majority and elected chairman, but generally elected members too. The recommendations of the Commissions were conservative in terms of administrative improvement rather than of national political aspirations. The principles of Lord Rippon's continued to regulate development of Local Self-Government until 1918. The recommendations of the Decentralisation Commission were not implemented due to some unknown reasons and were implemented at the time when Montague Chelmsford Reforms of 1919 gave a measure of autonomy to the provincial legislature. The administration of local self-government was taken out of the hands of the District Officers and placed under a department which was controlled by a popular minister.

### **Third Period (1919-1935)**

The third phase in the history of Local Self-Government in India was ushered in as a direct outcome of the Montford Reforms. The Government of India Act, 1919 came into force in 1920. By this Act responsible government was established in the provinces by introducing the system of dyarchy or dual government. According to the report of the

Rural Local Self-Government Committee, “During this phase there was a further shift i.e., the question of local self-government of India in the resolution of 1918 in which it was suggested that the local bodies should be as representative as possible in order to give effect to the policy. In this period, a large number of amending legislation was passed on local self-government in every province. In 1930, the Simon Commission made a thorough study of the problems of local self-government in India. The Commission came to this conclusion that, “efficiency of the local self-government depends upon the control or pressure which is exercised by the provincial government. This period is notable for the final establishment of Local Self Government institutions to smallest unit of the rural areas i.e., village. According the report of the Rural –Urban Relationship Committee, “The central control for the approach was negative issue of directions to prohibit certain acts and suppression of the local bodies in the extreme cases. (Jackson, 1945)

#### **Fourth Period (1935—1947)**

The inauguration of provincial autonomy under the Government of India Act, 1935, was very important in the evolution of Local Self Government in India. According to the report of the Rural Local Self-government, “The passing of Government of India Act, 1935, and the introduction of Provincial Autonomy in 1937 gave a fillip to the development of Local Self –Government on popular basis.” The Govt. of India Act 1935 came into force in 1936, which replaced the dyarchical system of government and system of provincial autonomy was introduced. The functions of local self government were enlarged; their financial powers were actually curtailed. When the popularly elected ministries came in power in 1946, the problems of local self-government were studied afresh and various committees were constituted in order to improve the structure and working of local bodies. But the recommendations of these committees could not be implemented due to the resignation of popular ministries. The Second World War hampered the growth and development of local self-government in India.

### **15.2.2 Post- Independence Era**

#### **First Phase (1947-1985)**

The advent of Independence opened a new chapter in the socio-economic reforms embodied in the Directive Principles of States Policy mentioned in Part IV of the Constitution, which resulted in a federal system of public administration, adult suffrage and the acceptance of the objective of a Welfare State to secure to all the citizens social, economic, political equality, and opportunity. With the end of the British rule there was self government at all the levels – Central, State, and Local. With the establishment of the democratic set up the basic emphasis of the Government changed from the maintenance of law and order to the promotion of the welfare of the community. With the full-fledged democracy in the country, after the independence, Local Government Institutions attained remarkable status and importance. Post independence era has witnessed development in the field of Local Government. Amended legislations were passed in all the states in order to democratize the constitution, for widening the functions and powers to raise finances of local bodies. With the coming of the Constitution into force in 1950, the local government entered into a new phase. The Constitution allotted the local government to the State List (No. 5) of functions. Since independence much important legislation for reshaping the local government were passed in many states. The constitution of local bodies was democratized by the introduction of adult suffrage and the abolition of communal representation.



The urban local self-governing institutions in the country which owe their genesis to Lord Rippon's Resolution of 1882 where for the first time an organized system of urban local bodies was constituted. By providing urban infrastructure, they are required to act as instruments of economic activity and engines of economic development. They are in fact required to promote a sound tradition of democratic way of life at the grassroots to bring about social development and to initiate and enhance economic development of strategic planning and administration. The multidimensional decline in urban local government highlighted the importance and urgency of reform in the system. As a result, post-independence era has witnessed numerous impressive attempts for reform at the level of urban government.

### **Second Phase (1985- 1992)**

In this phase, the problems of urban areas as well as the structure and composition of Municipal bodies, their functions and duties and their resources were the subject of discussion and debate on various for a. As a consequence of this and the complexities as arisen of the growing urban population, for the first time the National Commission on Urbanisation was set up in 1985. The Commission gave detailed recommendations about the measures required for strengthening the management and administration of urban local government institutions in the country. The need for according an independent status to urban local government in India had also been considered. Based on recommendations of the Commission, the then Prime Minister organized and addressed a number of Nagar Palika Sammelans where officials and non-officials were invited to discuss the subject thoroughly.

As a result, three issues emerged. *They were: How to make the administration closer to the people? How to make the people participate in the administration? And how to make the administration accountable to the people?* These issues became fulcrum of the Indian Public Administration first time in Independent India. Keeping in view the growing importance of urban local bodies the Union Government introduced Sabha the Constitution ( 65<sup>th</sup>) Amendment Bill in 1989, which could not be passed and lapsed due to dissolution of Lok Sabha. Another Bill ( 72<sup>nd</sup>) was introduced by the succeeding Janta Party Government and met the same fate. Again another Bill ( 73<sup>rd</sup> ) was introduced in 1991 and was passed in 1992. It was ratified by the majority of States and after the Presidential assent came into force with effect from April, 24, 1993 as the Constitution 74<sup>th</sup> Amendment Act, 1992.

### **Third Phase (1992 – onwards)**

The 74<sup>th</sup> Amendment to the Constitution is a landmark in the history of Urban Local Government in the country. The Act provides for a constitutional status to urban local government institutions. It contains two types of provisions- mandatory as well as discretionary. Mandatory provisions were those which were compulsory to be adopted throughout the country. Such provisions included the uniform structuring, definite term, stability, reservation of seats for different segments of society, constituting the wards committees, District Planning and Metropolitan Planning Committees, Finance Commission and Election Commission. The local government being the State Subject, the discretionary provisions were left to the states to enact according to their needs and local situations.

The Act facilities the democratic decentralization, and stability to urban local government units is aimed to accomplish the objective of being administration closer to the people. The representation of weaker and other vulnerable groups of society ensures people's

participation in administration by way of managing their own affairs. The permanency if tenure of urban government destines the accountability of administration to the people. The administrative decentralization is practiced by setting up of wards committees in large towns. The constitution of Finance commission every five years not only takes care of the finances of these bodies but also widens the path of autonomy to this grassroots level government in the country. Interestingly, this is the first time that a planning body has been given a Constitutional status by way of providing the formation of District Planning Committee in every district. This new dispensation will have a fair reaching impact on the decentralized planning and will certainly give a fillip to the institution building efforts for shouldering the responsibility for plan formulation which is an important prerequisite for micro level planning” ( Singh, 1998).

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### **15.3 ORGANISATIONAL STRUCTURE**

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The first government in India was set up as early as in 1868 barely 88 years after the establishment of the East India Company—the place of honour being Madras. But it can not be said that urban/ municipal government has been a great success in India. This is all the more surprising when it is remembered that distinguished nationalist leaders like Dadabhai Naoroji, Ferozshah Mehta, Balgangadhar Tilak, Gopal Krishna Gokhle, C.R. Das, Subhash Chandra Bose and Jawaharlal Nehru had at one time or the other served in the municipal government, and second this level of government along with the rural part was transferred by the British rulers into the hands of Indians under diarchy introduced under the Government of India Act, 1919. The inauguration of provincial autonomy under the Government of India Act, 1935 gave further impetus to the development of municipal government in India. The Act abolished the system of diarchy and introduced popular government in the provinces.

After independence in the federal structure of the Indian polity, the matters pertaining to the housing and urban development have been assigned by the Constitution of India to the State Governments. The Constitutions (74<sup>th</sup> Amendment) Act have further delegated many of these functions to the urban local bodies. The constitutional and legal authority of the Government of India is limited only to Delhi and other Union Territories and to the subject which State Legislatures authorize the Union Parliament to legislate.

The Ministry of Urban Development is apex authority of Government of India at the national level to formulate policies, sponsor and support programme, coordinate the activities of various central ministries, state governments and other nodal authorities and monitor the programmes concerning all the issues of urban development and housing in the country. The following subjects are allocated to the Ministry of Urban Development in relation to urban local bodies:

- The constitution and powers of Municipal Corporations (excluding the Municipal Corporation of Delhi), Municipalities (excluding the New Delhi Municipal Committee), and other local Self-Government Administrations excluding Panchayati Raj Institutions.
- Water supply (subject to overall national perspective of water planning and coordination assigned to the Ministry of Water Resources), sewage, drainage and sanitation relating to urban areas and linkages from allocated water resources. International cooperation and technical assistance in this field.
- The Central Council of Local Self-Government.

- Matters of the Housing and Urban Development Corporation (HUDCO) relating to urban infrastructure.
- Collection and collation of information with regard to the urban local governments in the states.
- Urban Community Development.
- Improvement Trusts.
- Training of municipal government personnel.
- All-India Mayors' Conference.
- Advising the ministry of Home Affairs on matters relating to local governments in the union territories.

The urban areas consist of different types of municipal bodies constituted with reference to character, size and importance of different towns and the cities. The operation of municipal institutions are also largely influenced by the modes of community living and philosophical formulations besides the interaction between the political and socio-economic systems. Municipal Corporation, Municipalities, Notified Area Committees, Town Area Committees, and cantonment Boards are the usual types of municipal bodies and while the first four types are created under State Municipal bodies and while the first four types are created under State Municipal Laws, the Cantonment Boards owe their origin to the Central Act called the Cantonments Acts, 1924.

Local Self – Government implies the management of local affairs such as water supply, drainage, primary education maintenance of roads etc. The goal to be aimed at is the betterment or welfare of every citizen. Local Self-Government is a system under which the people of locality possess a certain responsibility of public local affairs, and in the raising of money to meet their expenses (Jha, 1953). The emergence of Urban Government as a distinct Government unit is the result of the interplay of several factors-historical, ideological, and administrative. Historically, Local –self Government had preceded national government. Administratively, it is important that the civic services which any community would need for planned programmed and integrated in terms of region or area inhabited by them. It provides an extensive range of services to the people and performs functions of great variety and magnitude. Local –self –government ensures two-way communication between the State Government and itself. Desires and aspirations of the state government, and plans programmes of the State and central governments flow in the reverse direction.

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## 15.4 THE CONSTITUTION (74TH AMENDMENT) ACT, 1992

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Indian long history of urban municipal governance was characterized by some structural infirmities, which affected its performance. Municipal bodies were delegated limited powers. Their autonomy was restricted. The allocation of poor financial resources made them totally dependent on the state government. Inadequacy in the services provided by municipalities raised doubts in the public mind about their ability to efficiently discharge their civic responsibilities. State Governments are prone to taking the drastic step of superseding municipalities on grounds of manufacturing, and not following it up with election at an early date. Political considerations often dominated the decisions.

The 74<sup>th</sup> Constitutional Amendment Act 1992, brought about a radical departure from the past structure of local governance.

- Makes the Constitution of municipalities mandatory.
- Recognizes the third –tier of elected representatives below the center and the states.
- Requires direct election to a Municipality
- Reserves one-third seats for SCs/STs and also for women.
- Lays down a fixed tenure of five years for municipalities.
- Severely restricts the powers of the state government to dissolve municipalities.
- Requires the State Finance Commission to review the financial position of the municipalities and make recommendations to the Governor in regard to the taxation powers of the municipalities, revenue sharing and grants- in –aid.
- Requires the State Election Commission to conduct election of municipalities.
- Make the setting up of District Planning Committee metropolitan Committee mandatory.

The 74<sup>th</sup> Constitutional Amendment thus ensures the urban local Governments are not at the mercy of the State Governments. Government of India began to show interest in reforming urban/ municipal governance only since 1989. The revitalization of grassroots government became the concern of the Rajiv Gandhi Government since 1989. The Government led by P.V. Narasimha Rao came into power, drafted the Constitution (Seventy third Amendment) Bill, 1991 concerning Municipalities and introduced it in the Lok Sabha in September, 1991. The Lok Sabha and Rajya Sabha passed the Bill in December, 1992. After having it ratified by more than half the State Assemblies, the President assented it on 20 April, 1993 which is known as the Constitution (Seventy-Fourth Amendment) Act, 1992. This amendment became operative since April, 1993 which has been inserted in new part IX-A of the Indian Constitution relating to urban / municipal government (Nagarpalika) (**Maheshwari, 1999**).

Municipal Councils and Municipal Corporations are constituted in smaller urban areas and larger urban areas respectively. Demographic and other conditions, which are determining factors for constituting a particular type of municipality, differ a great deal from one state to another. The Governor determines the areas for different forms of urban bodies considering viz, population of the area, density of population, revenue generated by the local body, percentage of employment in non-agricultural activities and the economically important and other factors. The seats in the municipality shall be filled by direct elections except as provided below. For the purpose of elections, the territorial constituencies in a municipal area shall be divided into wards. Each ward has an elected representative in the municipality.

The member of the Lok Sabha (MP) and MLAs of State representing constituencies which comprise wholly or partly the municipal area concerned will be voting members in the municipality. The State Legislature is empowered to specify the procedure of election of the chairpersons of municipalities. This may be either by direct election or from amongst the elected members of the municipality concerned. As regards the Wards Committee, each municipality is divided into Wards. In the smaller and medium sized municipalities, the average population per ward varies from 1500 to 6000. In larger cities,

however, average Ward size may be fairly large ranging from a population of 30,000 to even two lakhs. This has led to a situation where the common citizen does not have ready access to his elected representative. The Act has provided for the reduction in the distance between the electorate and the elected and provision for the increased participation of the people in the urban local bodies. The Act further provides for the constitution of Wards Committees in all Municipalities with a population of 3 lakhs or more.

Two or more Wards can be combined to constitute a Wards Committee. The grouping has been left flexible to take into account the differing local conditions that may exist from city to city within a State. The composition, the territorial jurisdiction and the manner in which the seats to Wards Committee shall be filled, has been left to the State Legislature to specify by law. A member of Municipality representing a Ward within the territorial area of the Wards Committee shall be a member of that Wards Committee. In other words, such a member of a Municipality will act as an ex-officio member of the wards Committee. If a Wards Committee exists for one Ward only, the Councilor representing that Ward in the Municipality shall be chairperson of the Wards Committee. Where the Wards Committee consists of two or more Wards, one of the Councilors representing such Wards in the Municipality shall be elected by the members of the Wards Committees as the chairperson of the Wards Committee. The law enacted by the State may also provide for the constitution of Committee apart from the Wards Committee (like the Standing Committees, Zonal Committees). The chairperson of such committees will have representation and voting rights in the municipality concerned.

Regarding the reservation of seats the Act provides reservation for Scheduled Castes and Scheduled Tribes and women to ensure their representation/ participation at all levels of the municipal bodies. The proportion of seats to be reserved for SCs and STs in the municipal area to the total population of that area. The reserved seats will be filled by direct elections only. Not less than one-third of the total number of seats reserved for SCs and STs shall be reserved for women belonging to SCs and STs. The provision is mandatory. One-third of the total number of seats shall be reserved for women ( This shall be inclusive of seats to be reserved for women belonging to SCs and STs). These reserved seats will be filled by direct elections only. This is also mandatory provision. The seats so reserved for women and for SCs/STs may be allotted by rotation in different constituencies in a municipality. This provision is optional. The State government decides on the manner of allotment of the reserved seats.

The State legislatures will provide by law for the reservation of the office of chairpersons for SCs/STs and women in municipalities. The extent to which reservation is to be made and the manners of such reservations will be decided by the state representatives of SCs/ STs and women pertaining to the office of the chairpersons of municipalities to meet the spirit of the Constitutional Amendment. The State Legislatures are free to provide reservation of seats for any backward class of citizens in any municipality or office of chairpersons in the municipalities for any backward class of citizens, though this is an optional provision.

### **Constitution of Municipalities**

The term of municipality is of five years from the date fixed for its first meeting. The election to constitute municipality needs to be completed before the expiry of its term of five years. The State government makes a provision in law relating to the super session or suspension of municipality. The State Legislatures have no powers to amend any law



resulting in suppression or dissolution of new municipality before the expiry of its five years. To this provision, the State government cannot take decision to suspend or supercedes the municipality arbitrarily. As regards the dissolution of municipality before the expiry of its term of five years, the State Government may decide to dissolve the municipality. The State Government before deciding such dissolution is required to give a reasonable opportunity to municipality to explain. If the municipality gets dissolved before the term of five years; the election to constitute a new municipality within a period of six months from the date of dissolution has to be completed. This means that the municipality can remain dissolved for a maximum period of six months. The Municipality which is constituted after dissolution will continue only for the remainder of the period for which the dissolved municipality would have continued, had it not been so dissolved. These provisions restrict the State Government to dissolve a municipality arbitrarily. Disqualifications for becoming a member of the Municipality are prescribed on the lines of disqualification prescribed for being an MLA. The age to contest election to the Municipality is 21 years whereas for MLA it is 25 years.

### **State Election Commission**

In the 74<sup>th</sup> Constitutional Amendment Act, there is a provision of State Election Commission in each State/ Union Territory to be set up which conducts all elections to the Panchayats and Municipalities. The State Election Commissioner appointed by the Governor of the State, heads the Commission. The rules to govern the conditions of service and tenure of office of the Commissioner are determined by the Governor. The State Election Commissioner cannot be removed from office except in a manner similar to and on grounds similar to those by which a judge of the High Court can be removed from his office. The conditions of service of the State Election Commissioner cannot vary to his disadvantage after his appointment. The State Election Commissioner is given such staff by the Governor to carry out the functions of the State Election Commission.

### **Powers and Functions of the Municipalities**

According to 74<sup>th</sup> Constitutional Amendment Act the function of municipalities would go beyond the traditional civic functions and are expected to play an important role in the formulation of plans for local development and the implementation of development projects as the programme including those especially designed for urban poverty alleviation. The list of function that has been laid down in the 12<sup>th</sup> schedule is as follows:

- i) Urban Planning, including own planning;
- ii) Regulation of land use and construction of building;
- iii) Planning for economic and social development;
- iv) Roads and Bridges;
- v) Water supply for domestic, industrial and commercial purpose;
- vi) Public health;
- vii) Sanitation, conservancy and solid waste management;
- viii) Fire Services
- ix) Urban forestry protection of the environment and promotion of ecological aspects;



- x) Safeguarding the interests of water sections of the society, including handicap and mentally retarded;
- xi) Slum improvement and up gradation;
- xii) Urban poverty alleviation;
- xiii) Provision of urban amenities and facilities such as parks, gardens and burial grounds, cremation grounds and electric crematorium; cattle pounds, prevention of cruel to animals;
- xiv) Vital statistics including registration of births and deaths;
- xv) Public amenities – street light, parks;
- xvi) Registration of slaughterhouses and tanneries.

The 74<sup>th</sup> Constitutional Amendment Act, 1992 empowers the Municipalities to function as effective institutions of self- government. The State Legislatures specifies by law what powers and responsibilities will be entrusted to the Municipalities in respect of the preparation of plans for economic development and social justice and the implementation of schemes as may be entrusted to them. The Legislature of the State may also by law give the powers and authority to the Wards Committee and other Committees to carry out the entrusted responsibilities.

The functions which may be entrusted to the Municipalities have been enlisted in the Twelfth Schedule of the Constitution. The State Legislature is free to choose from the listed functions or add to this list while deciding the functions to be carried out by the municipalities. The enlisted functions of the twelfth Schedule are as under: Urban Planning including town planning; regulation of land use and construction of buildings; planning for economic and social development ; roads and bridges; water supply for domestic, industrial and commercial purposes; public health; sanitation; solid waste management; fire services; urban forestry; protection of the environment; promotion of ecological aspects; safeguarding the interests of weaker sections of society including the handicapped and mentally retarded; slums improvement and up gradation; urban poverty alleviation; provision of urban amenities and facilities such as parks, gardens, and playgrounds and electric cremation, cattle ponds; prevention of cruelty to animals; registration of births and deaths, street lighting, public conveniences, bus stops and regulation of slaughter houses and tanneries. (Constitutional Provisions relating to Village Panchayats and Municipalities in India, Containing the Constitution (**Constitutional Provisions, 1993**)

### **Taxes and Finances**

Regarding the taxes and finances of Municipalities, the State Legislature by law decides the matter concerning the imposition of taxes. Such law may specify: taxes, duties, which can be laid levied and collected by the Municipalities as per the procedure to be laid down in the State law. Taxes, duties, fees that can be levied and collected by the State government and a share passed on to the municipalities; grants-in-aid from the State government; constitution of funds for creating and withdrawal of moneys by the municipalities.

### **State Finance Commission**

The position for setting up of the State Finance Commission guarantees financial autonomy to the urban local government institutions. The Governor of the State with a view to

reviewing the financial position of the municipalities constitutes the State Finance Commission within one year from the commencement of the Constitution (74th Amendment) Act, 1992 and thereafter the expiry of every five years. This Finance Commission is for both the municipalities and the Panchayats. The recommendations of the State Finance Commission covers: distribution of the net proceeds of the taxes, duties, tolls and fees leviable by the State; allocation of share of such proceeds between the municipalities at all levels in a state; determination of taxes, duties, tolls and fees to be assigned or appropriated by the municipalities, grants-in –aid to municipalities from the Consolidated fund of the State; and measures needed to improve the financial position of the municipalities.

The Governor may also refer any matter to the Finance Commission in the interest of sound management of the Municipalities finances for its consideration. The Central Finance Commission has also an obligation to recommend the measures needed to augment the resources of a State in order to supplement the resources of the Municipalities in the State on the basis of recommendations of the State Finance Commission. This will have a proper linkage among the finances of the local bodies, the State government and the Central government.

### **Distinct Planning Committee (DPC)**

The Act empowers the State government to set up a planning committee at the district level in order to consolidate the plans prepared by the Panchayats and the Municipalities. The committee also prepares a development plan for the whole district. To constitute the District Planning Committee in every district is compulsory and mandatory for the State government. To have a democratic character of the DPC, there is a provision that not less than four-fifths of the total number of members of the committees should be elected from amongst the members of the Panchayats at the district level (Zilla Parishad) and of the municipalities in the district in proportion to the ratio between the rural and the urban population of the district. While preparing the Draft development Plan, the District Planning Committee shall take care of the matters such as common interest between the Panchayats and municipalities including spatial planning; sharing of water and other physical and natural environment conservation and extent and type of available resources, whether financial or otherwise.

### **Metropolitan Planning Committee**

In order to develop metropolitan areas encompassing not only the main city corporation but also a number of local bodies both urban and rural surrounding the main city corporation, a proper development plan of the surrounding towns and villages needs to be prepared in association with the plan of the main city. The Act provides that Metropolitan Planning Committee should be set up in every metropolitan area having a population of 10 lakhs or more to prepare a draft development plan for the whole metropolitan area. This provision is mandatory. As regards its composition, not less than two-thirds of the members of such committees should be elected by the elected members of the municipalities and the chairpersons of the Panchayats in the Metropolitan area in proportion to the ratio between the population of the municipalities and the Panchayats in that area (**Ibid, pp.14-17**).

### **Village Council and Municipalities**

The 74<sup>th</sup> Constitutional Amendment Act provides decentralized governance for the urban people of the notified urban areas of the state which enables the most active political

participation of all people of the urban areas. Article 243 ZC of the Constitution (74th Amendment) Act, 1992 relating to municipalities is not applicable to the Scheduled areas referred to in clause (1) (Sixth Schedule) and the tribal areas referred to in clause (2) of the Article 244 (Fifth Schedule) (**Bakshi, 2000**).

The 74<sup>th</sup> Constitutional Amendment ensures to hold elections to the municipalities within six months after dissolution. The provision has made obligatory on State governments to hold elections regularly. This is not mandatory in the case of village councils. The village councils have been denied to the devolution of financial resources, administrative responsibilities, political powers, development roles, planning and decision-making processes. Thus, the councils lack both political and financial decentralisation. Socio-economic development of the urban poor people is beyond the scope of the village councils. Briefly the village councils have failed to evoke local initiative and people's participation in development activities and bring about social and economic changes in the urban areas owing to a strong centralising tendency in the State. Such a process of centralisation is just not compatible with the principal of decentralisation of planning and decision making process.

The Village Councils Act provides for women to contest to the Village Council elections but does not provide for the reservation of seats for women. It thus, appears from the above points that both the village councils and the municipalities differ structurally and operationally. As the fact remains true, the councils stand no comparison with the municipalities to be set up under the provisions of the Constitution (73<sup>rd</sup> Amendment) Act, 1992 relating to the municipalities, whose ethos is devolution of political, administrative and financial powers. The Act institutes State Finance Commissions to augment their finances required to ensure that 'urban India' flourishes and leads the country forward to progress and prosperity (**Arora, 2001**). The Act has obviously brought about revolutionary and unprecedented changes in urban and local governments; the faithful implementation of the various provisions of the Act would ensure that Indian Urban Governments emerge stronger to serve the inhabitants of their respective areas.

Keeping in view the provisions of the Constitution (74th Amendment) Act, 1992 relating to municipalities based on democratic decentralised governance reflecting the spirit and substance of local government all over the world.

Only when the tiers of the constitution, the Centre, the State and the local self governing institutions will function with regularity and efficiency, the federal and democratic nature of the Constitution and polity will be preserved, otherwise the Constitution will become very much distorted in its contents and implementation. What is required is the 'will to make the municipalities a viable democratic institution and people centred governance on which real decentralised governance will thrive. Thus, the concept of new pattern of urban governance has come to be accepted as an extension of democratic decentraliation and pro people to the urban areas ensuring the accessibility of all sections of society, specially the poor is advantaged and women. These are invaluable virtues for any urban administration to cherish.

India has undergone a silent yet definitely significant political revolution, almost simultaneously with eloquent economic reforms, in the first half of the nineties of the century gone by. Relative importance of local governments vis-à-vis central government may be viewed as extension of same logic. The import of perpetual existence, ensured with the passage of 73<sup>rd</sup> and 74<sup>th</sup> Constitution Amendment Acts, 1992 in the Parliament may have yet to be

fully realized by over 30 lakh people's representatives, including 73, 000 in urban areas, of whom over 10 lakh are women, through about 2 lakh rural panchayat bodies and about 3700 urban municipal bodies.

The Constitutional Directives (Art 40 ) to the State ( of India which means the Union and the unit States) to take steps to organize village Panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government, was followed more in breach than in observance, notwithstanding that many unit states did good work in many respects. (**Mathew, 1996**). Urban local bodies that they were more fortunate that they were in place and they got mentioned in the state list of the 7<sup>th</sup> Schedule as item number 5 which reads: Local government, that is to say, the constitution and powers of municipal corporations improvement trusts, district boards, mining settlements, authorities and other local authorities for the purpose of local –self government or village administration.

Though Article 40 enjoins all levels of the Government to do their bit in organising village Panchayats and endowing them such powers as enable them to function as units of self-government. It was therefore, expected of the State Legislatures and the State governments to constitute and empower by the legislation the local bodies so that they could act as the units of self-government. While Municipal Acts and Municipal bodies were already in existence from the time before independence much in the same way as today with little more autonomy and few more core functions and relatively more funds in the 50's and 60's, the rural local bodies were generally at the district level or at most sub-district level though panchayat were desired by Royal Commission on Decentralisation ( 1907- 08) and provincial legislation poured in for Constitution of village Panchayats after Government of India Act, 1919.

A little before independence, after resumption of power by the Indian Leadership in 1946, most of the provinces remodeled their village panchayat Acts with a view to conferring more powers and functions. However, there was not much concrete until Balwant Rai Mehta Team ( 1959), constituted as a part of a larger Committee on Community Development and National Extension Service, suggested a democratic structure for people's participation to make the implementation of these programme more effective.

Reasoning why ( urban) local bodies have become weak and are not able to perform effectively as vibrant democratic units of self –government , the Statement of objects and reasons made at the time of induction of the 74<sup>th</sup> Amendment Bill, mentions three facts: (i) Failure to hold regular elections, (ii) prolonged suppressions, and (iii) inadequate devolution of powers and functions. The Amendment sought to (a) put on a firmer footing the relationship between the State government and urban local bodies with regard to the functions and taxation powers and arrangement for revenue sharing, (b) ensure regular conduct of election and timely elections in case of supersessions , and (c) provide adequate representation for weaker sections like scheduled Castes, Scheduled tribes and women.

It is in this background that we were supposed to address in this piece on (i) functions transferred to Urban Local Bodies in the wake of 74<sup>th</sup> Amendment of the Constitution and (ii) adequacy of resources transferred to perform these functions. (**Chaubey ,2004**)

### **Basics of Local Governance**

There are some set of Pancsheelas concerning the elements of 'self', 'local, and 'urban' which are as follows:

### 1) Principle of Democracy in Structure

Here, we underline an important axiom that people are not just interested in the product howsoever it is provided they very much wish to be a part of the process of decision making. It is not a matter about what is gained but also how what is gained is gained. It is no surprise that in recent general elections issues of local development found vocal expression. It means the members and chairperson of the local governing bodies should all be elected ones, no matter how the chairperson is elected. The matter whether we should have party-less democracy or party-based democracy should not detain us here. Local bodies that have to take care of several bodies and several levels, like district planning Committee and metropolitan Planning committee has to be as representative as possible. It means that the members of these bodies should be from amongst the elected representatives with selected people as support. Democracy believes that people have enough common sense to make decisions. Public decisions are too serious a matter to be left with the non-elected experts.

### 2) Principle of Autonomy in Functioning

Local governments have been subject to so many restrictions on financial side, world over, if not on functional side. There is mismatch between rights and duties. Duties cast upon them are much larger than rights they have over resources. **(Reagon, 1972)**. Even if the gap is bridged through transfers from the higher levels, it is often not as a matter of right but only in terms of grants and loans. Besides fiscal area, there are always some bodies to appraise / approve/sanction in the beginning, Inspection/ monitoring in the middle and audit at the end. Their tax efforts are circumscribed by so many limitations in terms of rates, procedures and ceilings. However functional autonomy has little meanings if there is not enough financial independence.

### 3) Principle of Fraternal Feeling

The Point is that we look forward to cooperate with fraternal units in larger interest of the total community even if we have to suffer temporarily a bit. If the units are not having the same capacities but the two units feel that both the units should enjoy the same level of consumption of certain goods, the resources may have to be transferred from the more prosperous to the less prosperous. While redistribution is a major responsibility cast upon the modern government, the units cannot continue to enjoy transfer of resources. The resentment from the more prosperous is likely to erupt. Some would point out its impact on efficiency too while others would point towards non-fiscal transfer of resources from one unit/ area/ jurisdictions to another. We should note that in all multi-habitation polities there will always be need for equity transfers from some units to others though the seta of habitations cannot continue to be the same.

### 4) Principle of Diversity in Preferences

As human beings, we are very similar and in very board terms our needs may be quite similar. But our geography, history and culture make us choose some very different goods. This may be true of public goods as well. We have long been suggested a division between national public goods and local public goods. We may note that many commentators point towards variation or differences in the seta of functions across different states, between rural and urban, and between different levels of municipal governments as if uniformity in itself is a desirable attribute in all cases. This confusion arises because of their impatience for summary statistics Diversity is too easily confused with disparity.



### 5) **Principal of Heterogeneity of Units**

Size of our States vary from 6 lakh to 16 crore, that of union territories varies from 70 thousand to 130 lakh and of cities, within the category of urban habitations, the range varies from a few hundreds to several millions. We may have a district of 2 lakh and also 20 lakh. Our States had taken due note of such diversity and their Acts could be seen as differential products. Our politicians and bureaucrats, while drafting and reviewing the amendment bills had wisdom to take cognizance of the fact and provided a lot of flexibility to the state legislatures in devolving or delegating functions to a particular category in their respective states.

In India there are around 3700 urban local bodies with 100 corporations, 1500 municipal councils and 2100 Nagar Panchayats, besides 56 cantonment boards—a kind of extra-constitutional body. The Fifth Schedule Areas in Assam, Meghalaya, Tripura and Mizoram have been excluded from the operation of the 73<sup>rd</sup> and 74<sup>th</sup> Amendments under State legislation. The Parliament has to first extend the provisions through legislation. While the Parliament has passed legislation in respect of rural local bodies in 1996, it has yet to act to extend the provisions of urban local bodies. As a result, in the states of Mizoram and union territories of Dadar and Nagar Haveli no municipal bodies exist. In Meghalaya, The Municipal Act is still under consideration. In Jammu and Kashmir and Sikkim, the Municipal Acts have been passed rather late. No place seems to have been declared urban in Arunachal Pradesh. In all these states, under popular demand or as a populist measure, some nagar panchayats, recently in Harayna, have been de-municipalized. **(Singh, 2001)** Elsewhere, which means in all large states, the Conformity Acts were passed before the deadline of June 1, 1996. Except Bihar and Pondicherry, municipal bodies have been constituted though there were cases of serious delays elsewhere for the first set of elections **(Sivaramakrishnan, 2000)**,

### **Functional Domain of Municipalities**

The amendments evolved a uniform pattern of local bodies across the country with little scope in detail, suggested some of the functions/ responsibilities/ tasks for devolution/ delegation, if already delegated, and exhorted the State Legislatures to endow the local bodies with such power, authority and resources as may be necessary for carrying out such functions. In respect of Schedule Fifth and Sixth Areas, the Parliament has yet to extend the provisions for urban local bodies.

### **Constitutional Position**

Part XI of the Constitution deals with the relationship between the Union and the States and it has two chapters- Chapter I dealing with legislative relations and Chapter II, with administrative relations. Of the eleven articles dealing with legislative relations, Art. 246 delineate the legislative competence of the Parliament and the State Legislatures as regards the subject matters. The clause (3) of the article stipulates exclusive power to the State Legislatures to make laws with respect to any of the matters enumerated in List II in the Seventh Schedule while the Clause (2) stipulates co-extensive power to the State Legislature along with the Parliament with respect to any of the matters enumerated in List III in the Seventh Schedule. All subject matters related with local functions are listed in List II and III and traditionally local powers of raising resources (taxes, user charges and loans) are also listed in the List II. As the local bodies do not have any exclusive domain of their own. Their domain is co-extensive with and a subset of the state's functional domain.



## Twelfth Schedule

Art. 243 W suggests that the Legislature of a State may, by law, endow the municipalities with such powers and authority as may be necessary to enable them to function as institutions of self government and further suggests that such law contain provision for the devolution of power and responsibilities upon municipalities- subject to such conditions as may be specified—with respect to (i) the preparation of plans for economic development and social justice and (ii) the performance of the functions and the implementation of schemes, as may be entrusted to them, including those in relation to the matter listed in the twelfth Schedule. Certain things should be clear. First, the article is not a statutory binding for the state Legislatures. Second, provision for devolution of power and responsibilities, with conditions, is indicative. Third, the Twelfth Schedule is only illustrative; all matters listed therein neither need to be devolved, nor are they suggested to be exhaustive. Fourth, the schedule indicates only the subject –matters of functions, not the functions themselves that could be entrusted. Fifth, powers, responsibilities and authority may be devolved by the law in anticipation of functions and schemes that may be entrusted to them.

## Some Exercises on Functional Domain

All major States had Municipal Acts as well as Municipal Bodies much before they came into existence in the present form. (they have thus their foster parents) There might have been many Municipality Acts by which the municipal bodies were governed, partly because of reorganization of states in different phases. For example, there are four Municipal Acts in the State of Maharastra ( **Pethe, 2003**). While Andhra Pradesh had two. Some States only amended their existing Acts; others have them for the first time. Usually there are two Acts—one dealing with municipal Corporations and the other with other municipalities. This are now of three levels: Municipal Corporations, Municipal Councils and Nagar Panchayts. Some small states do not have any urban local bodies; others do not have any municipal corporations. Among the major ones, Kerela does not have any nagar panchaya while Maharastra has only two. There are in existence cantonment boards as well, on which the Constitution is silent. As there has to be a division of local functions between different tiers of rural panchayts, the note has to be taken of the size of habitation in the legislations for different levels of urban local bodies.

## Present Position of the Functional Domain

Based on the study of secondary sources, we come to the following general pattern. All major states have assigned to their urban local bodies the responsibility of (i) public health, sanitation, conservancy, and solid waste management ( Item 6 of Schedule XII , item 6 of state List of Schedule VII ); (ii) provision of urban amenities and facilities such as parks, gardens and playgrounds ( Item 12 of Schedule XII, Item 18 of State List and item 20 of Concurrent List in Schedule VII; (iii) burials and burial grounds, cremations and cremation grounds and electric crematoriums( item 14 of Schedule XII, Item 10 of State List in Schedule VII); (iv) vital statistics including registration of deaths and births( Item 16 of Schedule XII, item 30 of Concurrent List in Schedule VII); and (v) regulation of slaughter houses and tanneries ( Item 18 of Schedule XII Item 15 of State List in Schedule VII). While the last two are regulatory in nature, the middle one is a serious problem only in metropolis.

All most all the states have assigned to their urban local bodies the responsibility of (vi) urban forestry, protection of environment and promotion of ecological aspects ( Item 8 of Schedule XII, Item 6 of State List in Schedule VII, major exception being Delhi;

(vii) water supply for domestic, industrial and commercial purposes ( Item 5 of Schedule XII and item 17 of state List in Schedule VII), major exception being Delhi, Andhra Pradesh ( in fact Hyderabad) and Madhya Pradesh; (viii) roads and bridges ( Item 4 of Schedule XII and Item 13 of State List in Schedule VII), major exception being Uttar Pradesh and Delhi; ( ix) cattle pounds and prevention of cruelty to animals ( Item 15 of Schedule XII and Item 15 of State List and Item 17 of Concurrent List in Schedule VII), major exception being Andhra Pradesh ; ( x) public amenities including street lighting , bus stops and public conveniences ( Item 17 of Schedule XII and Item 5 of State List and Item 20 of Concurrent List in Schedule VII), major exception being Andhra Pradesh.)

With few exceptions, the states have assigned ( xi) ‘ safeguarding the interests of the weaker sections of society, including the handicapped and the mentally retarded ( Item 9 of Schedule XII and Item 9 of state List and Item 16 of Concurrent List in Schedule VII, and (xii) ‘ promotion of cultural, educational and aesthetic aspects’ ( Item 13 of Schedule XII and Items 12 / 33 of State List and Item 25 of Concurrent List in Schedule VII). What is important is that many States have reservation on the items listed in the beginning in the Schedule XII. While Andhra Pradesh, Gujarat, Maharashtra, and Delhi have reservation in assigning the responsibility of urban planning and urban poverty alleviation. Uttar Pradesh joins the above mentioned States when it comes to assigning the regulation of land use and construction of buildings and Madhya Pradesh will join them in not assigning the responsibility of slum improvement and up gradation. Karnataka and West Bengal would join them in not assigning the responsibility of planning for economic and social development.

### **Constitutional Provision**

The Act repeats the existing laws and practices. The Article 243 X stipulates that the Legislature of a State may, by law:

- a) authorize a Municipality to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedures and subject to such limits;
- b) assign to a Municipality such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits;
- c) provide for making such grants-in-aid to the Municipalities from the Consolidate Fund of the State;
- d) provide for constitution of such Funds for crediting all moneys received, respectively, by or on behalf of the Municipalities and also for the withdrawal of such moneys there from, as may be specified in the law.

A redeemable feature of the 73<sup>rd</sup> and 74<sup>th</sup> Amendment Acts is the provision regarding constitution of State Finance Commission and its mandate and the direction to the Governor to cause every recommendation made by the Commission to be laid before the Legislature of the State. However, it is at the sole discretion of the Legislature to accept any of the recommendations. So far the experience is not very encouraging yet there is no point in getting dissuaded.

## **15.4.1 Municipal Finance in the Wake of the 74<sup>th</sup> Amendment**

### **Financial Provision**

Both 73<sup>rd</sup> and 74<sup>th</sup> Constitution Amendment Acts provide for State Finance Commission to recommend financial resources devolution to urban as well as rural bodies. The 73<sup>rd</sup>

Amendment Act under Article 243 (I) provides for a State Finance Commission for devolution of financial resources from the states to PRIs. The 74<sup>th</sup> Amendment Act under Article 243 (Y) makes a reference to the Finance Commission provided under Article 243(I) for looking into financial obligations of urban local bodies also. 74<sup>th</sup> Amendment Act provides for the constitution, by every state, of a State Finance Commission, within one year of the amendment and thereafter every five years, regarding the financial resources of local bodies. Unfortunately, the recommendations of the Commission are not binding on the respective states. But still the Municipalities blame the State Governments that they are not getting the required finances to run the urban body.

### **People's Participation**

In spite of 74<sup>th</sup> Amendment visualizes the 'people's participation' as one of the main objectives, the people's actual participation in the Municipal affairs of the city is still limited. Major cause of this attitude is that the people look towards the Municipal bodies with inherent suspicion and take it for granted that their problems and grievances will not be taken care of .

### **Private Public Partnership**

As most of the Municipalities are really the example of bad governance, as no private party is willing to shake hands with the Municipal authorities. Private parties also think that to push their project through the Municipal authorities is really time consuming and wasteful.

### **Professionalisation**

Still it is a common precept in the Municipal governance that the ' garbage disposal ' or ' making provision of basic amenities ' don't require any ' specialization ' and ' professionalisation ' as such. In this way the Municipal Authorities were able to change the mindset of the people from the ' regulatory ' to ' developmental ' psychology which has further supported the professionalism.

### **Political Support**

It has been the general experience that whenever large scale reforms are carried out. It leads to lot of resistance. Resistance comes from two quarters. First from the side of employees who don't want to mend their working styles and take the shelter of politicians. Second resistance comes from the people who have vested interests and have even the backing of the politicians. ( Dixit, 2004).

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## **15.5 CONCLUSION**

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The fifty years of urban government in Independent India have witnessed a tremendous shift. Urban government is faced with a variety of social, economic, political, psychological, ethical, and environmental complexities. The success and effectiveness of urban local self government depends upon the administrative and political willingness of the State Governments to accept these grassroots level government units as their youngest partner at the third tier of the federation. As a consequence to the 74<sup>th</sup> Amendment to the Constitution the democracy has been decentralized. The people have been granted active participation in grassroots administration. A new light has been added to urban administration. Thus urban administration in the country has a long history changing its nature from "local self government" to "local body". The focus transformed from "local self government" to "local government" and now to "good local governance". ( Singh, 2004).

The Nagar Palika Central Legislation i.e., the 74<sup>th</sup> Constitutional Amendment has scattered spatially hundreds of small local governments through out India. Governments with their respective territorial jurisdictions have been formed. India has, thus, become a “federation of federations”. The 74<sup>th</sup> Amendment has not only constitutionalised the status of urban local government but also improved its life, structure, working and finance. In the view of M.A. Hussain “With a plethoras of legislations, ironically, the performance of urban local bodies instead of improving is widely to deteriorate further. The primary objective of evolving so many legislations was to give power to the people. Instead, a chain of bureaucracy would be created, which in its turn would create problems and dilemmas, inhibiting a smooth working of the much talked Nagar Palika Act.”

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## 15.6 KEY CONCEPTS

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- Public Private Partnership** : Joint efforts on the part of local governments and the business community to plan for, generate public support for, and pay for major social programmes or construction projects that will be mutually beneficial.
- Councils of Government** : Oversight bodies representing various localities to help coordinate local affairs.
- Distributive Policy** : Policy involving use of general tax funds to provide assistance and benefits to individuals or groups.

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## 15.8 ACTIVITIES

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- 1) Discuss the revolution of local government in India.
- 2) Discuss the impact on urban local government in the wake of 74<sup>th</sup> constitutional amendment.

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## **UNIT 16    INTRA-LOCAL GOVERNMENT RELATIONSHIP-I- RURAL**

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### **Structure**

- 16.0    Learning Outcome
- 16.1    Introduction
- 16.2    Gram Sabha and Gram Panchayat
- 16.3    Connectivity through Membership
- 16.4    Intra-tier Distribution of Powers and Functions
- 16.5    Intra-tier Responsibilities: The Eleventh Schedule
- 16.6    Intra-tier Implementation Hurdles
- 16.7    Conclusion
- 16.8    Key Concepts
- 16.9    References and Further Reading
- 16.10   Activities

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### **16.0    LEARNING OUTCOME**

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After studying this unit, you should be able to:

- describe the intra-relationship between the various tiers of the local government bodies;
- define the intra tiers responsibilities as per the 11<sup>th</sup> schedule of the constitution; and
- analyse the intra tiers implementations hurdles.

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### **16.1    INTRODUCTION**

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The 73<sup>rd</sup> and the 74<sup>th</sup> amendments have introduced major structural changes in local governance. Local government institutions had hitherto remained restricted to performing ‘agency’ functions on behalf of the state governments and that too not on a consistent basis. Initiative at the local level in terms of policy planning had been conspicuously lacking. Frequent supercessions, irregular elections, inadequate devolution of powers and functions, and the most crippling factor of all, inadequate resources, had rendered local units, ineffective institutions of self-government. Besides confusion has prevailed regarding the number of tiers, with the Balwant Rai Mehta Committee proposing three and the Ashok Mehta Committee advocating two, viz. Mandal Panchayats and Zilla Parishad. The new amendment has gone with the former argument in this respect, that is, a three-tier arrangement has been settled for, and 29 items have been specified in the eleventh schedule in respect of which the state governments have the option/choice to delegate functions to local governments along with commensurate authority and resources as per stipulations in this regard by the state legislature and the state finance commission as provided by the 73<sup>rd</sup> amendment.



Committee system has been provided for at each level of the jurisdiction, which *act as a conduit* for sharing information and expertise between tiers, which in fact would be vital for effective grass roots planning, as envisaged in the 73<sup>rd</sup> constitutional amendment. Though the constitutional amendment is silent on the subject, committees have always been functional in all tiers. Though there is no definite provision in any of the state acts for committees at the village and samiti levels, all state acts provide for committees at the parishad level except Haryana. At the village Panchayat level, the number of committees, their structure, scope and functions vary from state to state. Committees are constituted for dealing with specific functional subjects but they may also cut across jurisdictions, as the *Beneficiary Committee* associated with the Gram Sabha in Andhra Pradesh. Except for Andhra Pradesh and Maharashtra, all states have provided for committees at the samiti level. In Andhra Pradesh, A mandal panchayat could constitute a joint committee with other local authorities for a joint purpose on its own initiative or if so required by the government of the state (Bajpai and Verma, 1995).

In what manner and to what extent the instrumentality of committees is utilised to collate expert information from relevant government and non-government sources will depend on the arrangements worked out in this regard in different states, as per particular/specific requirements and constraints, political constraints or pertaining to resources, more possibly. However, the committee system opens up tremendous opportunities for intra- tier as well as inter- jurisdiction coordination/cooperation, which would prove immensely beneficial for concerted rural-urban development.

Also, to what extent local governments are developed as institutions of self- governance would depend on the history in/of the state in this regard and the conventions and traditions in this respect, as for example, certain states have followed the democratic norm better than the others, such as Karnataka, Kerala and West Bengal, Madhya Pradesh, and some have preferred rather, to observe provisions in breach, as Bihar and Uttar Pradesh and most other states. In this unit we will be discussing the intra tier local government relationships in the context of planning, responsibilities and implementation.

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## 16.2 GRAM SABHA AND GRAM PANCHAYAT

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The 73<sup>rd</sup> constitutional amendment has prescribed a three-tier system of Panchayats, for all states which have a population of more than 20 lacs, which means, in each case, there shall be panchayats at the village (Gram panchayat), intermediate (panchayat samiti) and district levels (zilla parishad). The Gram Sabha is the most important institution where peoples' participation is set to be invoked. Previously, where the gram sabha existed, it functioned as the prime association with the status of a body corporate with perpetual succession and a common seal, vested with the authority to sue or be sued in its corporate name, of acquiring, holding or transferring property and of entering into contracts. After the amendment, the Gram Panchayat has assumed that status. However, the gram sabha still retains considerable authority, as it is required to meet periodically and give its recommendations and suggestions to the gram panchayat which carry enough weight to ensure due consideration. The interconnection between the two bodies is also ensured by the fact that the chairperson of the gram panchayat presides over the meetings of the gram sabha. In most states, the gram sabha gives credible opinion on the annual administration reports, the annual statement of accounts and audit reports. Besides, the gram sabha is an indispensable instrument for bringing about/ ensuring social solidarity, organising and managing volunteer groups active within its jurisdiction for various purposes,

such as disaster management, family planning, gender justice and so on, and acting in tandem with the government in identification of beneficiaries for development programmes, overseeing distribution of funds for welfare programmes, where such distribution is to be monitored and there is no specification regarding the instrumentality. Even otherwise, the cooperation of the Gram Sabha is sought on almost all occasions (Bajpai & Verma, 1995). However differing views have been expressed in the tenth plan (2002-07). In the chapter on "Poverty Alleviation", the tenth plan 2002-07 articulates that only ceremonial functions have been given to the gram sabhas. The powers and functions of the gram sabhas need to be enlarged to give them effective powers of implementation, and monitoring of development plans. There is a declaration that social audit of all development programmes by the gram sabha, would henceforth be made mandatory. There is a proposition that the committee system which has been adopted in many states to facilitate a more participative decision making process in the panchayats should be incorporated in the state panchayat acts. The powers entrusted to a gram sabha in Scheduled V areas could be entrusted to gram sabhas in non-scheduled areas as well. Schedule V of the Indian Constitution provides for special provisions with regard to administration of regions having tribal populations. Uplift of tribal populations through policy aimed at their specific concerns is the main agenda of administration in these regions.

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### **16.3 CONNECTIVITY THROUGH MEMBERSHIP**

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Regarding intra- tier connectivity, through membership, the constitution amendment act has left the matter of representation of the chairperson the gram panchayats and intermediate panchayats at successive higher stages, that is, the intermediate and district panchayats; to the discretion of the state governments. In Gujarat, Madhya Pradesh and Maharashtra, there is no representation of the chairpersons of the village panchayats in the panchayat at the intermediate level. In case of Karnataka, Himachal Pradesh and Rajasthan, there is provision for representation of one fifth of the chairpersons of the village panchayats in panchayats at the intermediate level by rotation for one year. In case of Tamil Nadu and Haryana, there is provision for election of chairpersons of village panchayats equal to one-fifth of the total elected members of the panchayats, by rotation, at the intermediate level. Punjab has adopted more or less the same pattern As far as representations of chairpersons of Panchayats at the intermediate level in the panchayats at the district level is concerned, except for Gujarat and Maharsahtra, all states have provided for representation. In Andhra Pradesh and Rajasthan, they are treated as permanent invitees. In case of Tamil Nadu, the restriction is that only such number of chairpersons as shall be equal to one- fifth of the total number of elected numbers will be represented at the district level. Regarding representation MPs and MLAs at successive tiers in panchayats who operate within its jurisdiction, as well, the decision rests with the state legislature (Bajpai and Verma, 1995).

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### **16.4 INTRA-TIER DISTRIBUTION OF POWERS AND FUNCTIONS**

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Work distribution and the relative significance of the three tiers in respect of powers and functions, ever since the Balwantrai Mehta Committee reveals a distinct reluctance on the part of state governments for meaningful and effective devolution of powers and functions, which continues till the present day. Despite the Mehta committee's recommendation in favour of having the panchayat samiti as the fulcrum in the scheme of things in decentralised governance at the local level, most states favoured a strong zilla parishad.

It was even opined that the district development council in fact was the right institution to be developed as a democratic forum of local governance, which could be entrusted with the responsibility of implementing all developmental works up to the district level. It was even felt that it would be right to entrust it with the right to supervise the functions of the village panchayats and the samitis. Though Rajasthan struck a different note by strengthening the samitis, the experiment was subsequently reviewed after a few years when expected results were not forthcoming (Ibid).

As regards the powers and functions that ought to be entrusted to each tier, the Balwantrao Mehta Committee had recommended that the functions of the panchayat raj bodies should include all areas concerning the social and economic development of the area *in a general sense*. *In particular*, they should be entrusted with functions like, public health, clean water, lighting and cleansing, local roads and amenities. To these, development programmes should be added like, agriculture, animal husbandry, fisheries, social forestry, rural industries, family planning, education, social education, welfare programmes, irrigation channels, rural electrification and so on. Subjects whose effects transcend village boundaries should be entrusted to samitis, and those that concern the district as a whole, should be with the parishad. All else should be with the village panchayats.

According to the Ashok Mehta Committee, decentralisation should be attempted in the nature of real and effective devolution of powers and functions, and not as seemingly, 'political charity'. Delegation should start from the state governments. Developmental functions pertaining to the district, which are being retained/performed by the state governments, should be delegated to zilla parishads. These would be in the agriculture and allied sectors, marketing, health, education, communication, rural industries, welfare of backward classes etc. excepting certain functions like research in agriculture, College and University education, medium irrigation projects involving complications or items covering a larger area than one district, pilot projects etc. The committee also emphasised that commensurate resources should be provided to the institutions to efficiently discharge the responsibilities delegated. Those regulatory functions, which are tied with development work, should also be entrusted along with the devolution at respective tiers. It is felt that efficient resource management can come about only by vesting control regarding its management in the local groups and poverty and disability can best be tackled by empowering communities and urging them to self- help through catalytic intervention at the local level itself.

Overall perusal of the 73<sup>rd</sup> amendment suggests that it has assigned subjects like provision and maintenance of civic amenities, public hygiene, maintenance of public works, primary education, agricultural production, rural industries, and primary health care, women and child welfare etc. The functions of panchayat samitis are limited including various local schemes entrusted to them and some works taken up from their own resources. The District Panchayats have been kept as, generally, advisory and fund distributing bodies except in a few states where substantial functions have been entrusted to them. By the 73<sup>rd</sup> constitutional amendment, state governments have been enjoined the responsibility to develop local institutions as institutions of "self -governance" and bestowing such power and authority as might be appropriate to that end. Devolution has to be with respect to:

- The preparation of plans for economic development and social justice,
- The implementation of schemes for economic development and social justice as may be entrusted to them, including those in relation to matters listed in the Eleventh schedule (Ibid).

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## 16.5 INTRA- TIER RESPONSIBILITIES: THE ELEVENTH SCHEDULE

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A close study of the eleventh schedule suggests that local institutions have been assigned major responsibilities. These in fact could determine the future course the country adopts, implying/ regarding, the development stance it takes, mostly matters pertaining to sustainable development, education and welfare of the weaker sections et al. as India remains predominantly, an agrarian economy. Environmental and social concerns have been decentralised (by putting them in the eleventh schedule). Hence the intent is to improve the quality of service delivery by bringing the administration closer to the doorstep of the people, regarding matters that concern the day-to-day living of the rural poor. All items in the eleventh schedule, as read under, cater to/concern the livelihood of the local people and protection of their habitat through propagation of environmental control measures, their dissemination and internalisation in everyday farming and other living activities. Since these are matters relating to education and extension, education has rightly been decentralised.

The first is *Agriculture, including agriculture extension*. The approach paper to the tenth plan has recognised the centrality of the subject in national economic development. Public investment has continually shown a downward trend ever since the New Economic Policy got underway, especially since 1995-96. Public investment in agriculture declined from 1.6 percent of GDP in 1993-94 to 1.3 percent in 1998-99. Downfall in public investment is owing to system causes, which are explained by the shift towards the present, pro-business, neo- liberal paradigm of development from the traditional socialist mixed economy set up.

Revitalisation of farmer cooperative societies for the management of agricultural infrastructure, such as irrigation management, credit, storage, marketing through direct access to the markets and even exports is being discussed presently, to empower local communities. It has been emphasised time and gain that true democracy can only come about through real empowerment of people and that is possible only when they own and manage their own resources. Unless control over resources is secured, mismanagement or lack of availability would be the order the day/irredeemable woes. This would also improve extension services, since own stakes would be involved. The agriculture extension machinery and information support in most states seems to have become outmoded. The staff created under the World Bank assisted Training and visits programme do not have much mobility. Print and electronic media, and the private sector, particularly the input agencies and traders are now one of the main sources of information for the farmers (Tenth Plan).

Cooperatives would help check rampant abuse of natural resources like water, since co-sharing arrangements would be worked out between farmers on a voluntary basis which would aid further the task/end of sustainable development. Best practices could also be internalised through voluntary cooperative arrangements. The functioning of cooperative societies has suffered in the past owing to the following shortfalls:

- Cooperatives have suffered from stifling bureaucratic control and politicisation because of which they could not develop as the democratic self- help institutions that they purportedly are.
- They did not operate on sound management principles; hence, for revitalisation of cooperatives, best practices from management science like total quality management

TQM, strategic decision making, marketing etc. would have to be incorporated in their working. Women had negligible presence, which mitigated the impact of the cooperatives as a social movement.

- Absence of a national policy on cooperatives compromised their working
- They did not have adequate infrastructure support service like marketing, storage etc. that means they did not function as a network in interconnected spheres (Samantarai, 2004).

In China, ways are being explored to set up co-operative farming as a planned organisation, which would be a union of enterprises, scientific and technological workers and farmers. The enterprises will be responsible for market surveys, predictions on the produce categories and quantities demanded by the market, and deep processing and sales of the produce. The scientific and technological workers will be in charge of promoting advanced technologies, including popularisation of fine species and advantageous farming technologies and application of bioengineering and genetic engineering. Although individual farmers remain the basic production unit, membership of the union can help realise the industrialisation of agriculture and be of positive significance to increase farm incomes. The example of China is pertinent because the problems faced by the average farmer are largely similar and the issues confronting the industry, also the same (Yang, 2001).

Another positive outcome of voluntary effort would be 'collectivisation' of effort in the framing sector as a voluntary arrangement between farmers do garner economies of scale which are presently lacking in the agriculture sector because of severe individuation of effort. In all developed countries, there have been major shifts in the occupational pattern, from the primary sector, particularly agriculture, to secondary (industry) and tertiary sectors (services predominate in developed nations now). No such shift has been evident in India. In fact the average size of holdings has gone down from 2.28 ha in 70-71 to 1.57 ha in 1990-91 which means pressure on a unit of land has increased by about 2.25 times which suggests even more engagement in agriculture. Besides, the quality of farm implements has remained unsatisfactory. One of the reasons that are given to explain is, because manufacture of agricultural implements and equipments was reserved for the small-scale sector, quality could not be assured. Modern technology and precision farming techniques have remained a long distance away. The suggestion seems to come across clearly; there is need to foster large-scale capitalist farming. However that would not be possible given the present pattern of ownership. How does one attain the desired consolidation for the economies of scale intended? The share of agriculture in the GDP has declined from 61 percent in 1950-51 to 24.2 percent (2001-02), while the dependence of population on agriculture has declined only marginally, from 77 percent to 69 percent during the period.

The *third* is, minor irrigation, water management, and watershed development. The aim of putting this in the eleventh schedule purportedly, is to encourage 'communitarianism' on the part of local communities for better and more sustained use of natural resources, and for that, decentralised management and operation of local public goods. Obviously, this could be encouraged at the local level under the aegis of a local institution, which is the panchayat. Local operation/provision of public goods is considered to be the more cost effective and sustainable option. Best practices could be internalised through research and development in indigenous practices of water management and encouragement of local



initiative towards the same. In watershed development, the aim is to move from conventional practices of soil conservation based on safe disposal of run-off to rainwater harvesting based on indigenous practices. The aim of watershed development would be to ensure that basic water needs of the rural poor are met. Rainwater management would encompass multiple uses of water namely, drinking water for people, livestock and wildlife, life saving and pre-sowing irrigation of crops, natural regeneration of flora and other uses, in that order of priority. The harvested water should be treated as a common people resource by evolving suitable community practices, which would ensure equitable distribution of the usufruct. Indigenous environmental friendly practices would be encouraged, as/in vegetative soil conservation measures, use of plant species in development and reclamation of problem soils instead of harmful pesticides, which are not environmentally sustainable. Panchayat institutions and the government sector would be actively engaged in securing wastelands and forests for provision of basic bio-mass needs of the rural poor, which is minor forest produce such as, *mahuva*, *chironji*, *honey*, *gum*, fuel and fodder for livestock, inputs for small scale and cottage industries such as basket and mat weaving. Certain non-government organisations have started the practice of leasing and contracting out land to village dwellers for provision of basic needs and protection of the wider natural environment. The lands are periodically retrieved for further leasing (The Tenth Plan).

Related, is the *sixth* subject, which is social forestry and farm forestry. Decentralisation of environment protection again, follows the same reasoning that forests can be better secured if local people are offered a stake in their preservation and development. As per the New Forest Policy, the idea of Joint Forest Management (JFM) has been mooted which turns to practice the aforesaid idea/argument. As part of the JFM, indigenous knowledge about plant species and ways to conserve them, especially among rural women would be utilised to achieve better forest conservation. Besides, exploitation of forest resource by private companies would be checked. Wood based industries would be made to undergo modernisation programmes, for reduction and recycling of waste regulations regarding use of seasoned and treated material, promotion of standards and codes for wood products etc. Community woodlots and public woodlots would be encouraged to check rampant exploitation from private timber merchants. Under the JFM, local communities have been granted stake in the earnings from forest resources, which has augmented their earnings and encouraged participation on their behalf in forest management. Since this could best be administered at the local level, it has been included in the eleventh schedule. Panchayat Raj institutions would have a major role to play in the greening venture, and better institutionalisation of JFMs with effective legal back up.

The *fourth* is, animal husbandry, dairying and poultry. It has been recognised globally, that conservation and improvement of native animal genetic resources is essential for sustainable development in agriculture and animal husbandry. Cross fertilisations have brought indigenous breeds of cattle to the point of extinction which are better adapted to local conditions with better feed conversion of crop residue. Hence conservation and improvement programmes should be decentralised and active involvement of non-government organisations should be sought. Hence, in line with the decentralisation, the tenth plan marks a shift from "subsistent livestock farming to sustainable and viable livestock and poultry farming". Technology transfer in the field of processing and distribution of livestock products will be the thrust area in the tenth plan for which extension services for knowledge transfer and knowledge networking between veterinary schools, colleges, Krishi Vigyan Kendras and State Agricultural Universities and their field stations would be sought. Integration of



animal research institutes with the department of animal husbandry and dairying is essential to facilitate transfer of technology as well as to undertake sanitary and phyto- sanitary measures for better livestock production. For knowledge creation and dissemination through informed and educated extension workers, human resource development through collaboration between farmers, non- government organisations and expert agencies in related fields would be sought. Besides the overlap between the Ministry of Agriculture, Ministry of Rural Development and the Ministry of Non -conventional Energy Sources etc. in matters related to animal husbandry and dairying would be tackled through efforts at consolidation and convergence of/in such schemes.

The *fifth* is, fisheries. Waterlogged lands could be reclaimed for aquaculture and crop production. Alkalinity and salinity of the land would be treated through effective drainage. The technology employed would be environment friendly/people friendly, based on active participation of the people. The seventh is minor forest produce, which refers again to the New Forest Policy and watershed development schemes, read above.

The *eighth* is small-scale industries including food-processing industries. The sector is rural in nature, hence rightly placed in the eleventh schedule. Growth in these sectors has been hampered by constraints, such as lack of timely credit, technological obsolescence, infrastructural bottlenecks, marketing constraints, and too many rules and regulations, stifling initiative. De-reservation of 85 items under liberalisation has also affected the industry. A New Policy Package has been announced (2004-05). Limits for investment in plant and machinery, loan limits from the RBI have been raised. Small and medium enterprises would, it is proposed, be integrated and the Small and Medium Industries Fund of Rs. 10,000 has been operationalised by the SIDBI since 2004. Attention is also being paid to remove the above-mentioned constraints (Economic Survey, 2004-05). The agency of the panchayat institutions could effectively *channelise* these benefits to the small-scale sector and be actively involved in planning efforts with regard to these sectors, in the sense of needs articulation. It is crucial since entrepreneurial activity should be promoted, pooling individual efforts for better productivity and employment in the countryside.

The *ninth* is khadi, village and cottage industries. In the new environment of globalisation, the Khadi industry is facing the threat of premature and nebulous competition. Since it is a major source of employment for the illiterate rural poor, ways have to be evolved to protect the industry in the wake of constraints put up by the environment following the paradigm shift towards globalisation and free trade. Growth in khadi trade has dwindled over the years because of problems relating to marketing and uncertainty about the rebate policy to make the khadi cloth cheaper in the market. The Tenth Plan envisages promoting khadi through setting up rural industrial estates and artisan clusters to provide necessary infrastructure and support services to the village industries. Developed land, power, water, common facility centers, design and quality inputs and common packaging facilities would be provided at such clusters. The common facility centers would be managed by the implementing agency for the industrial state. Financial assistance would be provided by the KVIC or by agencies such as National Bank for Rural Development NABARD, Small Industries Development Bank of India SIDBI, Council for the Advancement of Peoples' Action and Rural Technology, CAPART etc. The managerial aspect of the endeavor would be entrusted to local self-governing institutions.

Items, *ten* to *fourteen* deal with basic services, like housing, fuel and fodder, drinking water etc. Regarding safe drinking water, it has been noted in the tenth plan that

panchayats are unwilling to shoulder the responsibility for operating and maintaining water supply projects which are presently designed and executed by implementing departments at the state level and passed on to end users. The State governments lack the machinery to implement these programmes at the village level. Hence a radical change is called for in the management system. Instead of being supply driven, water supply infrastructure should be as per assessed demands, and the capability to handle the infrastructure. User preferences should be taken into account between hand pumps, stand posts, household connections. People should be informed of the costs and benefits of each option and asked to make a choice for themselves. Hence, stakeholder participation is and necessary effort could be collated under the aegis of the panchayat institutions. Panchayats should also share the expenses of the projects and the responsibility of providing for the maintenance and good workmanship. Besides concerted efforts are required for watershed management measures, referred above, on the part of the community based organisations since they can be best coordinated at the local level. As local institutions are gradually institutionalised and gain in confidence, future scenario in this respect would be encouraging. Hence, one could confidently go with the listing of this subject in the eleventh schedule

*Twelfth* is, fuel and fodder. The JFM has been discussed above. Local people have the knowledge regarding what species need to be planted for fuel and fodder requirements. Hence, the joint arrangement for forest management between official agencies and the community would serve the twin purpose of addressing the requirements of local communities for fuel and fodder and conserving the other plant species, which could be hacked for firewood. Apart from community woodlots and public woodlots, farms and homesteads, for meeting the requirements of fuel and fodder, medicinal plants, poles, timber etc., degraded forests, wastelands private marginal lands and agricultural farms, are also being utilised for the purpose, raising the level of private tree planting to 6m.ha. The emphasis on social forestry by the National Commission on Agriculture since 1976 has given fillip to the initiatives. Private sources now account for more than 50 percent of the national requirements of wood in the country. Considering the contribution of the private sector, the tenth plan calls for further government incentive for such efforts.

*Thirteenth* is, roads, culverts, bridges, ferries, waterways, and other means of communication. The *fourteenth* is, rural electrification, including distribution of electricity. The UDF is sated to play a major role in infrastructure development in the rural, areas. Low level of disbursements from the rural infrastructure development fund (RIDF) had been a cause for concern. The scope of the RIDF has consequently been widened to include activities such as rural drinking water schemes, soil conservation, drinking water, rural markets, health centers, schools, mini hydel plants, aganwadis, system improvement in the power sector etc. and projects undertaken by the panchayat institutions.

*Fifteenth* is non -conventional energy resources. Interestingly, development of non-conventional energy resources has been decentralised since subsistence of the poor farmer is indirectly associated with resource exploitation, like burning wood and charcoal for fire. Promotion of non-conventional energy sources is intended to meet the twin objectives of affecting the shift in the use pattern towards environmentally friendly means and its popularisation among the rural masses at the local level to check environmental degradation and global warming to make available better more consistent source of energy to the people in the rural areas.

The *sixteenth* is poverty alleviation programmes. Though poverty has come down in absolute terms from 37.27 percent in 1993-94 to 27.09 percent in 1999-2000 in rural

areas, achievements have fallen short of targets. This is attributed to imbalances in target achievement in states. Poverty is endemic in certain pockets in relatively poorer states like Orissa, Bihar, West Bengal, Uttar Pradesh, Madhya Pradesh. These states alone accounted for 69 percent of the poor in the country in 1999(Tenth Plan). Hence, considerable stress is being laid on decentralised governance and needs articulation through micro planning to alleviate the distress in these regions owing to specific causes. There is need for area-based targeted approach instead of a top down approach with little semblance to the situation on the ground. This is the message put across by including the subject in the eleventh schedule assigned to the panchayats. There is also need to inter- connect the various self-employment and wage employment programmes to approach poverty reduction in a comprehensive manner. There is also need for integration with other sector progress such as health and nutrition, family welfare, as these all variables in creating the poverty situation. Poverty is not just an economic concept. It has significant sociological dimensions as also cultural; hence, cannot be tackled in an isolated manner. Such integration can be achieved only at the local level under the aegis of the politically legitimate panchayat institutions. Coordination left to the administration alone would be ineffective as has been the case up till now. It is hoped that delegating planning and implementation functions to the local level could check pathological processes like alienation of tribals from their land.

Civil society activism would also be secured in a better way at the local level, which is showing promise in the field of poverty alleviation. Cooperation, for instance, could be institutionalised through committees. Example of successful civil society activism could be their efforts in securing the livelihoods of the downtrodden segments of society. Agricultural workers did not benefit from zamindari abolition as they have no land and employment opportunities have not grown enough in the non-farm sector. Besides, there have been malpractices like concealment of land to hide the surplus available for distribution among non- farm communities etc. Conferment of ownership rights to the tenants has proved to be a retrograde measure, as it has deterred farmers from renting out land even if there were no able bodied members to cultivate for fear of acquisition by the owner. This has had adverse impact on productivity and employment opportunities for agricultural labourers. This warrants a fresh look at the tenancy laws. Certain innovative experiments in this regard pioneered by non -government organisations have worked, like the idea of 'pani panchayat' in Maharashtra, where each member of the village has equal right over water irrespective of ownership over some piece of land, and hence, big farmers are forced to lease out land to agricultural labourers who have no land but water rights, to access more water. A variant of this approach has been granting a larger share of the common property resources, which result from the rejuvenation of a watershed due to water supplied by the agricultural labourers. These families have been able to take up animal husbandry or fishery as a result of cooperative watershed development. Creating an enabling environment for development of a land market by removing restriction on sale, mortgage or leasing of land would be advisable, since there are many families who have moved out of the village but continue to hold land because of these restrictions. The State can also be a player as in Tamil Nadu, Andhra Pradesh and Karnataka, where the National Scheduled Castes and Scheduled Tribes Finance Development Corporation provides assistance to SC, ST families to purchase land. Alienation of tribals from their land by forced evictions can be checked through measures like computerisation of land records and the PESA, 1996, which has not been stringently implemented by state governments. The Panchayats (extension of scheduled areas act, 1996, extended the provisions of the 73<sup>rd</sup> constitutional amendment, 1992, to the scheduled areas in the states of Andhra Pradesh, Chattisgarh, Gujarat, Himachal Pradesh, Jharkhand, Madhya Pradesh,

Maharashtra, Orissa and Rajasthan. PESA enables tribals to preserve and conserve their traditional rights over natural resources including land (Ibid).

Subjects, *seventeenth to eighteenth* relate to *education*, including primary and secondary schools; technical training and vocational education; adult and non-formal education; libraries, and cultural activities. This would be a natural corollary to decentralisation of other functions, relating to sustainable development practices in agro forestry, farm forestry, soil conservation et al and for poverty alleviation through employment generation. Human Resource Development for better extension services and empowerment of the general rural folk, particularly farmers for better use of natural resources and environment friendly practices.

*The Twenty- second* is markets and fairs. Marketing arrangements for rural industries and agricultural products are presently inadequate. Extension workers possess inadequate information about market conditions regarding prices; farmers are ill informed and resource constraints and lack of political will largely explain governmental apathy towards the farmers. If the shift towards the neo- liberal paradigm of governance has had some negative consequences, like, falling public investment in agriculture, there are positive potentials to be tapped. Increasing stake/ participation of the private sector is one such feature. It will lead to productive results in extension, storage and marketing, education, basic services like housing electricity etc. To arrange for the same, autonomy would be required for policy decisions at the local level or even a stake in policy. Past experience suggests that there has been reluctance on the part of M.L.As to delegate authority to local elected officials and have even resented their growing political clout. Such interpersonal conflicts could mar the spirit of the present amendment, which is primarily aimed at grass roots planning.

*Twenty- third* is Health and Sanitation, including hospitals, primary health care centers and dispensaries. Regarding Health, the key requirement/issue is horizontal linkages of related programmes, which are presently operating only vertically, that is through their specific departments, without necessary linkages with other departments,' in that health and sanitation are related problems; poverty is a debilitating factor, lack of primary health care centers and man power therein etc. Such horizontal linkage can be established only when local administration is activated. Regarding services generally at the local level, problems are more administrative in that teachers and other staff get away with no performance. Hence, monitoring, regarding, punishing, et al, which are essentially problems, related to motivation are the areas of concern at the local level. For example, village panchayats need to adopt building byelaws that restrict construction of dry latrines, which have to be manually scavenged. Information regarding all low cost options, providers of the same, whether private or non- government, should be available with samitis and disseminated through marts etc.

*Twenty- fourth* is Family Welfare. The NDC sub -committee on population recommended that there should be a paradigm shift in the Family Welfare Programme and the focus should be on:

- Decentralised area- specific planning based on needs assessment
- Emphasis on improved access and quality of services on women and children
- Providing special assistance to poorly performing states/districts to minimise the differences in performance.



- Creation of district level databases on quality, coverage and impact indicators for monitoring the programme.

Decentralisation of family planning thus is in line with the wider objective of need- based and culture specific application of programmes which is also in accord with the international strategy in this regard, articulated at the International Conference on Population and Development, held at Cairo in 1994.

*Twenty- fifth to twenty- seventh*, concern improving the *quality of life of people*; accordingly, *twenty -fifth* deals with women and child development; *Twenty –sixth* with social welfare, including welfare of the handicapped and mentally retarded; *twenty seventh* concerns welfare of the weaker sections, in particular, scheduled castes and scheduled tribes. Since, most of rural poor are engaged in non-farm activities, employment opportunities need to be furthered in this sector. Hence, employment avenues and education and training along with credit support is required for weaker sections, for which planning is necessary. Hence, the aforesaid subjects have been put in the eleventh schedule, as eventually, local institutions would be developed as institutions of development planning. Also, during implementation of schemes identification of beneficiaries is better affected through the panchayat institutions. It is notable, that social welfare concerns, as health above, need an integrated approach instead of isolated/ piecemeal approach, implying, welfare of weaker sections, is a broad concern with components that cut across jurisdictions/functional specialties within ministries/departments. Hence, there integration at the cutting edge level is vital for tangible results in this regard. Also, welfare is tied/ correlated with education. Since education is a purported to be decentralised, welfare is better dealt with at the level of closest interface between targeted beneficiaries that is citizen and the administration.

The *Twenty- eighth* deals with the particular subject of the public distribution system (PDS), which is related directly to poverty. The issue of food security can be addressed in two ways. First, by putting purchasing power in the hands of the rural poor in order to create demand for food items. This can be done providing employment to the rural poor. Second, food can be provided at subsidised rates to the poor. The PDS is based on the second line of thinking though it serves to complement the former in that employment generation is crucial for any demand to exist in the first place. The public distribution system operates through a network of fair price shops (FPSs) that sell essential commodities at subsidised rates. The operation of the PDS has been adversely affected because of corruption and problems in identification of beneficiaries. Unscrupulous elements with alleged connivance of officials buy off goods at very cheap rates and sell off in the open market. That creates shortages within the PDS or a residue of cheap quality grain. Decentralised procurement is being explored as an option to secure better service delivery. Maintenance of community grains would help during contingencies and even in normal times in areas where employment cannot be actively produced due to constraints. Identification of beneficiaries could be better secured through innovative measures like smart cards, food credit/debit cards and food stamps. All these arrangements would be better secured through decentralised operations. That explains the rationale of putting PDS in the Eleventh Schedule.

The *Twenty- ninth*, is Maintenance of Community Assets. In the process of developments in the aforesaid functional areas, assets would come up like water harvesting structures et al, the onus for the management of which would be with the local communities. This is designed to train local functionaries in the nuances of administration, which would them

develop in due course, as institutions of 'self- governance'. Local management would also be efficient and cost effective for obvious reasons of local stake, proximity, and the presence of a publicly accountable institution, that is the panchayat, which hopefully would function effectively.

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## 16.6 INTRA -TIER IMPLEMENTATION HURDLES

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There are 29 items in the eleventh schedule. However, precise definition of the functions/ jurisdiction, implying, break up of the items into supervisory, executive, legislative *et al* has been left unspecified. According to Mukherjee and Datta (1996) there are three distinct groups of responsibilities assigned as panchayat functions. These are (1) civic services, (2) developmental activities and (3) agency tasks. In effect the civic services and development activities of the panchayats are joint responsibilities with the states' field administration, while agency functions are undertaken by the panchayats at the behest of the state government. Instead of carving out a panchayat functional list out of the 7<sup>th</sup> schedule, the eleventh schedule illustrates a combined list of civic services and development activities, which could be joint, rather than exclusive responsibilities of the panchayats and the state field administration. Two possible scenarios could emerge; situation retains status quo or could relegate into chaos; or, as per convention, traditions, history of the place, a natural arrangement could evolve in each state, where division of work responsibilities are affected in the best interest of governance; it is also possible that the state governments retain their overweening influence over local administrative affairs and perpetuate the latter's position as *agents*, carrying out specified tasks, delegated from time to time, to any tier, as per the convenience of the state government.

As pointed out by Bajpai and Verma (1995), some experts feel that mere listing of functions would not serve the desired purpose. A detailed exercise would be imperative to identify and specify functions for each tier under each sector as per the budget scheme. Expert groups should be constituted in each state to identify the schemes which could be delegated to the local level. It would not be right to leave the matter to the discretion of the state officials.

According to Mukherjee and Datta, (1996), "in assigning expenditure responsibilities to the three tiers of the panchayats, no discernible principle seems to have been followed, especially that of subsidiarity, which means whatever can be solved at the lower tier should be allocated to that level itself. As a result expenditure assignment to the different panchayat tiers shows overlapping responsibilities and role confusion." Organic linkages between the tiers notwithstanding, specific activity based expenditure allotment at each tier could be attempted. The upper tiers should be limited to a coordinating role or managing only spill over functions. This is partly due to the As articulated in the Tenth plan, apart from tied grants, which the panchayats receive for implementation of central/state schemes, untied grants should also be extended to strengthen their resource base/capability. Local institutions also need to raise resources from local communities and end reliance on state funds. Presently, proper arrangements for audit of funds by Panchayats are not in place in most states, which makes it hard to check misappropriation of funds by elected officials. The constitutional provision on DPCs is quite weak and it provides for preparation of only draft plans by the DPCs. State governments have not given adequate attention to the DPCs and guidelines on district planning have not been properly internalised. The tenth plan has strongly asserted the need for the involvement of the gram sabha/panchayat in the preparation of village development plans, and their integration with



plans prepared at the samiti and district levels for realising the goal of grassroots planning in India. Functionaries in DPCs and other personnel involved in local administration in general need to be trained in specialist areas such as planning, budgeting and accounting. Besides, PRIs need to be adequately staffed, both quantitatively and qualitatively, with personnel trained in relevant specialties. The Tenth plan stresses on the role of the voluntary sector, whether by social action groups or expert individuals/bodies as an effective contributor to rural development. Empirical evidence suggests that people have benefited most from development programmes where there has been informed collaboration between panchayats, user groups and community organisations. However, since the panchayats and the voluntary sector function in the same subject areas, there have been reports of conflicts between the two.

That would have jeopardising effect; hence institutionalisation of civil society participation through effective voice through committees or any other institutional arrangement would grant a definite political space for the voluntary sector, which could nip trouble to a large extent. Voluntary sector is set to play a significant role in rural development specifically service delivery as the modality of implementing the swarnjayanti gram swaraj yojana, (SGSY) and the swarnjayanti gram rojgar yojana, (SGRY) would be through a network of self- help groups based on partnerships between community based organisations, financial institutions and government agencies. A system of identifying and training facilitators would be followed. For example, the shift in SGSY would shift to a process- oriented approach in four stages:

- Social mobilisation for formation of self- helps groups
- Savings among the groups and internal lending among its members and provision of a revolving fund
- Micro finance; and
- Micro enterprise development

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## 16.7 CONCLUSION

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The committees at each level would be the crucial instrumentality for securing intra- tier collaboration, as is envisaged for fruitful development of local institutions as institutions of development/micro planning for meaningful realisation of grass roots democracy in the country. Involvement of the civil society as also institutionalisation of social capital, that are much talked about today in public administration theory and desired in public administration practice can be realised through the instrumentality of the committees that would provide a forum for joint deliberation on issues and the mechanism for peoples' participation in administration. Though broad functions specified in the eleventh schedule have not been divided precisely between tiers, the arrangement would be worked out in practice as per requirements. If the United Kingdom could work on an unwritten constitution, it should be possible for the largest democracy on earth to evolve best practices in this regard at least at the level of local governance, 93 amendments to the constitution notwithstanding.

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## 16.8 KEY CONCEPTS

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### **Watershed**

- : Watershed is a hydro-geographic area that drains at a common point. The watershed approach is a project based development plan that follows a ridge to valley

approach for water harvesting; water conservation and other related economic and social activities that seek to enhance the production potential of an area on a sustainable basis. The watershed development programmes taken up by ministries usually take up a micro watershed of about 500 hectares each. However the actual project area could vary depending on the local conditions (Tenth Plan).

**Cooperative Society**

- : A cooperative society is a self- help organisation, which operates like businesses but is internally democratic and addresses vital social issues like agricultural credit, marketing etc. A cooperative society is registered under the societies registration act of ——. The Registrar of Cooperative Societies does the audit of cooperative societies.

**Public Goods**

- : Public goods are those goods whose enjoyment cannot be restricted to those who pay for it, for example security.

**Comunitarianism**

- : Communities in the West have suffered ‘atomisation’ as a consequence of weakening social and filial ties, which had made traditional virtues like community cooperation to solve mutual problems through voluntary cooperation. On this count traditional communities like India benefit where comunitarianism is potent especially in rural areas. It is being looked upon as a vital economic resource to tap for cost effective policy implementation and targeted/relevant policy.

**Scheduled V Areas**

- : The Fifth Schedule of the Indian Constitution that provides protection to the adivasi people living in the Scheduled Areas. These areas are administered by a tribal advisory council, which functions under the direct control of the Governor. Laws are applied to the region with such modifications as the governor deems fit and declares so by public notification. Scheduled five is under imminent threat of being amended to allow the transfer of tribal lands to non-tribals and corporates. This move has serious economic and cultural implications to the 80 million tribals of the country. This report attempts to capture the sequence of recent events and concludes with an appeal for support (Rebbapragada, from India Together).

**RIDF**

- : In 1995-96, the government set up the Rural Infrastructure Development Fund for financing ongoing infrastructure projects. The fund is maintained by the National Bank for Agriculture and Rural Development (NABARD). Shortfalls in funds are met by investments

from the commercial banks. The objective of the fund is to provide loans to state governments and state owned corporations to undertake rural infrastructure projects (Economic Survey, 2004-05).

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## 16.9 REFERENCES AND FURTHER READING

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## 16.10 ACIVITIES

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- 1) Do a case study of a cooperative society in your vicinity. Study it closely by an appropriate research tool (interview schedule or questionnaire) with a view to finding out the constraints in the working and suggesting ways to ameliorate the same.
- 2) Write an essay on the historical evolution of local self-governance in India. Bring in the current perspective in the latter half of your essay, quoting recent development with examples from newspaper records and periodicals.

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## UNIT 17 INTRA-LOCAL GOVERNMENT RELATIONSHIP- II- URBAN

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### Structure

- 17.0 Learning Outcome
- 17.1 Introduction
- 17.2 Sub- Units of Urban Local Government
- 17.3 Trend towards Consolidation
- 17.4 Polycentricity
- 17.5 Lessons for India
- 17.6 Requirements in Work Distribution Intra-tier
- 17.7 Conclusion
- 17.8 Key Concepts
- 17.9 References and Further Reading
- 17.10 Activities

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### 17.0 LEARNING OUTCOME

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After studying this unit, you should be able to,

- understand the systemic ordering of urban local government;
- identify the chief issues in intra tier local government relationship;
- discuss Polycentricity; and
- highlight the division of functional responsibilities and linkages among the different level of government and different tiers of urban local government.

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### 17.1 INTRODUCTION

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In urban local government there is no hierarchal arrangement between tiers as each tier functions directly under the state government. However is a diversity of arrangements, which serves useful purposes in that a variety of institutional arrangements exist, apart from the Municipal Corporations and the Municipal Councils, such as the Notified Area Committees, the Town Area Committees Cantonment Boards and Townships. The 74<sup>th</sup> constitutional amendment provides for a three-tier structure of local government, viz. Municipal Corporation, Municipal Council and Nagar Panchayats for areas in transition. The question is reconciliation of the old existing structure with the stipulations in the new constitutional amendment. Accordingly, there is a process of either change of nomenclature, as in Punjab, where notified area committees are being rechristened *Nagar Panchayats*, or cooption of sub units in adjoining rural or urban underway, for example, town area committees getting co-opted in nearby urban or rural areas in Gujarat. It could be said therefore, that currently it is a situation of flux at the local level.

In this Unit, we shall study international trends in this regard to better appreciate the dynamics in the Indian situation. The theoretical proposition of “polycentricity” would be examined to explore its application in the Indian context. Attempt would be proffer ideas for best arrangements for qualitative public goods and services in urban areas and tackle most effectively, the problem of urban chaos. Before that we would study the variations in urban local government structure.

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## 17.2 SUB -UNITS OF URBAN LOCAL GOVERNMENT

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Notified Area Committees and Town Area Committees are (were) popularly known as ‘half sisters’ of the Municipal Council. As per position in 1997, Notified Area committees numbering 202 in all exist in Bihar, Gujarat, Haryana, Madhya Pradesh, Karnataka, Punjab, Jammu and Kashmir, Uttar Pradesh and Himachal Pradesh. A Notified Area Committee comes up in areas, which are not yet eligible to be constituted as a municipal council, yet considered important as an urban area. A new upcoming town could also be registered as a Notified Area Committee. Town area committees are over 385 in number and are meant for small towns. The Town Area Committees have been constituted in Assam, Kerela, Madhya Pradesh, Uttar Pradesh, West Bengal, Jammu and Kashmir and Himachal Pradesh. The avid patron pf this form of local government however has been Uttar Pradesh, which with its 297 Town Area Committees alone account for nearly eighty percent of the total number in the country. Town Area Committees are now being co-opted in adjoining larger jurisdictions. Gujarat has set up Nagar Panchayats and Karnataka and Tamil Nadu, Town Panchayats in place of Town Area Committees.

Besides, there are specialised forms of urban local governments such as Cantonment Boards, which operate under the direct control of the Ministry of Defence; and, Townships, that are set up by public sector undertakings. The Cantonment Board is constituted under the Cantonment Act of 1924. Like other forms of local government it is a body corporate having perpetual succession and a common seal with power to acquire and hold property and to enter into contracts and to sue and be sued. The board may, with the previous sanction of the central government impose in any cantonment; any tax which, under any enactment for the time being in force, may be imposed in any municipality in the province wherein such cantonment is placed.

The Rural- Urban Relationship Committee classified Townships as:

- Single industry townships like Rourkela, Bhilai and Jamshedpur;
- Townships like having an industrial complex such as Durgapur; and
- Small townships like Heavy electricals Ltd.; near the city of Bhopal, and Telephone Industries and Hindustan Aeronautics near Bangalore.

Townships have several advantages over conventional forms of local government. These are well planned and provide better quality service to its residents, such as water supply, electricity, sanitation etc., besides employment opportunities, which is why, people flock to townships for employment. The outcome is both positive and negative in that haphazard development around a township creates problem of urban management. Existence of a township gives fillip to the development of adjoining areas, which even develop as townships, for example, Jugsalai and Adityapur around Jamshedpur. Townships have been resisting attempts at cooption into the adjoining areas, which come up as a result, though the pressure has been immense. The public sector undertaking provides the managerial

arrangements for its township, as, certain undertakings, notably, Hindustan Steel, Hindustan Machine Tools, Neyvelli Lignite Corporation, Heavy Engineering Corporation have appointed Town Administrators, assisted by departmental head for allotment, maintenance etc. Some like the Fertilizer Corporation of India, Heavy Electricals, Nepal Mills, have appointed administrative officers or estate officers, assisted by engineers and other staff. The elective element has been kept out; hence, the administrative arrangement is completely bureaucratic in design (Nayak, Sen and Mansukhlal, 1997).

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### 17.3 TREND TOWARDS CONSOLIDATION

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The chief issue in intra- tier local government relationship is that the urban growth and development is predominantly an economic concern, in that how work distribution should be affected in order that maximum efficiency in service delivery is secured, specifically in economic terms, *economies of scale* which means, costs are minimised, and tax burden distributed evenly across jurisdictions, geographically, as also between sections of society, in a *progressive manner*.

Urban infrastructure consists of drinking water, sanitation, sewage system, electricity, and gas distribution, urban transport, primary health services and environmental regulation. Many of these services are in the nature of local *public goods*. Public goods are explained as goods whose benefits cannot be quantified, and distributed equitably across beneficiaries, hence cannot be charged on an affordable and acceptable basis, for e.g., public safety. The problem of *free riding* exists, which is explained as people deriving benefits out of a service but not paying for it in requisite measure. This is common with public goods; hence the same cannot be priced acceptably, through jurisdictions. It is also important to understand local common pool resources, such as water supply, where free riding is unavoidable but consumption could be controlled /subtracted (Elinor Ostrom). Public goods have significant, spin -off effects in surrounding areas, such as, improved irrigation in adjoining agricultural fields through improved water supply and power, improved market access through improved transportation, better livelihood opportunities owing to better mobility for the rural poor etc. There is need to reinforce these linkages. The size of the population of a local community affects both the kinds of services that can be provided and the nature of civic life therein. In the United States, very many small local communities cannot provide for their own police and fire services, schools and libraries, or sewage and trash disposal systems. These small communities often join with other nearby communities to share these services, or they contract with state or county governments to provide them.

In **France**, there are three main tiers of local administration: *the commune, the department and the region*. The commune, dates from 1789, and is the lowest tier of the French administrative hierarchy. (In France the term commune is applied to all municipalities whatever their size – 80 per cent of them have fewer than 1,000 residents. There are nearly 37,000 communes; many more than are found in the other countries of the European Union). This situation has led the government to consider/attempt rationalisation of the local government set up by encouraging smaller communes to merge to form urban communities (*communautés urbaines*) or group together in associations of several communes (*syndicats intercommunaux*). However, popular opinion has been against such mergers as people identify strongly with their particular communes. Hence, cooperative arrangements in different ways have been more common than mergers, one example of which is pooling of services in order to make them cost effective (Nick and Kerevella).



Consolidation is the mechanism used to achieve 'economies of scale' by reducing numbers of local government units. In **Japan**, local government is structured along two-tier lines: *prefectures* (comparable to counties) and *municipalities* (comparable to cities and towns). While the prefectures and municipalities enjoy considerable levels of autonomy in the fields of administration, budgetary matters and local legislation/bylaws, Japan is a unitary state with no reference to federal structures in its constitution. In practice this has translated into more mergers. The government's aim is to see the existing 3,110 municipalities reformed into just 1,000. Though increasing recourse to consolidation has been the global trend, the rationale is contented since economies of scale promised/sought by the arrangement taper off after some time (Stevens).

In the **United States**, consolidations were attempted but have now become unpopular with both the citizens and citizen representatives, since political authority of officials in smaller units is lost in the process. Though the problem could be tackled, as has been in Canada, where public officials from lower units are granted representation in consolidated units, it remains the contention of public choice theorists, that, for better economies of scale and better scope of functioning, the centralist stance of governance needs to be redeemed in favour of a "polycentric order" which dilutes centralism and promotes 'consumer choice' by offering a variety of institutional arrangements, leaving the choice in each case (public good) to the people who can choose their service delivery option between the market, the state and civil society, which are now the three players/pillars in/of democratic governance, or rely on self- help in cases; they are granted more power to 'voice' their concerns and grievances and enforce the accountability of local officials.

Innovative solutions have also been found for the problems of inter -jurisdiction functions, *ensuring economies of scale* for different services, at the same time maintaining the territorial integrity of units. Sub-urbanisation is a common feature of urban governance now. It is explained as a situation where, habitats develop in the periphery of cities, which creates problems of/in governance. Though the general global trend as is evidenced across countries like Canada, Singapore, France, is to amalgamate these smaller communities into the larger vicinity, the Americans are retaining their plural set up. In addition to counties, townships and municipalities, states also create *school districts* and *other special districts*, which operate, inter jurisdiction, ensuring efficiency of the service while maintaining the territorial status- quo. They also provide for financial flexibility since state constitutions limit local indebtedness, special districts are sometimes created to finance large capital projects through the issuance of public bonds.

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## 17.4 POLYCENTRICITY

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A Polycentric Order addresses the important question of how to provide and produce local collective goods in urban areas, especially in developing countries, equitably and efficiently. Poly-centricity provides an alternative to consolidation of smaller units, which creates a mono-centric order through amalgamations/mergers in adjoining larger Units, which has formed the basis of urban reforms throughout Western Europe, and to a considerable extent in America. Subsequently it was found that consolidations did not result in economies of scale in case of each public good. Instead, consolidations promoted a monocentric order, which made administration distant, aloof and encouraged pathological behavior on the part of public officials, which is pejoratively, referred "rent seeking", or, pursuing undue privileges, hence economic gain, from political/official authority, the scope for which enhances considerably in a mono-centric order. Instead, various arrangements

should be institutionalised through public- private partnerships, voluntary effort on the part of people with catalytic assistance from the state, as for example a slum federation/ community providing sanitation, safety through self help, education through state, police through active assistance with the official agency, which is community policing, or the 'Bhagidari' experiment in India, where RWAs actively participate in public goods provision along with the state governments etc. Such an arrangement is called "*co-production*" by Ostroms.

The mono-centric/aggregative approach is known as the top- down approach and is based on the following assumptions, as per Elinor Ostrom:

- "Collective goods are homogenous
- Substantial economies of scale
- Urban voters have similar preferences
- Voting aggregates preferences well
- Elected officials command public bureaus to produce desired goods
- Bureau chiefs command street level bureaucrats to deliver goods and services
- Street level bureaucrats deliver services to passive clients."

In developing countries, there are certain additional assumptions like:

- "Government must control provision and production of public goods
- Regular citizens have limited capacities to solve problems of collective action
- People and subjects to be cared for by national government or claimants to demand public goods".

The Polycentric contention/argument is that large number of large/ small organisations, operating as different/various permutations and combinations of public- private and state-community based organisations work more efficiently than a unilateral agency. The arrangement preferred in each case should be based on the nature of the public good in question; for example, roads, education and police are different kinds of public goods and the same criterion should not apply in their provisioning.

There is also the financial argument. There is need for devolution of financial powers to local governments and meaningful devolution of functions to local bodies in order to develop them into meaningful institutions of local self-government. Since public goods impact on adjoining rural areas, better economies of scale can be obtained by economising on administration as urban staff can take on additional functions on/as rural 'footprints.' This would help minimise costs but can be brought about only when there is requisite functional autonomy to institutionalise such linkages. This is imperative for flexible decision making/ institutional arrangements to create a "polycentric arrangement," whereby, center of production and distribution is decided as per economic imperatives and not political/ administrative compulsions/limitations respectively.

Polycentric development is an important concept in spatial planning. It forges complementarity between the core and the periphery areas in urban development with beneficial economic and social impact. It means connecting a number of places so that they form a network.

By operating together they achieve a new *critical mass* that can sustain and grow businesses, services and facilities. Hence, polycentric development means forging new connections by overcoming historical barriers, such as those caused by national boundaries, or local rivalries or distant/poor communication. Links could be forged through transport, or the web. For example, a shopping center is developed near the periphery, which benefits farmers in the adjoining areas and engages businesses in the region with the core business in the central place (ODPM, U.K).

### Example from USA

The Indian Constitution has a unitary bias though is acceptably federal in character. In India, residuary powers rest with the center, not with the states (article 246 of the Indian Constitution). The Constitution of the United States on the other hand creates a national government with *limited powers*. While centralist trends/tendencies have been obvious, as have been in other federations like Australia and Canada, the assumption still remains that the national government has only those powers *delegated to it by the Constitution*; all other powers remain with the states. There is no mention of local government in the U.S. Constitution, but it is widely understood that local government is a matter of state, not federal concern. This brings forth the undercurrent of *popular sovereignty*, which is actually observed in practice, unlike the Indian position where state and citizen remain distant entities. In practical terms, American democracy has been an upward evolving system whereby “individuals and families joined together to form local communities, which, in turn, federated to form states, which ultimately led to the creation of the national government”. Hence are explained the variations in local government formations across America, which are *as per requirements*. Accountability of local institutions is local, in keeping with the spirit of popular sovereignty. Local communities raise the bulk of their own revenues, the centralised audit function is extremely limited, and state departments of community affairs exist merely to provide services to local governments, not to oversee their operations.

Normal subdivisions in America are counties, townships, or smaller areas, which are not granted a charter, and cities, which, are granted a charter specifying its powers duties and functions. Principal functions of counties are judicial administration, public safety and the organisation of elections, although in recent years they have taken on a variety of new functions, such as solid waste disposal, public health, libraries, technical and community colleges and environmental protection.

Townships were originally subdivisions of county government and were primarily responsible for road maintenance. Today, townships carry out a full range of governmental functions, such as police and fire protection, trash collection, zoning and land use, recreation and economic development. State law usually categorises them according to population size or density. In many states, they are indistinguishable from small cities, except that they lack municipal charters.

Cities are municipal corporations that operate under Charters from the state. Until the last half of the 18th century, the tendency was for the state to grant each municipality a charter unique to its needs. For example, beginning in the state of Missouri in 1875, the states began to change their constitutions to provide for home rule for local communities. Pennsylvania’s home rule constitutional provision is typical, and provides that “Municipalities shall have the right and power to frame home rule charters.” Operating under such charters, “a municipality may exercise any power or perform any function not denied by

this Constitution, by its home rule charter, or by the General Assembly.” Pennsylvania, by legislation, also extends the home rule option to counties and townships.

This should not suggest however that local governments are free floating entities in the system; they are of course integrated. They exist within the overall framework of a state’s constitution and laws, much as the American states, themselves, exist within the framework of the Constitution of the United States. There are variations however; Connecticut, New Hampshire and many of the New England and Middle Atlantic states, are more ‘federated’ than New Mexico, Idaho, and many of the Western and Southern states, which are more centralised.

### **Innovation in Canada**

As brought out by Nick Switt, the federal and provincial forms of government in Canada are structurally more or less uniform. The appellation ‘local’, however, applies to a whole spectrum of agencies, municipal, school boards and various other boards, agencies and commissions, agencies for policing, roads, tax collection, garbage collection, parks, sewers and water and, in some cases, health and welfare.

All municipalities are created by the province (or territory) through a clause in the Constitution that allows them to delegate some responsibilities to another government body. Whether a local municipality in Canada is termed a city, a town or a township, is determined by its size; when there is another level of municipal government, such as a county or region, involved in providing services to residents, those three (cities, towns and townships) are also referred to as ‘lower tier’ municipalities. The ones called ‘separated’ towns and cities are those that are only geographically within a given county.

Division of labour between federal and provincial governments and municipalities has been worked out on the basis of feasibility/practicability and maximum utility, which would be in line with the polycentric argument. Hence, elementary and secondary education are provided by school boards; school authorities are, in general, independent of municipalities, and responsible to their own electorate for the administration, financing and maintaining standards of education. They usually do not collect taxes directly, and instead, requisition funds from the municipalities that collect property taxes in their jurisdictions.

The agencies, commissions and special boards that are also regarded as components of local government in Canada are created either to administer functions *common to a number of separate municipalities* or to provide special services that are usually considered outside the mandate of ordinary city or town government.

In some provinces in Canada, health-providing units function locally under provincial control, and have almost completely taken over that responsibility, locally. In the field of welfare, care for the aged (or, as they tend to be called in Canada, ‘seniors’) in the form of old age pensions has developed as a federal government function since the 1920s. The federal and provincial governments have gradually accepted greater responsibilities for other welfare services since those were out of capacity of the local units in terms of demand.

In France, efforts have been underway to bring administration closer to the people by a committed process of decentralisation and the legislation accomplishing it. French administration has historically been highly centralist *vis a vis* the local governments. The stance has changed considerably since the decentralization process got underway with the

decentralisation law of 2 March 1982. These carry out administrative decisions made at the national level and are also local authorities with powers of their own. They have had increased autonomy in decision-making by a sharing arrangement regarding administrative and budgetary tasks between central and local authorities.

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## 17.5 LESSONS FOR INDIA

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As per Tiwari, (2005), division of functions intra-tier is not specific enough as per the constitutional amendments. A lot has been left to the discretion of the state governments. There would be municipal corporations, councils and nagar panchayats. Structuring on the ground could either articulate the monocentric argument or encourage citizen participation through polycentricity. According to Tiwari, the existing municipal laws are totally inadequate to enable the ULBs to discharge the new responsibilities delegated to them under the Constitutional (74th Amendment) Act. Although the state governments have amended the municipal Acts, as a follow - up of the 74th Amendment, the amended acts do not specifically assign functions to the local bodies especially urban including town planning. The following measures may be undertaken, as per Tiwari, to enable the ULBs to serve as agencies for plan preparation, enforcement and implementation:

- 1) Clear division of functional responsibilities and linkage among different levels of government to ensure upward and downward accountability and to enable the State Finance Commissions in their constitutional task of devolution of funds to ULBs.
- 2) Division of municipal functions into essential functions, agency functions, and joint functions with state and central governments.
- 3) Avoiding the traditional distinction between 'obligatory' and 'discretionary' functions since such classification results in uncertainties and non-transparent system of municipal accountability.
- 4) Essential functions of municipalities to include urban planning, including town planning, regulation of land use and construction of buildings and planning for economics and social development and amendments to the Municipal Acts.

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## 17.6 REQUIREMENTS IN WORK DISTRIBUTION INTRA-TIER

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Finally, as per Tiwari (2005) the following modifications need to be worked out in terms of intra-tier demarcation of planning responsibilities for a more dynamic urban planning exercise:

- 1) *Flexibility*: Plans must have flexibility to provide for ever-growing and ever-expanding city boundaries and provide quality of life to all inhabitants. The plan should be flexible to respond not only to the present needs but also, the changing conditions in foreseeable, future.
- 2) *Role of Actors*: People's participation in preparation of policies, perspective plan, development plan and annual plans should be ensured through elected representatives in the municipal council / corporation and ward committees.
- 3) *Information System*: A well-maintained information system could make possible the fine-tuning of the plan proposals at the various stages of implementation of the plan



according to the changing scenario in urban development derived from data procured from different/related sectors.

- 4) *Urbanisable Areas:* The development potential may be assessed for the areas located in the periphery of the developed areas. A profile of the development potential there and the possibility of optimising the existing infrastructure should determine the prioritisation of development of these areas.
- 5) *Growth Centers:* Given the paucity of resources, it would be more feasible and desirable to promote strategic development initiatives in the selected secondary cities, growth centres and their hinterlands. In the growth centers, the location of infrastructural and environmental services could form the 'core' of the Development Plan.
- 6) *Policy Guidelines:* Policy guidelines notified under law can help in identifying priority areas, subsequent modifications in the plans and administration, in general.
- 7) *Mixed Land Use:* With a view to provide for development, the zoning regulations need to be simplified. The land use package should not be allowed to be changed by any authority, except as a part of the review of the Development Plan at the city / town level.
- 8) *Financial Planning:* Land development and infrastructure investment need to be coordinated through integration of physical, financial and investment planning. There is the need to link spatial development plan with resource mobilisation plan focusing on credit enhancement mechanisms.
- 9) *Services and Environment:* City plans, which provide for up-gradation of the services for greater equity in the availability of water, sewerage and sanitation throughout the city, would have a higher probability of success.
- 10) *Needs of the informal sector:* The plan must provide for and cater to the needs of the informal sector so as to make them as an integral part of the city development process.
- 11) *Land Policy and Management:* As opposed to the process of compulsory land acquisition, and the related issue of low compensation rates, the ULBs should adopt collaborative approaches within the existing legal framework.
- 12) *Legal Framework:* Plan implementation would call for a legal framework so as to make it enforceable and mandatory. The legal framework has to be supported by an effective and efficient machinery which would see that no distortion of master plan proposals take place at the ground level.
- 13) *Standards:* Plot sizes, layout and social overheads need to be designed to reduce costs aligned to the affordability of different income groups and also the sale price for lower income groups can be reduced by differential pricing.
- 14) *Building Byelaws:* Building byelaws and zoning regulations for the city / town should match the local needs. However, the existing byelaws need to be simplified and transparent, and there should not be an alimant of discretion. Adequate provision for parking facilities should be made.
- 15) *Database at metropolitan, district and state levels:* The planning exercise need continuous data collection, analysis interpretation and updating of data. A computer-



generated database and information system in GIS environment should be developed at various levels, which would provide support to planners in development planning.

- 16) *Simplification of measures and procedures:* The preparation of Development plans should be completed within a period of 12 months and should be approved within 3 months after the plan approval and the total period for preparation and approval should not exceed 18 months. The approval authority of Development plans should be the ULB, in consultation with the Director of Town planning departments. The perspective plan could also be approved by the state Government through Directorate of Town Planning.
- 17) *Strengthening planning mechanism and institutions:* The Town and Country planning acts need to be modified to enable the formulation of inter-related plans by specifying the definition, scope and contents of various plans.
- 18) *Strengthening administrative and technical capabilities:* The administrative, technical, managerial and financial capacity of the ULBs needs to be strengthened. The ULBs and the town planning departments should work under the same state department for better coordination. The cost recovery procedures and revenue collection methods of ULBs need to be strengthened.

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## 17.7 CONCLUSION

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Though there is no denying the fact that integrated development of urban and rural areas is important since there is inviolable connectivity between the two regions, retaining plurality would serve the ultimate end of efficiency. It could not be assumed that 'bigger is better.' Hence, where required plural arrangements should be worked out between tiers in the spirit of polycentricity to ensure best/most optimum scale of production/provision of any good/service. For that collateral arrangements would need to be worked out instead of vertical- hierarchal. Such innovation would ensure that justice is done to the intent and purpose of the 74<sup>th</sup> amendment and to the items listed in the eleventh and twelfth schedules in the constitution of India. Functions notwithstanding, the 74<sup>th</sup> amendment is keeping officials busy in the countryside.

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## 17.8 KEY CONCEPTS

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### **Cantonment**

: The word 'cantonment' means 'temporary quarters for troops for maneuvers'. Historically these places were acquired by under treaties with the Princes, through outright purchase and conquest. The elective element in this form of local government does not have a significant say since the Cantonment is closely administered by the military. Cantonments historically evolved as an arrangement to house the military personnel's family when a base was established. Gradually, it evolved into a civilian area since all basic amenities for residents had to be provided, like schools, canteens etc.

### **Complementarity**

: Instead of domination of one region over another, for example, core and periphery, mutually beneficial roles

are taken up by organizations intra-jurisdiction which cuts out the negative aspects of competition while retaining the positive aspect. Complementarity is an important aspect of spatial planning in the European Union.

### **Core-Periphery**

- : Core periphery is the traditional model of development, which can also be referred as the concentric circle model. The level of development decreases progressively towards the larger circles, that is, towards the outer periphery. New ways of complementarity within the perspective of polycentricity are replacing traditional models of urban planning.

### **Notified Area Committees**

- : Such bodies have the nomenclature, 'notified' since their formation is notified in the government gazette. The Committee functions within the overall framework of the municipal act but only such provisions of the municipal act apply to it as are notified in the government gazette. The government could also entrust to it, functions exercisable under any other act. The Notified Area Committee enjoys all the powers of the municipal council but unlike the council, the state government, nominates its members, including its chairman, which makes them entirely nominated bodies.

### **Public Choice**

- : Public choice is an attempt to inquire into the dynamics of group functioning and exploring ways to enhance cooperative behaviour on the part of people through targeted policy responses. Researchers from political science, economics, and public administration, psychology are mainly involved in academic inquiry and validation of academic precepts as they emerge from research.

### **Spatial Planning**

- : Spatial planning is fundamentally concerned with where development happens-it seeks to integrate investment in sectors such as transport, agriculture, research and development, or environmental protection so as to achieve sustainable development (ODPM, U.K.).

### **Town Area Committees**

- : Town Area Committees are created by separate acts passed by the state governments, though in Assam they function under the provisions of the Assam Municipal Act, 1956. The District Collector has been given greater control and power of surveillance over a Town Area Committee. Members of the Town Area Committee are elected or nominated by the government or partly elected/ partly nominated. The committee is assigned a limited number of functions, such as, street lighting, drainage and conservancy.

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## 17.9 REFERENCES AND FURTHER READING

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## 17.10 ACTIVITIES

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- 1) What do you understand by Polycentricity? Identify the chief issues in intra tier local government relationship.
- 2) Explain the division of functional responsibilities and linkages among the the different level of government and different tiers of urban local government.

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## UNIT 18 DEVELOPMENT PLANNING: NATURE AND SCOPE

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### Structure

- 18.0 Learning Outcome
- 18.1 Introduction
- 18.2 Rationale of Development Planning
- 18.3 Multi -Level Planning
- 18.4 Context of Development Planning
- 18.5 Requirements in Developing Planning
- 18.6 Conclusion
- 18.7 Key Concepts
- 18.8 References and Further Reading
- 18.9 Activities

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### 18.0 LEARNING OUTCOME

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After studying this unit, you should be able to,

- understand the meaning of development planning;
- describe the rationale behind development planning; and
- highlight the current development paradigm in India and its implications for rural development and local governance.

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### 18.1 INTRODUCTION

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There is currently on, a paradigm shift in development policy, from *socialist* to *neo liberal* ideology. With the collapse of the Soviet Union, the socialist model of development has been largely discredited/forsaken in favour of the liberalised free market dispensation. It is significant that apart from economic legitimacy, the precepts of the capitalist world have gained in political rationality/legitimacy, in that, disputations apart, the West has unequivocally won the cold war. Hence development economics has political undercurrents, which have to be taken cognisance of, in order to appreciate/understand completely, the economic rationality/political legitimacy of/behind the recent shift in development economics paradigm. Public Policy in developing countries is under heavy influence of 'suggestions' from international agencies like the World Bank and the IMF. The WTO, following the GATT forms the new 'environment of constraints' for public policy formulation in developing countries such as India. The economic rationality behind the shift is the failure of earlier paradigms in reducing poverty in the Third World, and the hope that freeing international trade barriers and opening up economies in the Third World, will increase business opportunities/expansion, leading to accelerated creation of jobs and therefore, wealth.

In this Unit, we would attempt to understand the implications of these developments with respect to the scope of development planning in India for rural development, at the district level, the requirements thereof, and the institutional arrangements present/desirable for the same, following the 73<sup>rd</sup> and 74<sup>th</sup> amendments. District Planning had not been given requisite attention despite repeated calls from subject matter specialists, owing mainly to system constraints such as inadequate plan effort at the state level, inadequate consequent devolution to local levels, lack of expertise at the local level for planning, poor local administration and so on. In the 73<sup>rd</sup> and 74<sup>th</sup> amendments, provision has been made for a District Planning Committee for desired area- based -spatial planning and a State Finance commission to govern resource distribution between the state and Panchayat institutions.

In this Unit, we would explore the role these agencies are expected to/can play within the context of the neo- liberal paradigm of development planning. India is through a stage of transition from a mixed economy model of indicative planning to a relatively freer economy. Focus would be on the scope of development planning in the new dispensation and the requirements thereof in terms of institutions and processes. The conflicts and contradictions as well as the merits of the new state of affairs would be studied.

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## 18.2 RATIONALE OF DEVELOPMENT PLANNING

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It would not be far fetched to suggest that Development Planning draws its economic arguments/rationality from the *Public Finance* school of Economics, which is based in J.M. Keynes's theory of Income and Employment. Public Finance implies 'more government' as opposed to 'less government' preferred by Liberalists and now, Public Choice theorists. Simply put, as per the 'more government argument,' the government has to intervene in a benign way to correct the distortions of the market; left free, the market mechanism would not facilitate resource allocation in favour of non-profit public works and social schemes for the poor, which are essential for development. Hence, the government has to partake proactively in development by means of increased public spending on employment generating activities/projects in order to augment the level of income and thereby demand (aggregate demand) in the economy, boost production economy (aggregate supply) for overall growth. The State has to fight poverty and inequality by innovative resource generation measures such as differential taxation in favour of the poor and resource allocation in budgets with a re-distributive agenda. Hence, public expenditure should be incurred on the basis of planned schemes to meet the targets of income and employment for the masses; and, resources allocated accordingly, to set ends as per plan.

Expenditure being talked about is capital expenditure, which is incurred mainly through external and internal borrowings. In the past few decades, non -plan revenue expenditure has grown at the expense of capital expenditure, plan and non-plan. In simpler words, it means that 'maintenance' expenditure incurred in meeting daily expenses such as establishment charges, servicing equipments, paying salaries et al has grown so much that state governments have had to perforce cut capital expenditure, which is mainly developmental expenditure, incurred on plan works. Resultantly, essential developmental tasks such as building infrastructure, setting industries et al have suffered in states. Stress therefore in development planning is on curbing maintenance expenditure by cutting on staff budget, which implies scaling down massive underemployment in the government sector. Hence, as conceded in the Tenth Plan, roll back of the state would be followed especially in areas where the state has performed relatively inefficiently and the civil

society is relatively well institutionalised. Expenditure would be incurred on employment generation schemes such as public works in rural areas to augment prevalent levels of income and employment.

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### 18.3 MULTI -LEVEL PLANNING

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Till the 1960s the emphasis in development planning was on resource development via investment allocations in sectors. This was expected to fuel the growth engine by way of spin off effects on other (related) sectors. Benefits were also expected to trickle down to the lower segments of society. However, such planning is in broad aggregate terms that need to be subsequently translated into action plans at successive lower levels. Since, centralised aggregate planning is done in terms of averages, these averages need to be broken down at successive stages in terms of specific targets for sectors and modalities specified to achieve the same. Development planning at the local level is essential to articulate targets and chart the roadmap for implementation in requisite detail, for schemes to stay on course and achieve the targets in varied regions. Poor implementation leads to resource leakage/wastage, which renders a well-meaning policy inefficient. This is especially true of highly variegated sectors such as agriculture, where spatial diversities across agro-climatic and ecological regions/conditions are immense. Multi level planning is expected to facilitate factoring of such diverse concerns in plans through detailed attention at the local level by development planners, which ensures better productivity through more efficient resource use and also 'sustainable development' practices since the externalities/unintended impacts of policy would be better understood.

Reference is to plan *implementation*, wherein detailing and specifications of macro targets at micro levels have to be provided for. Planning however remained concentrated at the top, which meant decision-making did not include local peers in articulating needs and preferences and identifying the growth potentialities of particular regions. Since policies were not rationally related to local needs and potentials in terms of *resources* and *capacities*, there was often a mismatch between objectives set in the macro plan and the resources and capacity of a region, which meant policies had to be frequently modified/revised in separate regions.

The proposal is based on the premise that decisions taken at local levels are more relevant/ authentic since they are based on articulated needs and not distant observations/ estimations, which is the basic constraint in macro policy planning. This has been conceded in the Tenth Plan document. Accordingly, the focus is now on *processes* to articulate plan guidelines at the local level and generate expertise for the same. The alternate to the top down approach being considered presently, is **multi-level planning**, which involves involving decision makers at all spatial levels in the planning process through negotiations, deliberations, and consultations by way of communication through information flows and mutual partaking of perspectives which makes policies relevant and need based, and, set up process mechanisms/institutions for affecting such cooperation at each required stage. As a natural corollary to decentralisation of planning, *mechanisms* for peoples' involvement need to be intensively explored for each level for more 'relevant' policy since interests cannot be adequately articulated without active participation of people who are the intended beneficiaries. Articulation at local levels could then be factored in policy proposals.

Multi level planning is also expected to make operations cost effective by providing better linkages between relevant sectors and ready access to required information, which would remove many implementation blockages, for example, by way of delayed decisions.



Multi level planning is expected to reduce regional disparities and bring more equity in development, since the chief factor behind persistent regional imbalances has been diagnosed as unstudied application of the macro plan at micro levels without necessary modifications/detailing by the local development planners to address the particular requirements of an area/target group.

Corruption has been another persistent problem. For example, the main problem with poverty alleviation programmes has been identification of beneficiaries and articulation of their needs, which has been far from orderly. Omissions/commissions alleged/inadvertent have largely thwarted efforts. Identification through local bodies can address the problem.

Development planning is expected to simplify the implementation process by infusing role clarity, removing overlapping between sectors and establishing needed linkages for set output levels. Local development planners can decide on the territorial level, viz. gram sabha, samiti or zilla parishad, where a function can be performed with maximum impact and economy. Also, policy needs to be comprehensive with respect to all ramifications. For required harmony, *interactive mechanisms* would have to be devised to collate information at each stage to ensure backward and forward linkages, with regard to progress achieved, inter sector impacts (externalities), requirements for improved performance, necessary horizontal (i.e. sector-sector linkage) and vertical (i.e. sectoral hierarchy) linkages for integrated development. Caution in this regard would be, avoiding organisational complexity by way of excessively 'tall' hierarchies or unwieldy consultation processes, which could negate the effort. *Processional constraints*, therefore, would need to be overcome.

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## 18.4 CONTEXT OF DEVELOPMENT PLANNING

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In India, decentralisation could be criticised as a precocious attempt since it has been embarked upon without ensuring the essential socio- economic prerequisites, viz. desired standards of awareness, education, institutional arrangements for peoples' participation in planning, plan implementation with peoples' involvement, inculcation of desired technical know- how, institutional corrections via social and economic reform etc. The converse argument could be that one could not wait perennially for the 'right time.' Hence, the attempt presently, is with the theoretical supposition of the theory of 'Institutionalisation', whereby, desired change is sought by introducing institutions, in a 'sociological landscape', which act as change agents in that in time, as they concretise, they act on the 'substratum' and alter its character as per own nature/orientation. Introduction of the institutions of self-governance is expected to initiate the process of 'apocalyptic social transformation' as aforesaid, in that structural and behavioral changes are expected with regard to empowerment, self-reliance, and better awareness on the part of people in keeping with the requirements of grass roots democracy.

Pertinently, in economic theory, there are two approaches to economic development: as per *one*, establishing basic prerequisites, such as law and order, communication infrastructure, power et al establishes the environment for development. Businesses do the rest (market based). As per the other approach, development is planned for and provided, proactively by the state led).

As per the first approach, establishment of local "self-government" would renew local administration, which would have positive spin- off effects on business generally. Improved investment climate is expected.

Peoples' participation is the chief virtue to be derived from local level developmental planning. The failure of previous efforts at rural regeneration, starting from the community development programme, have been ascribed mainly to lack of effective peoples' participation in planning and implementation of these programmes. This would be the sociological transformation that would be brought about by institutionalising cooperative effort at the local level, through panchayat raj institutions.

The role of the planning Commission in the changed dispensation is likely to shift to long range planning, henceforth. According to I.C. Dhingra (2005), the emphasis should be on in depth exploration into alternatives in respect of vital sectors like energy, transport, social sectors, technology et al.

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## 18.5 REQUIREMENTS IN DEVELOPMENT PLANNING

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Employment generation would be the key requirement in eradicating poverty. Poverty alleviation, it should be remembered is the chief rationale for planning from below, since the top down approach has not succeeded in removing poverty. The main challenge for the District Planning Committee would be to provide for investment in socio-economic planning, at the same time ensure cost effectiveness of operations since controlling non-plan revenue expenditure is a priority.

As articulated in the Tenth Plan, and also mentioned before, in the neo-liberal dispensation, the state would largely "roll back" in areas where it is performing inefficiently and the civil society is relatively well institutionalised. This would be part of the wider goal of "good governance". Qualitative aspects of governance would be given greater attention; hence the tenth plan is intended to be more a "reform plan" rather than a "resource plan." Emphasis would be on issues like reforming law and order, provision of basic services like education and health et al which would require policy reform in that Panchayat institutions and civil society would need to be vested with requisite authority to introduce reforms, like hiring contractual staff, curb unionism, right size administration et al which is presently lacking.

### Issues in Rural Development

It has been brought out in the mid term appraisal of the ninth plan (MTA) document that many rules regarding SC- ST welfare, Forestry and Decentralisation contain rules which are actually anti poor. These would be suitably modified in the tenth plan to enforce a pro-poor programme. For example, the Magsaysay award winner Rajinder Singh restored aquifers in Rajasthan by constructing check dams, tanks and ponds. Yet these activities were in violation of many acts, namely the Irrigation and Drainage Act, the Wildlife Protection Act and the Forest Conservation Act. Similarly, there are rules that prevent farmers from selling vegetables directly to consumers. Rules mandate that they sell them to the mandi. If they take their produce across the state boundary, they violate the Essential Commodities Act and the Mandi Act. There are numerous such acts that preserve government monopoly, which actually go against public interest. Licensing provisions for cycle rickshaws and hawkers create opportunities for corruption on the part of administration and restrict livelihood opportunities. Many such laws need revision (Aiyar, 2006).

In the same vein, better accountability mechanisms need to be put in place to curb corruption, as aforesaid, which reportedly results in 'leakages' amounting to 20- 70% of funds in rural development programmes. As endorsed in the UNDP report (1993), and

brought out in the tenth plan, decentralisation has been effective in enforcing accountability at the local level and providing cost effective operations wherever implemented. Unfortunately in India, in most states, most development effort remains concentrated in secretariat and directorates. Processes and mechanisms too are heavily oriented in favour of the bureaucracy. Hence the agenda of decentralisation requires more vigorous/committed implementation. The same would be carried out through training of local functionaries and transfer of physical and financial resources to local bodies. At the same time, local bodies would be encouraged to raise their own resources and fiscal incentives would be linked to performance at the local level. Bureaucracy would be streamlined by cutting down on surplus staff. Attempt would be made to make procedures, viz. audit, financial transactions, procurement through competitive bidding et al simple and transparent to provide for “open and responsive government.” Specific issues involved as articulated in the Tenth Plan (2002-07) are summarised below:

- Legislation for Right to Information to ensure transparency of administrative processes and public accountability of local administrative officials
- Citizens’ Charter establishing service delivery standards and means to enforce/press for the same for the citizens.
- Responsive legal system through innovative mechanisms like Lok Adalats (peoples’ courts) and Nyaya Panchayats to provide for speedy justice and quick disposal of cases.
- Curtailment of administrative expenditure through rightsizing government and reducing *transaction costs*; in other words administrative discretion and “political rent seeking” behaviour due to procedural complexity or scope for manipulations in rules and regulations.

Fiscal reforms would be urgent. Much revenue presently is lost because public utilities such as power, water et al go largely unpaid. Better enforcement is required for fiscal viability of services. States should more proactively tap the source of external aid, which presently does not have a ceiling (Art. 293) and which depends completely on the willingness of the state governments. There needs to be better cooperation inter-state, in matters such as tax rates which currently give unfair advantage to certain states in revenue matters. Focus instead should be on creating better conducive climate for investment and viewing the country as a ‘single economic space’ with the requirement of cooperation not competition in the nature of negative social capital between states *inter se*. In this connection, value added tax (VAT) is strongly recommended. Ready extension of state guarantee to the borrowings of state public sector enterprises has escalated the fiscal crisis in states. Legislative cap on such guarantees, as has been attempted in some states, can effectively tackle the problem. The pressure of non- plan expenditure has made states cut on essential capital expenditure. Even maintenance of capital assets has been compromised due to the pressure of non-plan revenue expenditure by way of administrative expenses and establishment charges. Environmental concerns cannot be addressed due to the same constraint. For the first time, plan assistance for maintenance of capital assets has been provided for in the tenth plan. Reform linked assistance has been proposed for desired reforms in states. Cutting on surplus staff henceforth would be a vital requirement. Plan proposals need to be rationalised in the sense that comprehensive statement of proposed expenditure needs to be made, which is not *underestimated*, as is deliberately done to seek sanctions. Investment requirements may even be *overestimated*, which leads to ‘overloading’, when assessments of ceilings in different sectors and investment requirements are not articulated properly. Ad hoc reassignments have to be attempted perforce, which

disturb the priority setting in plan allocations. Committed outlays and prospective productive deployment of capital needs to be set apart for better perception with regard to committed and proposed expenditure. Prioritisation in on going schemes is necessary, keeping the resource constraint in view. Priority should be to complete incomplete projects, which are nearer completion rather than those that are perhaps 10% complete. There is need for transparent criteria for prioritisation for which states are reluctant, as it would reduce discretionary authority with regard to choices involved. However, in public interest, the scope for arbitrary executive choices should be reduced by way of specification of criteria on rational grounds since that would prevent misallocations and consequent wastage of resources. Finally, the timing and scheduling of plan according to budget the formulation exercise is critical. Plan priorities must be reflected specifically in the budget. Usually, they are not articulated in time, hence lose their relevance. Hence, a strict annual schedule should be prepared and followed in congruity with the budget (Tenth Plan, 2002-07).

Subsidies would be largely withdrawn. Subsidies have remained unchanged at 14% of GDP, which reportedly largely benefit large farmers, such as subsidies on power and fertilizers. Subsidies for food education and health overwhelmingly benefit urban folk and richer rural areas. Besides, their implementation is plagued by much waste and corruption. However, withdrawal of subsidies remains a debatable issue since it could be contested that withdrawal of subsidies would hit the poor hard especially those who subsist solely on subsidised food provision through government schemes and also that the main issue is targeted implementation of subsidies, not subsidies per se. According to Nair, if farm subsidies were to be reduced in the United States and the European Union (EU), global prices of principal cereals would increase. With stagnating production at home, food would be unaffordable for the poor. In the neo liberal environment, it is very important for developing countries like India to hold their own on various issues concerning the common man, principally, agriculture, on which large part of our population depends. How can democratic decentralization help? It is hoped institutionalisation of planning at the local level would facilitate the much-needed land reforms in rural areas, and also impart more 'voice' to the poor since local panchayats leaders, it is hoped would be easily accessible. Certain issues could be tackled better at the local level such as encouraging production of coarse cereals. As articulated in the tenth plan, it is a difficult to have a national, policy of subsidy through the public distribution system, since the shelf life of coarse cereals is less. Decentralized procurement as part of the public distribution system is being considered. At the local level, identification of below the poverty line (BPL) people could be better attempted for issue of subsidy entitlement cards for targeted public distribution system (TPDS).

Another major policy shift is likely to be from labor-intensive rural development schemes to capital-intensive schemes. For example, all weather roads would be more viable compared to temporary roads, which are temporary labour intensive schemes, which provide temporary employment to rural labour (Aiyar, 2005).

### **Agriculture**

Despite government claims of buffer food stocks, the country is heading towards a hunger trap. The average monthly per capita expenditure of farm households across India is just over Rs. 500, about Rs. 75 above the rural poverty line. Since this is an average across regions and classes and income groups, this dismal figure suggests that millions of households exist below the poverty line. K.P. Prabhakaran Nair (2006) attributes this to

a steep shortfall in food grains output, because of inability of Indian agricultural scientists to produce superior crop varieties. Low availability has made food costly. While China harvested 550 million tonnes of foodgrains last year, India was restricted to 200 million tonnes. Average annual farm growth rate was 4.5% during the 191-96 eighth plan in the first three years of the ongoing tenth plan (2002-07) farm growth dipped to 1.1%. Shortage of food grains, pulses, oilseeds can only get worse if current growth trends continue. The buffer stock with the Food Corporation of India (FCI) has plummeted. Prices are likely to shoot up further, owing to continued shortages of food grains, oilseeds and pulses. According to Nair, the current 'diversification' towards horticulture is misconceived/ill-advised. Indian agricultural strategy should be grain oriented. Intensive efforts are needed/in order to step up production. Recommended measures include, better utilisation of the enormous land mass (51% of land is arable as compared to 11% world average) through better soil management techniques like better nutrients et al, most importantly, consolidation of holdings and land reforms which still remain an unfinished agenda even after over half a century since independence. Cultivated land in India amounts to amounts to about 130 million cultivators and 110 million labourers. The average holding is thus 1.4 hectares. This miniscule farm has to support on an average, 6.5 persons who would need a monthly income of at least, 2,500. Low soil productivity coupled with unstable agricultural prices will make sustenance hard for the Indian farmer.

According to S.P Singh (2004-05), growth in the agriculture sector has deteriorated since the economic reforms, primarily because of reduced public investment in investment in agriculture, low cost inputs that have competed out local products, capital intensive technology that has reduced dependence on human labor. These are the imperatives of globalisation. Given the constraints however, ways have to be explored to create employment avenues and reduce poverty in the rural areas. Reduced public investment in agriculture is likely to adversely affect private investment in agriculture, since it is directly correlated with public investment in power, road, irrigation, research and extension. Moreover the character of private investment is different; therefore it could not be a substitute for public investment. Operational holdings in India have increased due to increasing fragmentation. Increased division leads to increased demands for farm assets and machinery. Therefore, private investment in capital would increase indebtedness of small farmers and lead to under utilisation of capital assets. Post- liberalisation, Government's policy emphasis has shifted towards providing latest technology to farmers to increase farm productivity through public private partnership which would facilitate state of the art technology in production, harvesting, marketing, storage and processing infrastructure. However this would benefit capitalist farming, or large farmers more than strengthen the resource base of small and marginal framers. Owing to small sizes of holdings, the technology would not be viable and the unit of cost of cultivation would increase. Therefore, ways gave to be found to strengthen the position of small and marginal farmers. This could be attempted through promoting cooperative group effort among farmers through self -help group activity and advancing credit to groups rather than individuals. These self- help groups could be formed of non-government organizations and other civil society actors, including the agriculture extension staff under the aegis of the panchayat institutions. President Abdul Kalam, in his convocation address to IRMA graduates in April 2002 called for:

“ A systems approach to enhance agricultural productivity including soil analysis, seed choice, cultivation season, fertilizer selection, and training to the farmers particularly in the usage of remote sensing data and also of storage, marketing and banking system.” (Jain, 2004-05).



According to S.P. Singh, negative impacts of globalisation would have to be countered by proactive moves on the part of the government. Measures like the proposed rural employment guarantee bill, which would provide constitutional guarantee for 100 days of employment to a member of each rural household willing to get manual work at the prescribed minimum wage, would go a long way in securing the position of the poor and landless in rural areas against the rich who are set to gain further in the new liberalized dispensation. This would have positive spin off effects on the urban economy since demand for urban sector goods would rise due to augmented rural income as per Keynes' theory of income and employment.

Hence the challenge for development planners at the local level would be safeguarding the rights of the poor who could be further marginalised in the new dispensation. Innovation solutions for employment generation would need to be worked out. There is ample scope for employment generation in wasteland development, water harvesting and conservation, canal maintenance, rural road construction and maintenance, social forestry etc (*ibid*).

The most important function would be interest articulation and pressing/lobbying for the same in higher echelons of governance, that is the central legislature where paradigmatic policy changes are affected.

### **Employment Generation**

Employment opportunities in the countryside have decreased due to low public investment in agriculture; hence alternate avenues have to be explored. Since private investment is directed more towards non- farm sectors like horticulture, et al, land conversion is taken place towards these activities. According to I.C. Dhingra, 2005, the role of rural non farm sector (RNFS) in employment generation would be crucial since the urban sector has limited absorption capacity and agriculture too can provide only limited employment opportunities to the ever expanding rural work force. The rural non- farm sector includes all non-agricultural activities, except crop husbandry located in rural towns and small towns. Opening up of the economy to international trade is expected to further accentuate the diversification of rural economy. There is need for better market links with trade hubs and a well coordinated policy of linkage between large and medium industries. Involvement of the private sector and non-government organisations should be actively sought. It would infuse competitiveness and ensure better quality enhancement, technology dissemination standard setting and skill development. Rural- Urban linkages would be important. It would be important to promote infrastructure development to link villages with urban areas so as to ensure the sustained growth of agriculture and agro based activities. Development of small and medium towns and their linkages with rural hinterland and semi urban areas is very important. Besides, liberalisation and reform of urban laws such as property tax et al would boost infrastructure development in urban areas, which would have positive, spin off effects in rural areas.

### **Human Resource Development**

There is need to invest in human capital formation to avail of the opportunities in businesses, particularly, the IT sector. For the same, education would have to be given required impetus/priority through resource allocation in budget. Besides, unresponsive administration thrives on low human development index as suggested in the South Asian Development Report cited in the tenth plan. For empowerment measures such as right to information and citizens' charter to be effective, human development would be imperative. Dilemma however is that staff expenditure would increase which would add to the total non-plan revenue expenditure in states which is the main cause of fiscal imbalance.



However certain innovative experiments could be tried. Madhya Pradesh and Rajasthan have taken recourse to contractual employment of teachers for primary education. Uttar Pradesh has opted for one-time capital grants to encourage private educational institutions rather than recurrent grants in aid (Singh, 2004-05).

### **Rural Credit**

As per NSSO data collected in its 59<sup>th</sup> round of survey, rural households are nearly 48 million, out of which, 40 million rural households living in extreme poverty, earning less than Rs. 30 per day. Another 20 million are barely on the subsistence level. In urban areas, around 15 million households are in extreme poverty. Hence, micro credit is a significant requirement in development planning. SIDBI and other institution are making efforts for financial capacity of NGOs by providing them grant assistance. However, the move needs to gain momentum, as the coverage is still rather limited. It is hoped that unemployed youth in villages could be trained and incorporated as extension workers. Credit demand of this 75 million strong bottom of the pyramid segment (BOP) segment is estimated at around 500 billion. Banks have been hesitant in their lending commitments with regard to this sector as it is a high-risk venture. Hence, an innovative solution by way of banks-SHG (self help group linkage is being explored. Gradually the effort should be to expand the scope of non-government organisations involved in micro credit from providing credit for production and consumption to micro entrepreneurial level and thence to small enterprise level. For that SHGs would need to be networked and upgraded financially and with respect to managerial capacity (Singh, 2005). Opinions differ about the impact of globalisation on rural credit. According to Amadip Ray, (2005) the Union government has allowed proposals for joint ventures; foreign collaborations, industrial licenses and 100% export oriented units. These envisage an investment opportunity of Rs, 19,100 crore. This creates tremendous business opportunity for both public and private sector banks. Though the authorities are on the whole *unhappy* with the effort of the banking sector in lending to small and marginal farmers in backward regions, since money lenders still hold a firm grip on rural credit, future scenario, according to Ray is optimistic. According to Ray, since the urban banking scene is getting cluttered day by day, it won't be long, *though arguably*, before private banks, start looking at the rural market. These along with the 27 public sector banks could step up investment in agriculture. According to Verghese (2005) it is also not entirely true that farmers do not repay their loans. The moneylender still thrives because his service is timely, in that he presents ready cash, more like an ATM! Hence *doing away with rigidity of institutional finance* is the solution one must look at. Presently, documentation procedures are cumbersome in that farmers have to pay stamp duty, registration charges etc. which make credit costly. The same could be rationalised. Improvement in rural infrastructure and basic services like schools, hospitals etc, will encourage the bank staff to stay in rural areas. Since bank staffs are reluctant to go on rural postings, a separate cadre of rural officers could be created. As far as the issue of repayment is considered, efforts should be made to improve the creditworthiness of farmers by providing them training, credit and necessary production as well, as market infrastructure, to enable them to move up the ladder from marginal or subsistence worker to micro entrepreneur and then to small entrepreneurs (Singh, 2005). Besides, repayment could be monitored better, and also made easy for farmers by taking small portions back at a time. Also, there is need for better strategizing by public sector banks in terms of segments like the small and medium enterprise sector

Private banks do not venture into rural credit because it is not profitable. Considering,

they were to venture, it would be in profitable areas where rich farmers operate such as commercial cropping. The basic agenda of reducing income inequality would remain largely unattended. Efforts should therefore be made to make agriculture an attractive business proposition by carrying on with the unfinished agenda of land reforms meaning consolidate holdings, undertaking risk mitigation as part of development planning to reduce disaster losses from events such as floods et al by insurance facilities for farmers in case of droughts, floods etc. To tackle price fluctuations, farmers presently do not have options such as entering into futures contract, whereby they can sell at the favourable price at the time of harvest. The same should be considered. (Ravikumar, 2005).

### **Public Administration**

The most important issue that needs to be resolved in the interest of rural development is; whether it is a generalists' job/area/domain; or the specialists? Looking at the issue aforesaid, it is a technical job, and therefore it is important to see that hierarchy does not stifle the scientist. It is important to note that agricultural scientists were frustrated during the green revolution, because they were mostly placed lower down the hierarchy, in subordination to generalists, and their opinions did not matter on most occasions!

### **Issues in Urban Planning**

Urban Planning presents complex issues in that urbanization is partaking at a rapid pace. The imminent question today is sustainability of cities as concerns of environmental protection and disaster mitigation mainly relate to the urban environment. This is not an India specific problem, but one characterizing development even in the developed world. Development of cities is proceeding as per the requirements of the "knowledge economy." Logan and Molotch identify three historical processes that affect the structure and conditions for growth dynamics of cities:

- 1) technological revolution
- 2) the formation of a global economy
- 3) the emergence of an *information* form of economics production and management

Luxury apartments, offices, requirements of location, et al are guiding the development of cities. It is knowledge power more than industrial power that is fuelling the growth round the world. New concerns like environment protection and disaster mitigation have to be factored in development planning which mainly concern urban growth. Rationalisation of laws would be undertaken to facilitate infrastructure development in urban areas. Laws presently, restrict easy availability of land for construction purposes and conversion from agricultural to other uses. Foreign Direct Investment would be better attracted if such acts were repealed. Acts in question are the Urban Land Ceiling Act, which has already been repealed in the Center and in many States, Land Revenue Act, Land Reforms Act, Stamp Duty Act, and Urban Development Authorities Act and Town Planning Acts which result in aberrations like illegal settlements because land availability though legal means is difficult.

There is considerable dissatisfaction with urban planning methodology. The Master Plans have not been successful in producing a safe/satisfactory physical environment. The urban development planning process in the past has been unduly long and has paid inadequate attention to the provision of transport infrastructure, environmental conservation and financing issues. Targets have been unrealistic and have not been accompanied by investment programmes and capital budgets (Tiwari, 2005). The 74<sup>th</sup> constitutional amendment mandates development of municipalities as institutions for "economic and social

planning” rather than simply agencies to supply civic amenities. As per Article 243-W of the Indian Constitution, Urban Local Bodies are to be allocated functional responsibilities of preparation of plans for economic and social justice. The Twelfth Schedule lists “urban poverty alleviation” as a functional responsibility of the urban local bodies. The intent is quite categorically one of developing urban local bodies as institutions of “self-government.” The onus is now on state governments to allocate necessary functions and devolve requisite authority and responsibility to local bodies for the same. District Planning Committees and Metropolitan Planning committees are to be set up for integrated planning of rural and urban areas by concerted effort of agencies involved in civic, transport, economic and social services. The other significant development is constitution of ward committees for closer interface between citizens and administration. Actual application of mandated requirements in consonance with the *spirit* expressed in the 74<sup>th</sup> amendment would be the crucial factor determining extent/degree of success attained in practice in individual states. Presently, there are many parastatal development authorities involved in planning and there is considerable reluctance on the part of these authorities to share responsibility with the local bodies. Integrated urban development planning approach, taking into account regional, state and national strategies, and spatial, functional and other linkages between human settlements, has not been given much recognition. Significantly, there is no urban vs rural conflict in development priorities or incompatibility in terms of national growth. Because of success of rural development programmes and lack of availability of land in urban areas, there is no runaway migration from rural to urban areas (Tenth Plan, 2002-07).

The urban development planning effort in states has not been congruent with overall economic development planning in the country. At present, hardly 20 percent of the urban centers have a Master Plan, though on a limited scale, as it is probably just a policy document. It is estimated that there are about 1200 master plans prepared by various agencies responsible for plan preparation but implementation is plagued by coordination problems and resource constraints. The implementation of master plan facilitates the orderly and planned development of cities in a sustainable manner, which contributes to the end value of ‘good governance’ but implementation leaves a lot to be desired (Tiware, 2005)

The Five Year plans laid stress on the need to undertake town planning and evolve a National Town Planning Act so as to provide for zoning and land use, control of ribbon development, location of industries, clearance of slums, civic and diagnostic surveys and preparation of Master Plans. Comprehensive action was not taken by the states for the adoption and implementation of the plans. The state governments too do not seem too keen on developing local bodies as agencies of planning in conjunction with existing development authorities. Quality of members appointed in State Finance Commissions and willingness on the part of state governments to accept their recommendations would determine to what extent the financial position of local bodies is actually strengthened. State Finance commissions are also likely to give greater importance to rural development programmes, however, awareness with regard to city development is growing. Measures are necessary to strengthen own resource base of urban local bodies. Presently, cities with high growth rates are underutilizing the potential for resource generation, and those with low growth rates are basically deficient in funds. Property tax reform is urgently needed. Tax assessments are relatively rigid which do not reflect the true value of assets. This costs considerable revenue to local bodies. It needs to be made more buoyant and transparent. Other potential sources could be tapped. User charges need to be revised

and collected better which forms another significant source of revenue for local bodies. Non-tax revenue sources need to be further tapped, establishment and other costs curtailed and municipal accounts made more compliant with the requirements of lending agencies and financial markets. Shift to accrual-based system of accounting is recommended (Tenth Plan, 2002-07).

### **Environmental Protection**

Environment management and protection strategy addresses the critical environmental problems, which mainly concerns preservation of lakes and water bodies, water quality and land use management in catchment areas. The other environmental issues relate to the disposal and treatment of urban waste and its recycling and the socio-economic problems caused by the displacement of population, in the context of future city spread. Environment management of lakes and water bodies are vulnerable to urban pressure in its close vicinity. It is essential to enforce land use control measures in the catchment areas to prevent further environmental degradation and thereby achieve desired level of sustainability. The sustained efforts are needed for plan implementation to improve the quality of city life. Hence an effective plan implementation strategy needs to be evolved to achieve the following objectives as articulated by Tiwari (2005):

- 1) Protect natural environment.
- 2) Conservation of areas of cultural heritage.
- 3) Optimise land use and land utilisation
- 4) Provide services and infrastructure
- 5) Participatory approach for supply of land and infrastructure development.

A recent World Bank study indicates that empowering communities with rights over forests could result in tangible gains for both. As per the study, for the area presently under Joint Forest Management (JFM) alone, a simple analysis shows that total forest income from commercial timber, bamboo and non-timber products on improved forests could rise from an estimated US\$222 million in 2004 to approximately US\$2 billion per annum in 2020. In this dispensation, the state functions as a facilitator in that the activities of the state forest department are limited to core business functions such as technical advisory service delivery, facilitation of partnerships with communities and the private sector, and forest monitoring. The community shares the benefits of forest resources with the state and some limited rights of management. There are at present 85000 village committees operating across 27 states. This is significant considering forestry is the second-largest land use in India after agriculture, covering about 641,130 square kilometers, or 22 percent of the total land base. Roughly 275 million poor rural people in India- 27 percent of the total population- depend on forests for at least part of their subsistence and cash livelihoods. Such community-based approaches epitomize the "Reinventing Government" paradigm that is informing public administration system round the world.

Environment protection offers tremendous employment opportunities, along with the primary goal of environment protection through community based approaches. The same can now be affected through institutions of local self- government.

As discussed earlier, environment protection would open employment opportunities, which would serve the twin objectives of environment protection and sustainable development.

## **Disaster Management**

Disaster management has up till now not been dealt with as a non-plan subject. However, there have been number of plan schemes in operation, such as afforestation, drinking water etc. that deal with disaster management. Hence a plan component in disaster management financing already exists. The effort would now be to stress further on disaster management efforts in mainstream planning. This comes following realization of the devastating economic impact of disasters, besides loss of lives. Recently, disasters have struck the Indian landscape with increasing ferocity, such as the Orissa cyclone, the Gujarat earthquake, floods in 2001, droughts which are almost periodic now, etc. which have negated development considerably. Among long-term impacts of disasters is the credit worthiness of a state, which makes it fall into a stalemate for a long time after a disaster. Researches suggest that disaster losses are a result of vulnerabilities that build up over time, hence are a mainstream development issue. These are variously physical and socio-economic in nature. The implication is that planned vulnerability reduction has to be undertaken to reduce disaster losses over time. This could be a long drawn out process/procedure, which requires sustained commitment on the part of governments by way of plan funds. However, the same is difficult as disasters are unpredictable/inconsistent phenomena for which consistent budgetary allocation is a difficult policy choice to affect. However, plan commitment is unavoidable since vulnerability reduction is a development effort in that it basically involves dealing with regular development concerns like poverty reduction, employment provision et al to build resilience in communities. What is new now is the realization that a disaster management perspective to development planning had been hitherto lacking in that provision like land use planning has lacked the perspective of flood control or earthquake vulnerability or need for earthquake resistant infrastructure, safeguarding critical technical and legal provision for the same et al. Perhaps the security perspective guided such location decisions, more than disaster management. With the awareness of disaster management, such perspectives would increasingly inform development planning.

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## **18.6 CONCLUSION**

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Paradigm shifts are in order. In planning, the emphasis would shift from top down to multi level planning. Multi- level planning is expected to improve the position with regard to constraints in policy formulation and increase the efficiency of resource use in economic sectors. It would lead to better interest articulation with regard to local development needs and better inter sector linkages and coordination in planning and implementation respectively at the local level.

As Prof. Dantwala observes, “ both the scope and content of planning shrinks at each successive level. By this argument we are considering only the residuary development functions at the local level. This is not meant as a criticism, rather a statement of fact as devolution of functions and responsibilities have to be in keeping with the local resources and technical expertise of staff. Hence, development planning has to be both institutional and functional in that institutional prerequisites have to be ensured first, for functional devolution to succeed. Hence, a District Planning Committee has been provided for. It would comprise of members

There has been increasing recognition of the need for policy reform by way of delegation of authority and responsibility to lower levels, rationalisation of laws, procedural simplicity to reduce ‘monopoly’ control of local administrative officials over administrative processes which create opportunities/instances of corruption and give impetus to empowerment of



people and civil society to provide for transparent administration. Hence, the emphasis is on removing processional constraints in good governance, which means the emphasis is on procedural reforms rather than only the quantum of investment, which had been the emphasis up till now. The Planning Commission would provide more technical support to states in various facets of plan implementation by way of suggestions for policy responses in the changed macro paradigm of globalisation and market based economy and provide assistance in research and development in different areas of development administration, particularly project formulation for crafting better investment proposals to attract foreign capital and better overall credit worthiness of states which comes from better implementation track record. The ultimate objective of all these measures is ‘good governance.’

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## 18.7 KEY CONCEPTS

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| <b>Development Planning</b>          | : The orientation of development planning is as per the dominant ‘value’ in macro policy. For example, it is neo- liberalism at present in India, as is all over the world. Accordingly, roll back of the state, control of fiscal expenditure and tie-ups with the voluntary and the private corporate sector inform development planning in India today.   |
| <b>Public Finance</b>                | : Public Finance is the branch of economics studying government expenditure comprising both the study of public revenue, scope and sources of taxation, direct and indirect, borrowings, grants loans et al against public expenditure, reasons for growth, scope for economy et al. Significance of public finance grew inn the post Great Depression New Deal in the United States under President Roosevelt. Arguably, America shifted to a socialist prescription for change   |
| <b>Good Governance</b>               | : As per explanation given in the Tenth Pan document, good governance entails, exercise of legitimate political power and formulation and implementation of policies and programmes that are equitable, transparent, non discriminatory, socially sensitive, participatory and above all, accountable to people. Besides, there could be specific requirements in programs in different contexts, which would be necessary to provide for good governance.   |
| <b>Plan and Non-Plan Expenditure</b> | : However, a neat dichotomy between plan and non-plan expenditure need not be worked out in practice. Expenditure incurred in building a bridge, for example would be classified plan expenditure in one year and non-plan henceforth (maintenance of bridge) which is nevertheless no less important for development. Scholars have even suggested that the classification may be done away with. However, it would be sufficient to understand that both plan and non-plan expenditure contributes to development. It would not be advisable to de-emphasize either. |



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## 18.9 ACTIVITIES

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- 1) Explain the rationale of development planning.
- 2) Discuss the requirements in development planning.

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## UNIT 19 MICRO LEVEL PLANS: FORMULATION AND IMPLEMENTATION

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### Structure

- 19.0 Learning Outcome
- 19.1 Introduction
- 19.2 Macro Level Planning: Limitations
- 19.3 Issues in Micro Level Planning
- 19.4 Constraints in Micro level Planning
- 19.5 Micro Level Planning in the Five-Year Plans
- 19.6 Tenth Plan Priorities
- 19.7 Conclusion
- 19.8 Key Concepts
- 19.9 References and Further Reading
- 19.10 Activities

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### 19.0 LEARNING OUTCOME

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After studying this Unit, You should be able to,

- understand the significance of micro level planning,
- identify the issues in micro level planning;
- discuss the constraints in micro level planning; and
- describe the tenth plan priorities.

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### 19.1 INTRODUCTION

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Currently, the emphasis has shifted in development planning, from top-down to a bottom-up approach. This trend is not restricted to India or the Third World. It's a worldwide trend, especially with respect to city administration in developed countries. Bottom-up approach is a revolutionary shift from earlier approaches based on central planning irrespective of the nature of polity; i.e. whether *controlled* or *liberal*, or the nature of planning, *indicative* or *controlled*. Bottom-up planning is being referred as *micro* planning, denoting the level at which planning is to be attempted, that is, as closer to grass roots as economically efficient and administratively feasible.

The state apparatus has grown considerably, especially in welfare state countries, where the state is enjoined considerable responsibilities pertaining to almost all aspects of individuals' lives, proverbially, from the cradle to the grave. Most activities have proved economically unviable. Expected results have not been attained and the state machinery has grown to unmanageable proportions. In the neo liberal paradigm, many functions hitherto reserved for the state would be devolved on the private sector and relevant non-

government organisations. The State would function as the catalyst in fructifying such effort. Planning as is wrongly construed, would not get irrelevant; but would find anew orientation that it would consider broad long term issues and devolve short term concerns and issues relating to plan implementation to local levels.

Micro planning is an alternate approach, which would make plan implementation efficient at the local level which would expectedly result in better plan performance, especially with regard to human development index, involving poverty alleviation and health care, child care and nutrition status, et al. This would make many central organisations and their field counterparts dispensable since much could be achieved with far less costs with local planning and effective implementation of plans. Top- down planning without doubt has proven a costly venture. In this unit we will be discussing the limitation of macro level planning, importance of micro level planning and also discuss the issues and constraints of micro level planning.

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## 19.2 MACRO LEVEL PLANNING: LIMITATIONS

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Planning at macro national or state level is sector- wise and in a terms of averages. Data regarding Employment, Housing, Education, Services etc. are collected/considered in gross terms. Required detailing with a view to 'factoring' relative concerns of diverse regions/target populace is left to successively lower levels of planning and administration. Macro level planning concentrates on resource development in broad terms, in terms of investments as per expected target growth, leaving the necessary detailing in terms of service delivery and distribution to local planning and administration where expertise and know-how is lacking. This has necessitated several alterations from time to time, in decisions at local levels since plans in the first place were not in accordance with local requirements and resource capacity. For example, plan resources are distributed among states on the basis of the broad parameters outlined in the Gadgil formula. These broad parameters are not inclusive enough of regional specificities or specific requirements of the target population. For example a housing programme for weaker sections designed for families with income less than Rs. 300 can take a straight average of Rs.150 to identify beneficiaries, which would be fallacious. (*Chandrashekhara, 1986*).

In case of rural development, excessive compartmentalisation of the executive into Ministries/ Departments has ensured that planning proceeds in terms of narrow sector strategies mutual synergies that are absolutely vital for social sector programmes are not built up at the field level. Duplication and procedural hurdles that result have blocked benefits from flowing to the beneficiaries. Mid term appraisal of the ninth plan has brought out that around 400 billion per annum flows from the center to the states for rural development in various sectors, viz. tribal development, watershed development and agriculture, health and family welfare etc. Benefits however, have not percolated down in sufficient measure to intended beneficiaries, through state run development schemes. The primary reason for the same is poor governance on the part of local administration that has failed to translate guidelines into action and have been, behaviorally, rather unresponsive, corrupt and non-performing. Administrative officials allegedly enjoy too much discretion in service delivery in that indulge in 'political rent seeking behaviour' by way of charging monopoly prices even for their regular slate duties, as accountability mechanisms are either non-existent or too weak to be enforced (Tenth Plan, 2002-07).

Poor implementation largely explains unbalanced regional development and general/overall sub- optimal plan performance with respect to rural development. As observed in the

tenth plan, “ in India, there a number of regions, or states within regions, or even districts within states where development outcomes in terms of social indicators do not match with the available resources and the inherent potential of the people. States that are rich in minerals are not necessarily industrially developed, and those with rich cultivable lands and assured irrigation are often lagging behind in agricultural development.”

Given the administrative constraints, it has been considered proper to affect a paradigm shift from macro, sector –specific, to micro generalized spatial planning for better outcomes.

Moreover, political instability has meant that the tenure of the Finance Commission and the government, for example the 13<sup>th</sup> Lok Sabha is not conterminous. This has made, synergetic functioning between the Planning Commission, the Finance Commission and the government rather difficult. Given the constraints of coalition politics, an alternate arrangement by way of continuity and stability in local administration is being considered, which explains the emphasis on institutionalisation of local level development planning proposes to provide an alternate stability mechanism (Tenth Plan, 2002-07).

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## 19.3 ISSUES IN MICRO LEVEL PLANNING

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### Choice of Region

The term micro level planning remains rather vague unless the actual level of planning is defined. Levels could be demarcated on different criteria. According to V. Nath, the abiding concern irrespective of criterion adopted is contiguity, in terms of geography or exchange relations, formed on the principle of *homogeneity* and *inter relationship* and *external contrast*. In other words, regions should be based on distribution of related phenomena ‘in some respect’. Accordingly, there could be climactic regions; geographical regions based on distribution of physical phenomenon, viz. geological structure, topography, climate, hydrology, soils, natural vegetation; or regions based on distribution of the physical phenomena such as agricultural land use, population density and occupational patterns. By the same argument, sociologists and cultural anthropologists employ cultural criteria, in the sense of people forming a community on the basis of shared mores and practices and not being an unrelated mass with incomprehensible heterogeneity. Hence, there could also be industrial regions or economic regions, which are explained by Losch as “the market area of a commodity and an economic region as system of such market areas.” Each basis serves some rational criterion for demarcation/purpose in development policy. In addition, it is also desirable that the region should be small enough to be close enough to people and large enough on some homogenous criteria to constitute a viable economic unit for planning. The crux of the discussion is that a region should be a recognisable entity for a planner and not a disaggregated zone, which cannot be planned for on any rational criterion. As per ESCAP discussions, the “district” has been accepted as a viable functional spatial unit for local level planning. However, Indian administration is characterised by lack of uniformity as also in countries like Pakistan and Indonesia in that some districts are ridiculously small and others too large. For such areas, sub district levels such as the block in India are considered suitable with respect to certain subjects in planning. However the experience with block level planning has been largely unhappy. Chief factors accounting for lack of success in this regard were lack of adequate expertise at the block level, both in the sense of policy planning and technical know how. While in developed countries the free operation of the market mechanism has provided adequate institutional infrastructure for effective local government economies; in developing countries

by contrast, such mechanism is rather weak or lacking, which makes planning at the local level rather difficult. To elucidate, markets are distant, storage facilities are inadequate, local industries are sparse, institutions- administrative/otherwise academic lacking, hence, know- how is limited (Sundaram, 2003).

According to V. Nath (1984) there should be built in flexibility in policy design regarding the spatial extent of a policy as for example, in the development of water resources a river valley system could be the right spatial unit, for metropolitan planning it is necessary to plan with the metropolitan area of the city as the unit. Similarly for power resource development, and development of transport, suitable aerial extent should be the domain of policy. To further illustrate, the Himalayan areas of U.P Punjab, Himachal Pradesh, and J.K form a geographical area in the sense of common features such as arid topography, common patterns of resource use, occupational patters, economic activities pursued like horticulture, grazing, exploitation of forest resources etc. Hence, development plans would be relatively easy to devise and implement on the basis of geographical homogeneity of the area. According to V. Nath, such regions should be used as supplements to administrative units in planning.

In India resource allocation for education is rather low which contributes further to system weaknesses. Administration is more or less inefficient owing to lack of resources, separate staff, concentration of expertise at the top, precisely a top-heavy orientation of administration. Lack of adequate technical expertise required for Development Planning at the local level is a major constraint. There is also lack of adequate database for planning since the planning mechanism at the state level- the state planning commission and the state planning boards is rather weak. Hence, consensus has more or less emerged in favour of district as the level of local planning in India (Sundaram, 2003).

To address/ possibly settle the dilemma regarding choice of level, a multilevel planning framework by way of a three-tier arrangement has been attempted in the 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments. As per the 74<sup>th</sup> amendment, The DPCs / MPCs need to be constituted under the State Zilla Panchayat / Regional and Town Planning Acts. A three tier planning structure is envisaged in the states – Panchayats / Municipalities level, district and metropolitan level and state level. Under this framework, Panchayats/ Municipalities would prepare plans for their areas, which would be consolidated at the district level in the form of draft district development plans. The detailed process is as follows:

Following the 73<sup>rd</sup> constitutional amendment, the constitution and functions of PRIs at different levels are as follows:

*At Village Level:* To prepare Village Data Inventory (VDI) , convene Gram Sabha meetings, list out the needs of the village, prioritise the needs on the basis of resources available and prepare a village plan to be submitted to Panchayat Samiti (Elected body at Block level).

*At Block Level:* To prepare Block Data Inventory (BDI), aggregate all village plans, and prepare block level plan to be submitted to the District Panchayat.

*At District Level:* To consolidate all block plans, disaggregate them by item, year and cost (according to their link with rural development programmes and sectoral programmes of the State and Federal Governments), distribute the activities to different local governmental departments sector wise and finally prepare the district plan to be presented before the district planning committee for finalisation and approval for both Perspective plan and Annual Action plan (NRDMS, 2005).



The metropolitan development plan would be prepared by the MPCs. All district and metropolitan development plans would then congregate in the formulation of a plan at the state level.

### **Functional Demarcation of Plan Subjects**

There will be functional demarcation, between tier with respect to issues as per suitability /practicability. The 11<sup>th</sup> schedule of the Indian Constitution lists the functions assigned to local bodies. The 12<sup>th</sup> Schedule of the Constitution (74th Amendment) Act lists the 18 functions of the municipalities, which among others include: (i) urban planning including town planning; (ii) regulation of land use and construction of buildings; and (iii) planning for economic and social development. In this regard, the state governments could be more specific and definite in assigning functions to local bodies. In the absence of clarity in assignment of functions, the State Finance Commission would not be able to assess the fiscal needs at a level and allocate adequate resources accordingly. Importantly, the 74<sup>th</sup> constitutional amendment (CAA74) expressly recognises a role for the ULBs within the constitutional framework and provides for devolution of financial powers from the state government for strengthening of municipal finances. The CAA74 also provides for constitution of Ward Committees in municipalities with a population of more than 3 lakh, Metropolitan Planning Committees and District Planning Committees for consolidation and preparation of plans of spatial, economic and social development. From a “top down” approach, the emphasis has thus shifted to, “bottom- up” approach. The main issue therefore in functional demarcation would be avoiding overlapping of functions between tiers and choosing the right tier for a function for maximum impact.

In view of the challenges facing by ULBs the planners have to prepare themselves for a new role and much wider responsibilities. As a bridge between the civil society and the politico-economic structure, the planners have to perform the role of the catalysts of change. Equally importantly, there would be need for suitable administrative adaptations by way of securing personnel equipped with required technical capability for plan implementation and managerial capacity to institute desired partnerships with civil society. To that end, manpower planning and training would be necessary. Modifications in recruitment policy to emphasise technical expertise would also be necessary.

### **Question of Orientation**

What should be the subject matter focus in micro level planning? Understandably, there are too many subjects to choose from, implying the ideological focus of micro level planning. Orientations differ between ‘environments centric’, ‘employment centric’ and ‘productivity centric’ approaches. The objectives may be congruent or may offer distinct choices, as one opposed to the other, which could be difficult given the imperatives of each requirement. Eventual choice would be a matter of value orientation of the party in power or political imperatives, like pressure and articulation with respect to demands from internal and external sources, immediate needs et al. Facts should inform values. A more flexible approach in keeping the requirements of the situation would be better suited than ideological stance. Environment, as a result, has been a relatively neglected area. Comparatively now, there is better interest articulation with respect to sustainable use of natural resources, but not before the plundering reached crisis proportions.

Multi level planning is especially pertinent with regard to environmental safeguard because natural resource use has ‘externalities’ which cut across state boundaries. For example, pollution on the part of one state affects agricultural productivity in another state. Hence



concerted effort at all levels is needed for development. The issue of 'choice of region' for development planning has been referred earlier in the Unit. The emphasis on region is in focus, particularly to cater to the requirements of environmental protection policy. Micro planning at the district level would have no impact, if the state at the macro level carries on with unscrupulous resource use. Hence, an intra level-partnership arrangement, involving, regions, states, states, districts, blocks et al is required for successful effort in this regard." The emphasis is on an integrated approach where environment, human capital formation, and industrial growth in conjunction with agricultural growth all form part of the planning process."

### **Process Requirements**

Based on case studies undertaken in subcontinent countries, K.V. Sundaram (2003) outlines the basic requirements for integrated local level planning:

The planning approach should concentrate on a small geographic area, where required inter sector linkages could be explored. The approach adopted should be, "area development."

Plan efforts should relate to resource constraints and administrative capability of the area in that it should not be beyond what is possible. Planning method adopted should be flexible and adaptable to changes. It should be area specific since resource capability and requirements in different areas would be different. Case studies have brought forth that uniform application methodology has been the primary cause of lack of success in meeting objectives indifferent geographical areas.

Accordingly, there should be better power with local administrators to re appropriate/ reallocate resources as per requirements, for which financial devolution would need to be provided in requisite measure.

Technically, systematic effort would be required in the following areas:

- a) Resource inventory and data collection, bringing out the present state of development, future potentials and constraints.
- b) Identification of priorities of the specific area and selection of programmes accordingly.
- c) Decisions about coverage (spatial dimension) and time frame (temporal dimension) of particular projects should be part of an integrated framework, and a perspective plan in terms of long-term vision for the area translated in terms of specific objectives/ targets.
- d) Stress on optimum utilization of existing manpower resources and instituting means to augmenting capacities of human capital.
- e) Continuous assessment and audit of resources spent and available and innovative solutions to augment the same.

The technical requirements presuppose technical planning body/expertise, which would be essential prerequisites for enjoined effort. For the same, manpower planning would need to be attempted which envisages development of capability at the local level through need based training programmes for immediate requirements and long term education through technical institutes etc.

Development in three sectors, namely, agriculture industry and services has to proceed conjointly, with needed integration. Hitherto, programmes like the IRDP (Integrated rural development) programme have suffered because of piecemeal approach.

Financial constraints would need to be overcome as a necessary requirement. Given the constraints of local finance, viz., inadequate grants from state governments *et al* resources could be augmented sufficiently by cutting tax evasion, better realisation of arrears and cutting back non-plan expenditure on extensive government establishment, which could be controlled through, containing underemployment which is massive in India.

Administrative constraints relating to lack of coordination between various sector departments would need to be overcome through institutional delineations. Behavioral expectations with regard to informal coordination/voluntary cooperation on the part of officials and non-officials involved in various governmental and non-government organisations may not be sufficient. Presently coordination is almost totally dependant on 'personal relations' of the district chief with the departmental heads! For that purpose, micro level plan would be crucial since it would be the instrumentality to establish formal modalities for needed coordination. With role definitions unequivocally specified and jurisdictions/scope delimited there would be less scope for role confusions/ambiguity on the part of department officials. Administrative reform in the sense of greater autonomy to the district chief to impart better cohesion to the exercise would be desirable.

Integration refers mainly to securing the multiple objectives of more production, more employment, and more equitable distribution and most importantly, sustainable development, which necessitates factoring environmental concerns in development policy. Coordination can be secured through planning and monitoring developments relating to impact of decisions on related sectors. It implies a paradigm shift from sectoral and departmental approach towards area development/ beneficiary oriented approach.

### **Activities Involved**

In the Planning phase the following steps are to be taken in sequence:

- Formulation of the major objectives
- Compilation of data
- Assessed needs and strategies
- Assessment of resource allocation strategies; articulation of fresh allocations where perceived necessary, incremental adjustments as per constraints etc.
- Identification of inter-linkages among projects and programmes'
- Organisation and Management to ensure bridging up of implementation gaps;
- Assessment of resources for allocation;
- Creation of links between the District Plan, the Regional and State Development Plans.

Hence the chief activities involved in local planning are:

- Needs analysis
- Information collation regarding geographical and socio economic data such as soil type land use pattern, occupational profile, Climate, human, natural and livestock resources etc.
- Resource strategising

- Priority ordering
- Setting up implementation mechanism.
- Evaluation

As per Sundaram, stipulated tasks are represented below in a tabular form:

**Table 1**

<b>Tasks</b>	<b>Steps</b>
i) Resource analysis	Resource Inventory Socio economic benchmark survey Identification of constraints to Development Assessment of on gong programmes
ii) Strategy Formulation	Identification of Goals Formulation of Development Strategy
iii) Plan Formulation	Identification of schemes and projects Individual household planning for the target groups Infrastructural Planning Locational Planning Employment Planning Institutional Planning
iv) Implementation Planning	Programme Integration Programme Sequencing Financial Programming Programme Monitoring Evaluation

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## 19.4 CONSTRAINTS IN MICRO LEVEL PLANNING

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### **Institutional Constraints**

Planning from above has the following advantages:

- It is expeditious
- Technical personnel viz. the district block and lower level officials of various departments are generally available,
- There is no problem of adjustment of district and lower level plans with the state plan
- Implementation of the plans is virtually assured

Planning from below can be a time consuming and difficult process.

Plans should keep in view the availability the general guidelines of their departments in respect of availability of funds and manpower and achievement of targets etc.

Finally the village or multi level plans have to be adjusted and modified before they can be included in the plan for CD/block/taluka or mandal. (*V. Nath, 1993,*)

### **Information Constraints**

At the local level, situation can be described a one of “information crisis.” Since

administration has had a top- down orientation through centuries, data is accordingly oriented in that there is ready data for macro level planning e.g. national accounts, covering national income, savings and investments, foreign trade and the monetary system etc. and successively meager at subordinate stages. Relevant data for local level planning is either inadequate or irrelevant to plan requirements. Since the orientation of development planning at the local level is *spatial*, data is required for socio economic analysis, spatially, in *specific* terms and not in terms of aggregates. There is under information with regard to demographic data, vital socio-economic indicators like for local manpower and employment planning, primary data relating to income, consumption, employment, health, housing, nutrition or nutrition behavior. As per the official document of the Ministry of science and technology. The development of database technologies, entry of computers in India in the late 70's and first Indian Remote sensing Experiment in 1977, triggered the possibility of introduction and integration of geo spatial information in the planning. The Government of India initiated a number of technology-based programmes to support the Local level planning in 1980s viz. Natural Resources Data Management System (NRDMS) of the Department of Science & Technology, National Natural Resources Management System (NNRMS) of the Department of Space and Geographical Information System (GISNIC) and District Information System (DISNIC) of the National Informatics Center (Ministry of Communication and Information Technology). However, there is need for integrated approach in data collection, which brings out inter sector impacts in policy suggestions.

Both *quantitative* and *qualitative* data is required regarding socio- economic indices like cultural preferences with regard to nutrition, employment, indigenous construction practices, cultural mores; figures for unemployment, poverty across spatial extents, nature of poverty, specific requirements in particular areas to ameliorate the situation, etc. which are presently lacking. Often there is a surfeit of data, but is irrelevant, as is unrelated to programme requirements. Ad -hoc studies are conducted from time to time for the purpose, but there is no systematised mode of transfer of such information to planning agencies for plan purposes on a consistent basis. Accordingly, there is need for corresponding information processing agencies alongside planning agencies at each level to perform the vital task of research, information collation, processing and communication to relevant decision making centers. Immense potential of the information communication revolution could be tapped or the purpose.

### **Peoples' Participation**

The Constitution (74th) Amendment Act, 1992 provides for a democratic and participatory planning process to incorporate the needs of the people, particularly the poor and socially disadvantaged, in development policy. The act stipulates the setting up of District planning Committees (DPCs) and Metropolitan Planning Committees (MPCs) for integration of spatial and economic development and rural and urban planning. This is in recognition of the need for integrated regional planning with due attention to regional and local infrastructure, environmental conservation and investment planning and their spatial and *other* impacts, accounting for *externalities*.

The most vital component of micro level planning is interest articulation on the part of the people, possibly through a forum, organised particularly for the purpose. Cooperative societies are being looked upon as the instrumentality to realise the objective. Peoples' participation in administration is often criticised as an "ideology without a methodology." The successful experiment of Kundrakudi village in Tamil Nadu however is a fitting reply

to such cynicism. A Village Planning Forum (VPF) was organised in the village, comprising of selected peers in the village from all walks of life, such as businessmen, scientists, panchayat union officials, credit officials from commercial and cooperative banks, educationists, agriculturists et al representing various government departments and was registered under the cooperative societies act of the State of Tamil Nadu. It has successfully energised the local population in articulating interests and participating otherwise actively in political matters directly related to their concerns. It has attempted development planning successfully, which is visible in improved paddy cultivation through adoption of scientific cultivation practices, improved irrigation through community wells etc. Most importantly, it has ensured successful implementation of government schemes such as the DPAP, which had suffered due to lapses in identification of beneficiaries for distribution of assets such as milch cattle etc. Identification and distribution through the VPF has effectively plugged the loophole. Wasteland cultivation for horticulture and sericulture have been taken up, active women's collaboration in plan initiatives has been secured. Looking at the advantages, such institutionalisation of social capital, inter- departments, between departments and, departments and civil society, that is, non-government organisations and individual village peers in civil society can be stressed. Such arrangements could be brought within the broad aegis of the Panchayat institutions, where found necessary/ desirable for compliance with legal or institutional stipulations, such as in the form of a committee of the panchayat. Replication elsewhere, or on successively macro scales could be attempted.

### **Cultural Constraints in Micro Level Planning**

Panchayati Raj is a historical institution in India, not a modern innovation. It has however gone through different phases as per relative freedom and effective say enjoyed in development planning. It is largely acknowledged that local institutions enjoyed better democracy and more cultural legitimacy in ancient and medieval times, when they functioned truly as institutions of local self-government and evoked peoples' participation in requisite measure. Trend towards centralisation was concomitant to the process of political consolidation spanning several centuries, initiated under Akbar and carried to its logical conclusion under the British, facilitated by the introduction of the Railways and the Post and Telegraph. Effectively, when the British handed over power in 1947, Indian state had a unitary bias albeit, federal constitution. The imperatives of the politico economic circumstances at the time necessitated a strong nation- state; hence centrifugal forces in whatever form, were discouraged. Constraints apart, Directive Principle Art -40, enshrined in the Constitution of India, affirmed the promise of "self- government" by way of energising grass roots democracy. Practical efforts towards the same have brought forth the following cultural constraints (Khan, 1993):

The Bureaucracy by and large resented subordination to elected bodies at the local level. Lack of reconciliation was articulated as disagreements on vital policy issues and subsequent super sessions.

Lack of political will on the part of the state executive for real democratic decentralization at the grass roots resulted in inadequate devolution of powers and functions to local bodies, irregular elections, often with inordinate delays and frequent supercessions. Exploring the behavioural dimension, there was power politics involved as well, in that Local MLAs had to vie with gram pradhans for political mileage in the 1969 Vidhan Sabha elections in Rajasthan and subsequently.

Lack of resources has been the toughest constraint. Perpetual indebtedness of state governments, which reduced them to the status of “glorified municipalities.” Hence, they could obviously not sustain the added strain of supporting local governments.

Arguments for a strong center have been ideologically supported with reference to the Westminster model of democracy, by which sovereignty resides in the Parliament, even though the Indian situation is vastly different (sovereignty resides in people). No subordinate tier can effectively share ‘sovereignty’ following the argument. People seem inspired even though the judiciary in India exercises sufficient/considerable restraint on the executive and the legislature. (Mathur, 1986)

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## 19.5 MICRO -LEVEL PLANNING IN THE FIVE-YEAR PLANS

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The main focus of the development effort in the initial years was on tackling food security, and decreasing reliance on imports for the capital goods sector. During the second five-year plan, the concept of a local horizontal plan was discussed. During the third five-year plan, state level planning with states and regions was attempted. A Three-tier local government structure based on the recommendations of the Balwant Rai Mehta Committee Report was also introduced. However, expected success could not be achieved which led to a consensus among policy makers that development planning at the local level was vital for success of overall planned development. The realisation rose from the fact that development strategies had shown sub optimal results at the local level since policies had not been based on felt needs of the local people and were not in consonance with their resource strengths/weaknesses. Policies framed at the top had failed to take regional variations into account with regard to resource endowments and adaptive capacity of the people indifferent regions. Accordingly, the Planning Commission issued a set of guidelines in 1969 and a scheme for strengthening the planning machinery at the state level was launched in 1972. Decentralization received further impetus during the fifth five-year plan when a number area specific and Target group specific schemes were launched. Keeping in view the “location- specific” requirements of these plans the block was considered the proper unit for planning. The Planning Commission set up a working group under the chairmanship of Prof. M.L. Dantwala to draw up guidelines for block level planning. Simultaneously a committee was set up under Mr. Ashok Mehta to study the possibilities of local government in the light of new requirements. Block Planning however remained limited to a budgeting exercise. Gujarat and Maharashtra provided the lead in setting up the Zilla Parishad at the district level as the viable Unit of planning. During the Sixth Five year plan, the Planning Commission set up a working group under the chairmanship of Prof. Hanumantha Rao to examine the methodological aspects of planning. It was revealed that operationalisation of district level planning left a lot to be desired by way of a culture of decentralization which would concretize only in time, through persistent and genuine efforts.

Following a series of workshops involving District Collectors and Magistrates and pilot projects, district was accepted as the “ sub state-working Unit, within a system of multi level planning. In contrast to national and state plans, district plan represents the district as a multi-sector package of investment package of area specific investment proposals, and institutional arrangements suited in the context.

The G.V.K Rao Committee on Administrative Arrangements for Rural Development and the Hanumantha Rao Working Group both dealt with the subject of district planning in



detail. While the Hanumantha Rao working group concentrated on modalities of operationalising district planning, the G.V.K Rao Committee concentrated on the contextual dimension, that is adapting district planning to the democratically constituted local bodies at the district level; the Zilla Parishads.

The following prerequisites of district planning were recognised by the two working groups:

- Political will and commitment
- A District Planning Body
- Setting up of a suitable machinery for planning
- Demarcation of Planning Functions
- Devolution of Financial Resources
- Delegation of administrative powers
- Public Participation in planning processes at all stages and training and retraining at all levels.

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## **19.6 TENTH PLAN PRIORITIES**

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The Tenth Plan has announced a shift from a 'resource plan' to a 'reform plan'. Plan implementation needs rectification. To that end qualitative aspects of planning as per administrative behaviors, process requirements, ecological context of planning et al are as vital as quantitative targets. Hence, the Tenth Plan has announced an unequivocal shift from macro, sector specific planning to broad spatial micro level planning. The roll back of the state paradigm of governance has been accepted, especially in areas where civil society is well institutionalized and government is performing inefficiently. Hence, stress would be on involving voluntary organizations (VOs) more closely with planning and implementation and make them perform more at the cutting edge level in citizen government interface. For that purpose, their core competencies would be built upon to enhance their potential further; build institutional bases where lacking, ensure better fund flow to voluntary organizations (VOs) through transparent processes and built in accountability mechanisms. Closer involvement with the PRIs is being mooted. More financial contribution for involvement would be elicited from the non-government sector. Database would be built up through Research and Development regarding innovative models of development proposed/devised by the VOs.

Strengthening monitoring mechanisms would be the focus to check plan progress. It has been noticed that existing mechanisms have not be used properly by the agencies responsible for plan implementation. Also, no visible effort has been made to strengthen existing mechanisms. In the absence of effective monitoring, there has been much wastage and spillage of scarce resources, which has gone unreported.

As per public choice approach, steps would be taken to improve the fiscal health of the government by proper pricing regimes for public utility services like water, power, irrigation etc. to ensure better revenue collection for the government and also infuse discipline with regard to their use for sustainable development, and cutting back subsidies.

Civil service reforms would be attempted through involvement of professionals on a

contract basis, ensuring transparency through right to information for people, instituting a just system of rewards and punishments, reducing scope for exercise of discretion, hence corruption be strengthening accountability mechanisms, balancing authority with responsibility at each tier (often former surpasses latter), rightsizing government through control of underemployment, elimination of unnecessary procedural controls and regulations that stifle entrepreneurial energy, breed corruption and affect the common man. This would involve rationalizing rules, proper documentation and notification, enforcing accountability of each official, fixing time frame for each decision and providing for legal and administrative recourse in case of *malafide*.

Project/Programme design should be attempted in a more professional manner with implementation responsibilities clearly divided and monitoring as per benchmarks.

Reengineering of processes and rules would be attempted through E governance to provide SMART (simple, moral accountable, responsive, transparent) user-friendly administration.

Rationalisation of centrally sponsored schemes and central sector schemes would be carried out through mergers where many schemes are found to serve similar purposes. Introduction of new schemes, strictly as per need. Rationalization through the 'Cafeteria Approach' whereby, states choose required schemes from a motley mix offered. All of these measures are designed to curb waste and make the plan implementation process efficient.

Project linked reform assistance has shown good results and would be persisted with. Reference is to Accelerated Irrigation Benefit Programme (AIBP), Accelerated Power Development and Reform Programme (APDRP), Urban Incentive Facility (UIF) and Rashtriya Sam Vikas Yojana (RSVY).

To get over information constraints, the NRDMS targets for the X Plan (2002-2007), regarding data availability for local level planning are:

- Establishment of NRDMS District Centres
- A laboratory for NRDMS Methodology in Karnataka
- Promote R&D initiatives for
  - a) Improvements in database management
  - b) Development & adoption of new techniques for data generation & analysis
  - c) Promote NRDMS methodology for
    - i) Land & water systems analysis
    - ii) Bio-Geo database for Ecological modeling for Himalaya
    - iii) Landslide studies
    - iv) Coastal Zone Management & Conservation

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## 19.7 CONCLUSION

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Hence, the idea of decentralised planning has been mooted which is area specific and resource based instead of a macro resource development exercise since expected betterment of quality of life through spin off effects of state development plan schemes did not translate into practice. Focus is now on improving processes of plan implementation

and monitoring of plan progress for meeting preset targets. The civil society would participate more actively in plan formulation and implementation. Vigorous efforts would be made to evoke peoples' participation in required measure.

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## 19.8 KEY CONCEPTS

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- Gadgil Formula** : Before the fourth five-year plan there was no definite criteria for devolution of plan funds through the planning commission. Criteria were evolved in 1969. It has undergone revisions in 1969, 1980, 1990, and 1991. Broadly, tax effort, fiscal position, per capita income, population, efforts towards population control and family planning determine the quantum of allocations to states.
- NRDMS** : Natural Resources Data Management System (NRDMS) - an S&T programme of the Government of India has been launched by the Department of Science and Technology(DST) to catalyse the evolution of methodologies and techniques for formulating development strategies. In a scenario of large diversity of data sets, data users and data generating agencies, the Programme aims at developing and demonstrating the use of spatial decision support tools for integrated planning and management of resources at the local level.

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## 19.10 ACTIVITIES

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- 1) Discuss the limitations of macro level planning.
- 2) Explain issues involved in micro level planning.

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## **UNIT 20    STRUCTURAL REFORMS: RESOURCES, FINANCES, POWERS AND FUNCTIONS**

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### **Structure**

- 20.0    Learning Outcome
- 20.1    Introduction
- 20.2    Structure of Local Bodies
- 20.3    Powers and Functions of Local Bodies
- 20.4    Infrastructure for Planning
- 20.5    Modalities for Peoples' Participation
- 20.6    Resources of Local Bodies
- 20.7    Agenda for the Future
- 20.8    Conclusion
- 20.9    Key Concepts
- 20.10    References and Further Reading
- 20.11    Activities

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### **20.0    LEARNING OUTCOME**

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After studying this Unit, You should be able to,

- understand the structure, powers and functions of local bodies;
- identify the infrastructure for planning;
- highlight the modalities for people participation;
- discuss the resources of local bodies; and
- define the agenda for the future.

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### **20.1    INTRODUCTION**

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Indian administration has been rightly criticised as being excessively top heavy. It is a feature of colonial administration, which has persisted down the ages. As articulated in the committee on democratic decentralisation, government of Maharashtra, 1961, after independence, the government mostly relied on ad hoc bodies for implementation of programmes at the local level. This led in time to proliferation of multifarious agencies, which resulted in problems of overlap and confusion at the local level. Excessive centralisation has been the reason behind ineffective policy implementation. There is a growing body of opinion that ineffective policy implementation stems from improper policy formulation in that it is not *inclusive* enough of related concerns and does not factor the same into policy; hence does not lead to 'relevant'/'rational' policy in terms of answering directly the needs and concerns of people. Incomplete effort leads to unintended consequences in related sectors since those were not studied and articulated during the

formulation process. This leads us to 'system constraints', which do not allow factoring of such requirements. Decentralisation is being explored as an alternative that allows articulation of related concerns at local level and leads to policies that are directly related to the needs; hence relevant. In that sense it is a system change. It is also expected to rationalise the implementation process in that resource constraints and other implementation bottlenecks can be better understood and tackled at the level at which they arise and not by a distant planning body that may be insufficiently based in facts. Also, data collection and record keeping for relevant 'fact' supply needs to be arranged at the local level for accurate estimations regarding objectives, progress and targets. Since the implementation exercise partakes at/is concentrated at the field level, it is imperative to address the concerns relating to administration and planning bottlenecks at the cutting edge, that is, at the stage of interface between the government and citizens. The purport is to bring distant administration closer to the people and making it citizen centric. In this unit we will discuss structural reforms of local bodies in the context of resources, finances, powers and functions. We will also discuss available infrastructure for planning and modalities for people's participation.

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## 20.2 STRUCTURE OF LOCAL BODIES

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Following 73<sup>rd</sup> and 74<sup>th</sup> constitutional amendments a three- tier structure has been envisaged for urban and local bodies. Rural local bodies would in ascending order be, Gram Sabha(village level), Panchayat Samiti (block level), and the Zilla Parishad (district level).

The Gram Sabha is meant to impart a *social base* for grass roots democracy. The executive body of the gram sabha is the Gram Panchayat. Earlier the gram sabha used to be a body corporate with perpetual succession and common seal, of suing or being sued in its corporate name, of acquiring, holding or transferring property and of entering into contracts. After amendment this position of the gram sabha has been taken over by the Gram Panchayat, which earlier used to be the committee of the gram sabha. However, gram sabha still retains significant say in development matters. It is actively engaged in preparation of audit and accounts, annual plans annual administration reports et al and its meetings are presided over by the chairman of the gram panchayat. In some states, promotion of unity and harmony, organizing voluntary labour and contributions for community welfare programmes, identification of beneficiaries for the same are some of the important functions performed by the gram sabha. The Panchayat Samiti is the next tier. Most developmental works converge at this level. The third tier is the Zilla Parishad at the block level. Membership details of these bodies shall be dealt with in a separate Unit in the course.

Urban local bodies have also been given a uniform three-tier structure. However, these are not hierarchically ordered as the rural bodies in that each function directly under the state. These bodies are the Municipal Corporations, Municipal Councils and Nagar Panchayats. This would do away with much confusion in the urban local scene. Prior to the passage of the 1992 Act, urban local government comprised of Municipal Corporations, Municipal Councils, Town Area Committees and Notified Area Committees, with lack of uniformity across states. In this context, the structure and composition of municipalities varied considerably, with wide differences in definition and structure between states. The 1992 Act has attempted to instill some uniformity in the constitution of the municipal bodies by classifying them as Municipal Corporations for large urban areas, Municipal



Councils for smaller urban areas and what are termed *Nagar Panchayats* as suburban government bodies.

However, the arrangements in practice are giving rise to unforeseen tensions. Reportedly, as per H. Ramchandran, certain villages that will now be incorporated in municipal areas do not wish to part with their rural status as that would deprive them of the benefits of many centrally sponsored rural development schemes. In Tamil Nadu, 45 of the 67 Town *Panchayat* have sought rural status to procure benefits from centrally sponsored schemes to the tune of Rs. 500,000 to 10,00,000.

There is another equally important issue that needs to be addressed. The issue is a true federated arrangement at the local level, where a cabinet takes decisions and is accountable to a duly elected legislature. Presently, the political executive, the Mayor is a figurehead with real power vested in the commissioner who is appointed by the state. The Commissioner is appointed for a fixed term as defined by state statute. The Commissioner's term in office can be extended or reduced. The powers of the Commissioner are those provided by statute and those delegated by the Corporation or the Standing Committee. An alternative model to the prevailing Commissioner model is the one implemented in Kolkata, West Bengal, introduced in 1984 and is known as the Mayor-in-Council form of city governance that can be described as a cabinet government replicating the formula operating at the state and national levels. This system is composed of a Mayor and a ten-member cabinet with individual portfolios chosen from among the elected councillors (in the context of Kolkata there are 141 wards in a single member ward system, rather than a multiple member ward system). It is in essence a hybrid between a mayor-council CAO system and the integrated federated framework. The Municipal Commissioner serves as the Principal Executive Officer subject to the control and supervision of the Mayor as the Chief Executive Officer in this model.

The Municipal Corporation groups wards into boroughs with each one having a committee consisting of the councillors elected from the respective wards of the borough. The councillors elect one among themselves as the chairperson of the borough. The borough committees are subject to general supervision of the Mayor-in-Council, and look after sub local functions such as water supply, drainage, collection and removal of solid waste, disinfection and health services, housing services, lighting, repairs of certain categories of roads, maintenance of parks, and drains (Tiwari, 2005)

As opined by scholars, desired future state of affairs would be local governments enjoying the right as their counterparts in Brazil, South Africa and Nigeria, to decide the form of its political executive and appoint the same independently. Regarding municipal staff, ideally, it should be under complete control of local governments, cut substantially in numbers through private participation, contractual employment etc and made accountable for results.

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## 20.3 POWERS AND FUNCTIONS OF LOCAL INSTITUTIONS

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The newly introduced Seventy-Fourth Constitutional Amendment Act (CAA) of 1992 has acted upon the recommendations of the Rural-Urban Relationship Committee and seeks to provide more power and authority to urban local bodies. It is the first serious attempt to develop democratic municipal government as planning bodies through constitutional provisions that strengthen and stabilise them. The main features are:

- Introduction of the Twelfth Schedule which lists the functions of the urban local bodies, covering planning, regulation and developmental aspects;
- Establishment of District and Metropolitan Planning responsible for the election of representatives for the preparation of development plans at district and metropolitan levels;
- Proposed establishment of ward committees in areas having a population of over three hundred thousand;
- Specification by law of the powers and responsibilities entrusted to municipalities and ward committees;
- Holding of periodical and timely elections; if a municipality is dissolved for any reason it should be reconstituted within 6 months;
- Specifying by law the sources of municipal finance and their periodic review by a statutorily constituted State Finance Commission and by making it obligatory on the part of the Central Finance Commission to recommend measures needed to augment state resources to assist the municipal governments;
- Restrictions on the power of state governments to do away with democratically elected municipal governments;
- Reservation of one-third of seats for women and weaker sections in municipal bodies for minorities there are no reservations (D.P. Tiwari, 2005).

The 73<sup>rd</sup> amendment act prescribes the domain of powers and functions for rural local self-government. The 11<sup>th</sup> schedule lists 29 (see Annexure) subjects with respect to which rural local governments have been vested responsibility. However the same could be reduced to an academic exercise if most powers regarding the same remain concentrated in the bureaucracy and state or central legislatures. A shift to bottom -up policies would be imperative to affect real decentralisation at the local level.

Before the 73<sup>rd</sup> amendment, 1993, functions assigned to local bodies pertained to general welfare matters like public hygiene, sanitation etc. to which development concerns such as agriculture, animal husbandry, social forestry et al could be added. Evaluation studies have shown that local bodies have been more inclined to perform 'agency' functions more than 'statutory' ones (Report of the committee on Democratic Decentralisation, 1961).

Now the accent is on developmental planning. It is therefore a paradigm shift as far as local bodies are concerned as they are sought to be developed in a true sense as institutions of "self government." The act enjoins on the state governments to devolve powers and responsibilities with regard to *preparation of plans* for economic development and social justice and the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule. It is however left to the state governments to decide what all functions are transferred and what powers are delegated. Broadly the principle seems to be, what can be tackled at a lower level should be left to it. Brief perusal of acts in different states brings out the following *pattern in the devolution of powers and functions*:

### Category A

States, viz. Uttar Pradesh, Bihar, Rajasthan, Punjab, Haryana, Assam, and Karnataka,

which have not *prioritised* activities but assigned subjects listed in the 11<sup>th</sup> schedule in addition to certain other general ones like preparation of plans and budget, maintenance of unity and harmony, relief in natural calamities etc.

### Category B

States, viz. Orissa, Gujarat, Tamil Nadu and West Bengal, which have divided functions into *obligatory* and *mandatory*. In the former category are functions, which are performed subject to the availability of funds.

### Category C

States which have drawn their own list following specifications in the 11<sup>th</sup> schedule. Such states are Himachal Pradesh, Madhya Pradesh, Maharashtra and Andhra Pradesh. However the exercise needs to be imparted better rationality than as obtains at present, which can be provided by constitution of expert groups and not leading the matter solely to the department concerned (Bajpai & Verma, 1995).

Development effort presently is left to the convenience and priority of different state governments since they are free to choose their own mode of decentralisation. However, leaving matters to state governments provides scope for lackadaisical initiatives in this regard, which however would have to be accepted as a constraint of a federal polity. As per Ramchandran, even after the amendments considerable amount of ambivalence persists regarding the powers and functions of these bodies at different tiers. The ambivalence is evident/articulate in the number of court cases that have been coming up between district and lower level elected bodies on the one hand, and that of the state government and its executives, on the other. In Haryana, for example, *Zilla Parishad* members have threatened to resign *enmasse*, in protest against the government failure to enforce *Zilla Parishad* Act effectively. Similarly, in Orissa and Maharashtra, presidents of *Zilla Parishad* have demonstrated over the powerless status of the *Panchayat* bodies. In Andhra Pradesh, Mandal Parishad chiefs resent curbs on their power, after the state government appointed nodal officers by-passing the elected bodies through the *janmabhoomi* scheme. Hence incongruities remain and surface on occasions, in actual implementation of the structural reform that is being brought about through the amendments acts.

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## 20.4 INFRASTRUCTURE FOR PLANNING

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The District planning Committees (DPCs) and Metropolitan Planning Committees (MPCs) would provide for integration of spatial and economic development and concerted rural and urban planning. This would address the requirement of integrated spatial/regional planning with due consideration to all involved/related aspects, namely, infrastructure, environmental conservation investment planning and their spatial and other impacts. The DPCs / MPCs need to be constituted under the State Zilla Panchayat / Regional and Town Planning Acts. Planning would be both top down and bottom up in that it would evolve as an integrated framework at successively higher spatial levels, and is being referred as multi level planning. Under this framework, Panchayats/ Municipalities would prepare plans for their areas, which would be consolidated at the district level in the form of draft district development plans. The metropolitan development plan would be prepared by the MPCs. All district and metropolitan development plans would then lead to the formulation of a plan at the state level.

### **District Planning Committee**

The District Planning Committee would be involved in:

- 1) Preparation of draft development plans including spatial plan for the district, keeping in view matters of common interest between Panchayats and municipalities.
- 2) Providing advice and assistance to local bodies in preparation of development plans and its effective implementation.
- 3) Coordination and monitoring of the implementation of District Development plans.
- 4) Allocation of resources to local bodies for planning and implementation of local level projects contained in the District Development plans.

### **B) Metropolitan Area planning committee.**

The functions to be assigned to MPC are as follows:

- 1) Preparation of draft development plan for the metropolitan areas.
- 2) Spatial coordination of plans prepared by the municipalities and panchayats in the metro area and recommending modifications in local area plan, if any taking an overall view.
- 3) Advise and assistance to local bodies in preparation of development plans.
- 4) Monitoring effective implementation of approved development plan of the region. Undertaking formulation and implementation of projects involving provision of infrastructure such as major roads, trunk services, electricity, telecommunications, etc.

As articulated in the *Economic Survey (2004-05)*, the empowerment of local governments to take economic service delivery decisions requires a new framework for public finance, whereby urban expenditures are driven through urban local governments. For better control of urban local bodies over delivery of public goods within their jurisdiction, they need to be vested with better control over finances, and management of services within their jurisdiction. For that, current fragmentation of authority between the state governments and local governments need to end. Two ways to augment urban finances are access to capital markets through bond schemes and selective application of subsidy and tariff protection to target only the poor. For that, better accountability mechanisms for local administration would need to be evolved. All developmental schemes need be rationalised as brought within the control of local bodies. Other parastatal developmental agencies should play a supplementary role to the urban local bodies not in the nature of usurping powers and functions of local bodies. Public private partnership in urban infrastructure development would be better secured.

### **Issue Areas**

There is a broad consensus that more than rural development, it is urban development that needs to be attended to. The problem of urban congestion is especially acute. This is when the decadal rate of urbanisation has gone down. It is probably because of success of rural development programmes or unavailability of land for squatting in central areas, runaway migration has stopped somewhat (tenth plan, 2002-04). This is the best time to plan for urban development. The decadal rate of growth of population in urban areas during 1971-81 was 47% and came down in 1991-2001. The decadal rate of

growth in rural and urban areas was 17.9% rural and 31.2% respectively, suggesting a relatively higher rate of growth in urban areas. However, the degree of urbanisation in India is amongst the lowest in the world. United Nations Estimates for 2000 show that 47% of the total population lives in urban areas, while the proportion of urban population range between 75 and 80%. It is 36.7% in Asia. Within Asia, countries like China and Indonesia, starting from the lower levels of urbanisation in 1950 have now overtaken India with urbanisation of 31.2% and 40.9 % respectively. There is the best time to plan before development outpaces planning. It is important to remember that cities are powerhouses of growth. More than rural development it is urban development that has to be attended to. In the new environment of globalisation, privatisation and liberalisation, immense new opportunities will be created for growth in services and employment opportunities for rural youth. Massive investment needs to be put into education, particularly IT, retail sector and financial services where opportunities would increasingly come up. Dr. Amartya Sen. put the strategy as per welfare economics. Accordingly, the aim should be to create “entitlements”, by investing in education and health for a good life.

In planning, the thrust ought to be on *manpower planning*. Educational institutes could be directed accordingly to provide for job-oriented education. In this context, administrative reform would be urgently needed in that specialists would have to be granted more say as rural development, arguably, is a scientists’ field not a lay person’s. This has significant implications for organisational hierarchy in that rearrangements concerning unity of command, span of control, job description et al might need to be affected. Innovative O&M solutions would have to be devised to attune formal and informal organisation to the requirement as per the changed ecological context. Participation of the civil society is set to grow. The private sector is slated to participate increasingly henceforth, in public goods provisioning. Modalities for synergy between civil society and government would have to be devised. To reiterate, this is the right time to plan for urban development. Planning and financing would need to consider urban development even more than rural, since the latter would anyways benefit by way of spin off effects. Urban development is expected to increase rural prosperity by way of spin off effects or positive externalities. For example, improved water supply services surrounding rural areas, urban areas serve as markets for high value crops and a host of other intangible benefits that come from proximity to the urban area.

As per Debapriya Dutta (2004), the mandate for new emergent institutions also enjoins/ requires integrated spatial development planning for which collection and collation of data relating to local resources is a vital requirement as are the appropriate tools for processing the data to generate relevant information for local level planning. To address this need the government of India launched the Natural Resources Data Management System (NRDMS) programme with the purpose of developing and providing geo information and communication technologies (geo- ICTE) and tools for potential users. It was launched as an R&D programme. Since then it has developed many tools and techniques many of which have been demonstrated also to institutions of local government. However, (1) there is lack of technological capability to utilise these tools at the local level, 2) poor linkage of geo-ICT tools with the organizational work flows at the local level, (3) unavailable, standardised and up-to-date spatial data at all levels and 3) lack of data sharing for integrated inter sector planning. Hence building the requisite technological and organizational capability at the local level is an important requirement.

The National Informatics Organisation has been pivotal organisation in implementation of information technology in India. The NIC has taken several initiatives for application of



information technology at the district level. Two such initiatives are the DISNIC (district information system of the NIC) and CRISP (computerised rural information systems project). Researches have brought out that information technology has been fruitfully employed in the State of Gujarat, especially in the Integrated Rural Development Programme (IRDP). Information technology has been used for *analytical* purposes, rather than *routine operational* work, contrasted with Karnataka. In Gujarat, the application of information technology have been more widespread, since efforts have been made for *local development of applications* at the *initiative of the local staff* who have been willing to learn and work, and find innovative ways of developing relevant database for local planning. Efforts have been taken at the DRDA level in terms of arranging for training, and contractual employment of daily wage data entry operators. To further the effort, links have been established with local engineering colleges for support and training. Notable success has been achieved, especially with regard to the IRDP. Local data was developed (collected and collated) regarding each household's assets, land holdings etc. to assess the level of poverty with due weight assigned to each mentioned variable(s). This data was superimposed on the progress/execution of IRDP, which revealed region specific status regarding requirements as per the natural resources and infrastructure in the area.

The contrast in success in Gujarat and Karnataka is surprising since Karnataka has been better placed with regard to infrastructure for planning. In Karnataka, the Zilla Parishad is a more empowered planning agency and therefore in a better position to control developments and bring about desired changes. In Gujarat, on the other hand the effort is dispersed between the DRDA, which is centrally sponsored agency with little autonomy and the district panchayat, which is equivalent to the Zilla Parishad but not as empowered. The difference lies in the approach adopted by the two states. While Karnataka has relied on legislation, hence devolution of power to local decision centers (agencies), in Gujarat, the attempt has been more towards *deregulation*, where incremental changes have come about as a result of locally relevant applications of planning, through local initiative, where people are active participants rather than passive recipients of state sponsored technology. The derivation is that information technology succeeds where there is a sense of ownership among people, rather than a unilateral arrangement where they receive directions from some central agency (*Journal of Global Information Technology Management*).

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## 20.5 MODALITIES FOR PEOPLES' PARTICIPATION

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There is considerable ambiguity about peoples' participation in governance. What does it mean? How it is to be secured; in what manner; in which areas? According to Hickey and Mohan (2003), participation should not be understood as *imminent*, that is one off/ ad hoc participation in some programmes but conceptualized in broader terms as part of the wider concept of citizenship which looks at participation as an *immanent* socio historical process which runs as undercurrent to all social, political and sociological processes. Hence, there is need to link citizenship to radical development agenda. Empirically, there is growing amount of evidence to suggest that where participatory approaches to development and governance have achieved sustained success in terms of challenging exclusion, redistributing resources and promoting social justice, they have tended to be located within apolitical tradition or project that adopts a specifically radical approach to development rather than as well designed institutional innovations or interventions. Hence, there is need for radical system change as per the theoretical formulation, which is referred as "critical modernism" by Giles and Mohan, where initiatives come more from



citizens than institutions. Hence, government should actively work to promote such institutional mechanisms that make real the possibility. People's participation has to move a level up from *project* level to *policy* level which can lead to political empowerment of people, rather than mere involvement in some technical studies. Example can be given of *participatory rural appraisals* (PRAs) being used currently in disaster mitigation and vulnerability studies, and participatory poverty assessments to inform policy for poverty reduction initiated by the World Bank, following criticism of aid linked to conditionality and being unrelated to actual needs (Blackburn and Holand, 1998). The links between citizenship and participatory development can to some extent be conceptualized in terms of a interactions between a series of institutional norms and agency led practices whereby;

"Citizenship can be defined as that set of practices, which define a member as a competent member of society, and which as a consequence shape the flow of resources to persons and social groups" (Roberts, 1992:3).

Such broad conceptualisation takes participation beyond imminent participation in specific programmes to a historical and continuous process whereby people extend their rights as competent members of society and tinge administration with citizen centric character. Hence policy prescription in this regard would be measures to enable citizens to assert their rights as responsible citizens, which would be through better education, political communication, right to information et al. Another pertinent concept is that of 'political space'. For Webster and Engberg Peterson (2003), 'political space' comprises three analytical dimensions.

- The institutional channels, through which policy formulation and implementation could be accessed, controlled or contested by the poor.
- The Political discourses in which poverty and poverty reduction are specific issues
- The social and political practices of the poor which may be a basis for influencing decision making, agenda, policy and programme implementation.

Thus viewing participation as a corollary to citizenship perceives citizens as not external but internal/integral to the governance process. Civil society is emerging as a counterpoise to the overweening powerful *state* and rampant individualism in/of capitalism, in the *market*. Hence scholars studying 'communitarism' advocate restructuring public services in welfare states to promote self-help organisations/effort on the part of people. The collapse of the Soviet Union signaled the failure of the state. With the end of the cold war, capitalism is rampant, which is a threatening portent. Activities of the new capitalist world order, such as, Business Process Outsourcing (BPO) in the 'global village' are already generating controversy. Hence a reassertion on the part of citizens as per the original spirit of the social contract, which underlies democracy, is necessary to check the trend. Until the 1970s, the works of T.H Marshall guided views of citizenship, whereby citizenship was understood more in the sense of state guaranteed *rights* more than *duty*. Hence, government had to proactively grant equal opportunity to citizens, hence; assume increasing roles. But public bureaucracies seriously constricted citizenship by arrogating most prerogatives in policy formulation and implementation and precluding citizen deliberation. Citizenship needs to be redefined in terms of duties and obligations, which needs reassertion on the part of citizens of their sovereignty in nation states and the nature of government as instruments to exercise 'delegated power' and function in public interest (Landy, 1995).

In India, Kerala and West Bengal are good examples of 'transformative' development at the local level. Credit however, goes to the strongly reformist agenda of the communist governments in these states, which went in for paradigm shift instead of ad hoc attempts at peoples' participation which are usually not successful.

Democratic decentralisation is key to participatory governance. Participation at the local level is *institutionalised* through regular elections, council hearings and perhaps, most significantly, participatory budgeting.

The Constitution Amendment Act envisages enabling people to participate in development processes at ward, municipal, district and metropolitan regional level. The empirical evidence of such optimism could be realised only after the incorporation of the CAA in the existing Municipal Acts. Mechanism in urban governance is the ward committees at the state level and the Gram Sabhas at the rural level. Ward committees are designed to bring the administration closer to the people.

The Gram Sabha is intended to engage village peers in a form of direct democracy at the local level. Other institutions for peoples' participation in administration are the Nyaya Panchayats and Lok Adalats which are proposed to supplement traditional legal institutions for speedy justice and peoples' education in issues involved in governance. In time it is expected to raise the level of awareness among people regarding rights and duties.

According to H. Ramchandran, development strategy pursued up till now has led to increase in the powers and activities of the state. Little allowance/attempt has been made for participation of civil society. The situation needs to change in the interest of 'good governance.' For example, the Irrigation Acts vest the management and control of waters in the hands of the state, and project planning and implementation are largely internal activities of the state. In the absence of institutional arrangements for consultation and grievance-redress, the process of displacement, resettlement and rehabilitation often generates serious dissatisfactions leading in some cases to conflicts. This is in contrast to the historical situation in India, where water management, such as harvesting structures and small irrigation schemes have traditionally/historically been the primary responsibility of the communities. Gradually, however, state acquired monopoly over these services. Citing World Bank (1999) he brings out the problems in the arrangement thus; "*First*, water is provided free of cost (up to 40 litre per capita per day), and users do not contribute to the capital cost associated with higher level of services. *Second*, ownership of rural water supply installation is not transferred to communities... Communities do not have any control over what, when, where and how installations are provided. *Lastly*, mechanisms for communicating feedback from users to water agencies are poorly developed, with few offices to which to report defunct installations. In general, water agencies are not responsive to even this limited feedback" (World Bank, 1999 in H. Ramchandran's).

Past experience with community involvement in urban basic infrastructure provision shows that community involvement reduces costs of a project considerably. Urban Basic Service Programme was launched by the central government with assistance from UNICEF. The projects covered only a few slums in select number of cities. Since, there was no institutional stipulation from the World Bank, the solutions pursued were local in nature. It was realised, as the scheme developed, that community involvement not only results in effective implementation of the projects but also leads to better designing and substantial reduction in operational costs. Subsequently, community was often involved not just for project implementation and supervision of work but also in designing the project. All these

initiatives notwithstanding, community participation remained a state sponsored activity until the late seventies. Community participation as a component of development strategy gained currency in the eighties since public agencies largely failed in providing basic services to requisite quality. It was observed that beneficiary involvement in development projects cut costs considerably, since they helped mobilise resources through self- help and even contributed labour at cheap cost or even none at all. The most innovative form of community participation in infrastructural projects, which has been hailed as a major achievement in the nineties, is the neighbourhood and slum networking schemes, launched with substantial financial support from the state or central government (Kundu 2002). However, there has to be attempt at institutionalizing community participation to clear the confusion regarding modality, and provide legal provisions in this regard. Some of the tried and tested examples are Water Users Association in irrigation projects, Watershed Association in watershed management, JFM committees in forest areas, VEC in Primary education and SHG in micro credit and Resident Welfare Associations (RWAs) or Neighbourhood User Groups (NUGs) in urban areas. However such bodies would have to be brought within the Panchayat arrangement, probably through committees. The concept of development funds allocated to Members of Parliament and Members of Legislative Assembly is another in congruency, which needs to be resolved in the context of the Panchayat Raj

Currently activism on the part of people is evident against the emerging right wing forces. People have challenged industries that threaten the environment. There are numerous instances of such informed activism on the part of people. The Orissa High court has asked the state government not to evict residents of a village for the proposed Tata Steel plant at Gopalpur. The directives came in the wake of petitions filed by the village *Panchayat* president and the Orissa Unit of People's Union for Civil Liberties. A *Gram Panchayat* in Himachal Pradesh, has decided to file a petition in the High Court against state government's decision to privatise the golf course in its area. Looking at the examples cited above, right to information appears the appropriate remedy for checking corruption through enforcing accountability of the local population (H. Ramchandran).

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## 20.6 RESOURCES OF LOCAL BODIES

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Studies suggest that even local bodies in relatively affluent states like Maharashtra, Gujarat, Andhra Pradesh, and West Bengal have failed to make use of their powers of taxation. They have levied taxes on perhaps two of the available items including profession tax, special tax on land and buildings and tax on public entertainment. User fees also have been inadequately levied and all the more improperly collected. This coupled with the poor resource position of state governments largely explains the resource crunch of local bodies. Citing the observations of the Ashok Mehta Committee, Bajpai and Verma (1995) explain that there needs to be a rational relation between the size of the panchayat and its viability as an economic unit. Presently, this is scarcely so.

### Finances of Rural Local Bodies

Article 243-H of the Constitution enjoins on the state legislature to:

- a) authorise a Panchayat to levy, collect, and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits;
- b) assign to a Panchayat such taxes, duties, tolls, and fees levied and collected by the State government for such purposes and subject to such conditions and limits;

- c) provide for making such grants in aid to the Panchayats from the Consolidated Fund of the State; and
- d) provide for constitution of such Funds for crediting all moneys respectively by or on behalf of the Panchayats and also for the withdrawal of such moneys there from as may be specified in the law.

It is clear that local bodies do not have independent resource raising powers of their own. The State governments are enjoined the responsibility to look after financial requirements at the local level. There is need for more proactive steps in this regard. It is imperative that local bodies raise their own resources. In this respect the supervisory role of the state government in the sense of making certain taxes and user fees obligatory would be crucial. Linking assistance to reform and resource mobilisation effort could work.

### **Municipal Finances**

As brought out by Abhijit Datta, (2005), unlike the Indian States, the local (including municipal) governments do not share in the revenues of the central government. The arrangement however is quite common in federal constitutions like, Brazil, Nigeria and South Africa. In Brazil and Nigeria, local governments have a fixed share of federal revenue, while in South Africa, the Financial and Fiscal Commission, allocates this to the sub- national Governments on an examination of their revenue potential and revenue raising effort. The South African Constitution terms this, 'equitable division of revenue raised nationally among the National, Provincial, and local spheres of government.

Since, the Indian Practice is limited to central revenue sharing by states, the municipalities are dependant on cash starved state governments for finances. Besides, "global tax sharing" arrangement, whereby funds are transferred from the States to municipalities on the recommendation of the State Finance Commission, has blurred the distinction between specific tax sharing and tax compensation, especially in the erstwhile Octroi States. This is important for two taxes-motor vehicle tax and octroi compensation. Automotive taxes are regarded as genuine municipal source due to municipal responsibility for road maintenance, upkeep of street furniture and provision of street lighting. Octroi compensation needs to be viewed in the wider context of the absence of a Municipal Business Tax. In the wake of VAT, fixed percentage allocation for municipalities should be considered. According to Abhijit Datta, (2005) "in future, global state revenue sharing with the municipalities might be replaced by specific sharing of automotive taxes and the VAT. Municipal bodies (corporations and councils) are prescribed to perform a vast array of functions (obligatory and discretionary) for which adequate financial resources should be available. State would be able to exercise better restraint on municipal finances if local bodies are granted requisite autonomy in raising revenue and in expenditure decisions, through measures like linking grants to fiscal prudence.

Hence, there is no separate list of taxes exclusively for municipal bodies. Many Commissions like the Local Finance Inquiry Committee (1951) and Taxation Inquiry Commission (1953-1954) have been set up from time to time to look into the issue of municipal finance. However, municipal finance was left to the discretion of the respective state governments to specify by law, matters relating to imposition of taxes. User fees have not been levied properly. Minimal charges have been collected lackadaisically.

This has been the lament regarding municipal finances.

Municipal Revenues are basically of the following types:

- Tax revenue;
- Non-tax revenue;
- Grants-in-aid;
- Borrowings or loans.

#### **A) Tax Revenue**

Major taxes levied by urban local government are the following:

- Tax on property including service levy for water supply, conservancy, drainage, lighting and garbage disposal;
- Tax on entry of goods into a local area for consumption use of sale therein, popularly known as octroi;
- Tax on Professions;
- Tax on vehicles (other than motor vehicles).

The scope of taxation of Municipal Corporations is broader; they are generally empowered to impose or increase taxes within the limits laid down in the State Acts.

#### **Property tax**

Generally property tax is the largest single source of revenue for municipal bodies in the states where there is no provision for octroi. Property tax is levied on buildings and lands. Its basis of taxation is the annual rateable value frozen in fiscal terms and also implemented improperly. Alternate ways of computation based on area wide assessment or capital value assessment should be attempted to make the tax buoyant. A municipal body can impose, suspend, reduce or abolish the tax or partly/wholly exempt any person or class of persons of any such tax on any property or description of property by a resolution passed at a special meeting and confirmed by the state government. There is need for property tax reform (Tenth Plan, 2002-07). According to Abhijit Datta (2005), problems with property tax stem mainly from states' policy on urban development, e.g. interventions in urban land use (conversion tax), ownership dispersal (land ceiling), rent control, penal taxation, (stamp duty, land value increment tax) etc. which have led to generation of black money in the property market. Desirable state of affairs regarding property tax is "municipal autonomy in its utilisation in a relatively free property market." Other core reforms include introduction of e-governance for property tax collections, with the goal of at least 85 per cent collection efficiency within five years and the introduction of similar practices in the case of financial accounting systems, work management, water tax billing and collection systems, the trade licensing system and the approval of building plans.

#### **Octroi**

It is the tax levied on entry of goods into a local area for consumption or sale therein. It accounts for about 60 to 80 per cent of total revenue of the urban local bodies where it is imposed. In the states of Rajasthan, Gujarat and Maharashtra for example, this tax is the major source of revenue. However, due to scathing criticism from many front states such as Andhra Pradesh, Assam, Bihar, Karnataka, Kerala, Madhya Pradesh, Nagaland, Sikkim, Tamil Nadu, Tripura, Himachal Pradesh, Manipur and Meghalaya have abolished



octroi. The state of Gujarat has taken a policy decision to abolish octroi and introduce an entry tax. Criticism regarding Octroi was that it hampered inter state trade and there was considerable corruption in its implementation.

### **B) Non-tax Revenue**

Every Municipal Act has provisions, for issue of licenses. Every local authority is empowered to charge and collect fees both regulatory (for license issued) and for services provided. There is a vital difference between tax and fee: tax is a compulsory levy, while a fee is a charge made in return for a benefit allowed as per the principle of *quid pro quo*. When the service is extensively used and it takes on the character and form of a public utility, then the fee charged is called a user charge or a user fee. Normally a user fee is to be charged for public utilities, parking, entry fees for play ground, swimming pools etc.

As articulated in the Tenth plan, the state government unilaterally decides rates of taxes mentioned above and concerned parastatal agencies in case of water and power supply etc. without reference to local bodies that are affected by these decisions. There is ineffective devolution of decision making authority in this respect. This bottleneck should be suitably remedied. User charges are also inadequate. There is need for revision of user charges and strict compliance therewith for better financial position of local bodies. Besides, costs should be better controlled, particularly establishment costs and better utilization of municipal assets should be ensured for better financial position.

### **C) Grants-in-aid**

An important element of municipal finance is grants-in-aid. There are two types of grants: a general-purpose grant (GPG) and a specific purpose grant (SPG). The GPGs are intended to augment the revenue of the local bodies for discharging their normal functions. The SPGs are used for specific requirements, e.g. the increase of wage bills due to inflation, education grants, public health, road maintenance etc. Grants are ad-hoc and discretionary in nature. Central plan assistance is extended through schemes such as the Integrated Small and Medium Town Development (ISDMT), Accelerated Water Supply Programme (AUWSP), and the Mega City scheme. Plan assistance is also routed through programmes such as the NCR plan, and the Tax-free bonds scheme, which was introduced during the ninth five year plan period. External assistance comes from agencies like the Asian Development Bank, ADB, World Bank and bilateral agencies. Innovative partnerships with the private sector should be considered in infrastructure development, particularly housing.

### **D) Borrowings and Loans**

Municipal bodies can borrow from the state government and other agencies when they cannot afford to meet their expenditures with their existing revenues. The borrowing power of a local government is regulated under Local Authorities Loans Act (1914). This act provides that Municipal Corporations can borrow for development activities and for payment of debt charges. Local bodies are permitted to borrow for the following activities:

- Construction of municipal works;
- Provision of relief and the establishment or maintenance of relief work in times of scarcity or famine;



- Prevention of the outbreak of any dangerous epidemic disease;
- Acquisition of land;
- Repayment of outstanding loans.

Though market borrowings are not a traditional source of municipal finance a beginning needs to be made in specific sectors such as water supply where debt funds can be used to supplement resources from grants in aid and own resource.

### **The State Finance Commission**

With the increasing pace of urbanisation, municipal bodies are finding it difficult to deliver the required level of services. Moreover, with the Constitutional Amendment Act (1992) and the addition of eighteen functions in the Twelfth Schedule, the functional responsibilities of municipalities have extended into development planning which extends the scope of local functions much beyond provisions of civic amenities. Local Bodies are expected to play a crucial role in the preparation of plans for local development and in the implementation of development projects. In view of this, proper assessment of the resources of the municipal bodies is required. Thus, the Seventy-Fourth Constitutional Amendment Act under article 243-I proposes the setting up of State Finance Commission. The Governor of the State constitutes a State Finance Commission within one year from the commencement of the Constitutional Amendment Act. Its term is for 5 years. The recommendations of the State Finance Commission will be in the following aspects:

- Distribution between the state government and municipalities of the net proceeds of the taxes, duties, tolls and fees leviable by the state;
- Allocation of a share of such proceeds between the municipalities at all levels in a state;
- Determination of taxes, duties, tolls and fees to be assigned or appropriated by the municipalities;
- Grants-in-aid to municipalities from the consolidated fund of the state;
- Measures needed to improve the financial position of municipalities.

Under the new Amendment, it is at the discretion of the Governor to refer any matter to the Finance Commission. This Commission chalks out its own procedure within the framework of powers given to it by state law. Another important aspect is that the Governor has to present to the state legislature every recommendation made by the Finance Commission along with explanatory notes on the actions taken. The setting up of a Finance Commission as proposed by the Constitutional Amendment Act will thus help the urban local bodies to deliver the increased level of services, which are required in the context of increasing urbanization. These additional responsibilities allotted to them under the twelfth schedule also make it imperative to make regular assessment of financial resources of the local bodies. Regular assessment of the financial resources, would help in the proper channelisation of resources as well as the devolution of resources from state to local government and give the local bodies a firm footing.

The challenge before the state finance commissions would be to strike the balance between rural and urban concerns, and there might be natural tendency to tilt towards rural concerns. The other consideration would be achieving the right mix between own

resources and transfers from the state (Tenth Plan). Besides, membership of the State Finance Commission would be crucial. Its efficacy would depend on the expertise of the members placed therein. Quick perusal of acts in various states suggests that

### **Issues in Budgeting**

While increase in user charges is being widely recommended, the converse argument is equally potent. Increased user charges would further pressurize the have-nots in city who would be asked to pay more. However, as the same is an essential requirement for making local bodies viable units of self-government, ways would have to be found to identify the losers in the policy design and compensate adequately for better net social welfare. Also budget process would have to invite more people's participation to know what the requirements are and whether they are being met in the present dispensation. For example, local governments would have to grapple with poverty in the first instance since they operate at the cutting edge between citizen and the administration. Needs of vulnerable groups like, migrant workers, AIDS affected people, street beggars, homeless, child labour, et al would have to be dealt with at the local level. According to Minar Pimple of YUVA, and Sita Shekhar of Public Affairs Center, Bangalore, different local governments have different demographic profile and occupational pattern, nature of poverty unemployment etc. Hence uniform prescription may not be advisable. Broad differences were seen in the growth and composition of revenue and expenditure between the municipalities. While Bangalore had only grown 1% in income, Mumbai had increased by 7%, while Chennai's 36% spent on education dwarfed the 8% allocated in Pune. Operating expenses varied from 6-14% of the budget and per capita expenditure was more than triple in Mumbai that of Chennai. In the composition of allocations within sectors, salaries only made up 5% of the education sector in Ahmedabad and an incredible 97% in Bangalore. It is here that civil society activism is pertinent by way of research studies or policy analysis.

Hence intense academic analysis pertaining to each local government unit for rational resource allocation in the budget would be required. The call is for inclusive budgetary process with requisite involvement of subject matter specialists in civil society.

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## **20.7 AGENDA FOR THE FUTURE**

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The present CAA in India is a step towards bringing about changes in the existing framework of urban local bodies and is in conformity with the worldwide trend towards pluralism and inclusiveness of the political process. It is expected to be a harbinger of change, by making the urban local bodies efficient and a democratic form of government in the true sense.

The reforms required by urban local bodies are multifaceted covering political, social, administrative, financial and technological aspects. The act provides a constitutional form of the structure and mandate for municipal bodies to enable them to function as effective democratic institutions of local self-government. However, it is worth mentioning that the constitutional status alone is not sufficient to make the municipal bodies vibrant and effective institutions of democracy. There has to be genuine transfer of responsibilities from the states to the local bodies accompanied by requisite devolution of power and authority with respect to decision making, especially in financial resources.

As articulated in the Tenth plan, the desired role of local bodies would be to:

- Be responsive and accountable to the community,
- To develop cities with standards of service comparable to the best in that particular category.
- To constantly improve their capabilities so as to equip themselves to undertake their tasks in resource- raising, service provision and poverty alleviation.

Substantial progress has already been achieved through projects such as the Mega City Project for five selected cities, The Integrated Development of Small and Medium Towns (IDSMT) and the Accelerated Urban Water Supply Programme (AUWSP) has also functioned with fair success.

There is need for transparency through Right to Information regarding municipal matters, since the bodies are closer to the taxpayers' money. Peoples' participation could be secured by involving bodies like Residents Association more closely in urban planning. The chief arena where private sector scores over government is accountability mechanisms, which are allegedly woefully inadequate in public administration, particularly in India and quite efficient in private enterprises. That is an area of procedural reform that needs to be attended to. The Urban Local Bodies have been guilty of spillage and wastage in tax collections. For populist reasons they have been unwilling to levy taxes and user fees.

Fundamental requirement would be gradual transition from centralized planning to development planning from below, which would be possible only through genuine devolution of powers and functions to local bodies and generation of resource capability in local bodies.

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## 20.8 CONCLUSION

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Hence, radical changes are called for, for infusing efficiency in local governance. Though the recent amendments are a step forward, structural reforms towards a truly federated arrangement are still needed. The present arrangement still suggests colonial hangover. Citizen participation has to be ensured in keeping with the spirit of fundamental duties enshrined in the constitution. The same would need to be institutionalized. Effective devolution of powers and functions needs to be affected especially with regard to finances. Urban local bodies should henceforth be looked upon as planning units rather than instrumentalities of state governments for carrying out relatively unimportant tasks.

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## 20.9 KEY CONCEPTS

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| <b>Privatisation</b> | : Privatisation encompasses many policies, including reduced public funding of services, government contracting with non- profit and for profit organisations, fees for services, vouchers for public education and a greater role for community organisations in addressing public concerns. (Ingram & Smith 1995), |
| <b>Civil Society</b> | : Civil Society is the new hope of the globalised world. The Civil Society it is hoped would deliver us from the evil of rampant capitalism and the all-powerful state. Civil society includes non- government organizations and social action groups, and also  |

voluntary activity on the part of one person for social benefit. The arena of action for civil society is the intervening space between the state and market, including sometimes, government and market agencies in synergistic/facilitating association.

### Participation

- : Participation is being looked upon as a *transformative* approach to development. It is being studied as part of the wider analysis of citizenship, which partakes in governance as a matter of legitimate right and duty. Accordingly, welfare states need to reorganise public services to institutionalize this basic precept of democracy. Participation is being increasingly discussed under sub fields like decentralization, social capital, social movements, social justice issues like women's empowerment et al in World Bank publications.

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## 20.10 REFERENCES AND FURTHER READING

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## 20.11 ACTIVITIES

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- 1) Prepare an assessment report regarding the performance of the municipality in your area. To what extent do you think the proposed amendments will ameliorate the situation? Write in the context of powers, functions and resources of local bodies.

**ANNEXURE**

*11<sup>th</sup> Schedule of the Indian Constitution, 73<sup>rd</sup> Amendment Act, 1993.*

- 1) Agriculture including agriculture extension.
- 2) Land improvement, implementation of land reforms; land consolidation, and soil conservation.
- 3) Minor irrigation, water management and watershed development.
- 4) Animal husbandry, dairying and poultry
- 5) Fisheries
- 6) Social Forestry and Farm Fisheries
- 7) Minor Forest Produce
- 8) Small scale industries, including food processing industries
- 9) Khadi, village and cottage industries
- 10) Rural housing
- 11) Drinking water
- 12) Fuel and Fodder
- 13) Roads, culverts, bridges ferries, waterways and other means of communication
- 14) Rural electrification, including distribution of electricity.
- 15) Non conventional energy sources
- 16) Poverty alleviation programme
- 17) Education, including primary and secondary schools
- 18) Technical training and vocational education
- 19) Adult and non formal education
- 20) Libraries
- 21) Cultural activities
- 22) Markets and fairs
- 23) Health and sanitation including hospitals, primary health centers
- 24) Family Welfare
- 25) Women and Child Development
- 26) Social welfare including welfare of the handicapped and mentally retarded.
- 27) Welfare of the weaker sections and in particular of the scheduled castes and the scheduled tribes
- 28) Public Distribution System
- 29) Maintenance of community assets.



*Twelfth Schedule of the Seventy-Fourth Constitutional Amendment Act (1992)*

- 1) Urban planning, including town planning
- 2) Regulation of land use and construction of buildings
- 3) Planning for economic and social development
- 4) Roads and bridges
- 5) Water supply for domestic, industrial and commercial purposes
- 6) Public health, sanitation conservancy and solid waste management
- 7) Fire services
- 8) Urban forestry, protection of environment and promotion of ecological aspects
- 9) Safeguarding the interests of weaker sections of society, including the disabled and mentally retarded
- 10) Slum improvement and upgrading
- 11) Urban poverty alleviation
- 12) Provision of urban amenities and facilities such as parks, gardens playgrounds
- 13) Promotion of cultural, educational and aesthetic aspects
- 14) Burials and burial grounds, cremations, cremation grounds and electric crematoriums
- 15) Cattle pounds; prevention of cruelty to animals
- 16) Vital statistics including registration of births and deaths
- 17) Public amenities including street lighting, parking lots, bus stops and public conveniences
- 18) Regulation of slaughter houses and tanneries