
UNIT 4 UNDERSTANDING DECENTRALISATION IN CONTEMPORARY SETTINGS

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

4.0 LEARNING OUTCOME

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 73rd & 74th Constitutional Amendment Acts;
- define the problems and shortcomings of the new system; and
- provide meaningful suggestions for the smooth functioning of decentralisation.

4.1 INTRODUCTION

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 73rd and 74th 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.

4.2 LEGISLATIVE FRAMEWORK OF DECENTRALISATION

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 73rd Constitutional Amendment Act, 1992. By April 23, 1994, all the states had completed the process of enacting fresh legislation on strengthening the PRIs. The 74th 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 73rd and 74th 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).

4.3 DECENTRALISATION IN OPERATION

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 26th January, 1st May, 15th August and 2nd 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 73rd and 74th 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 1/3rd 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 74th 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.

4.4 DECENTRALISATION: THE ROAD AHEAD

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.

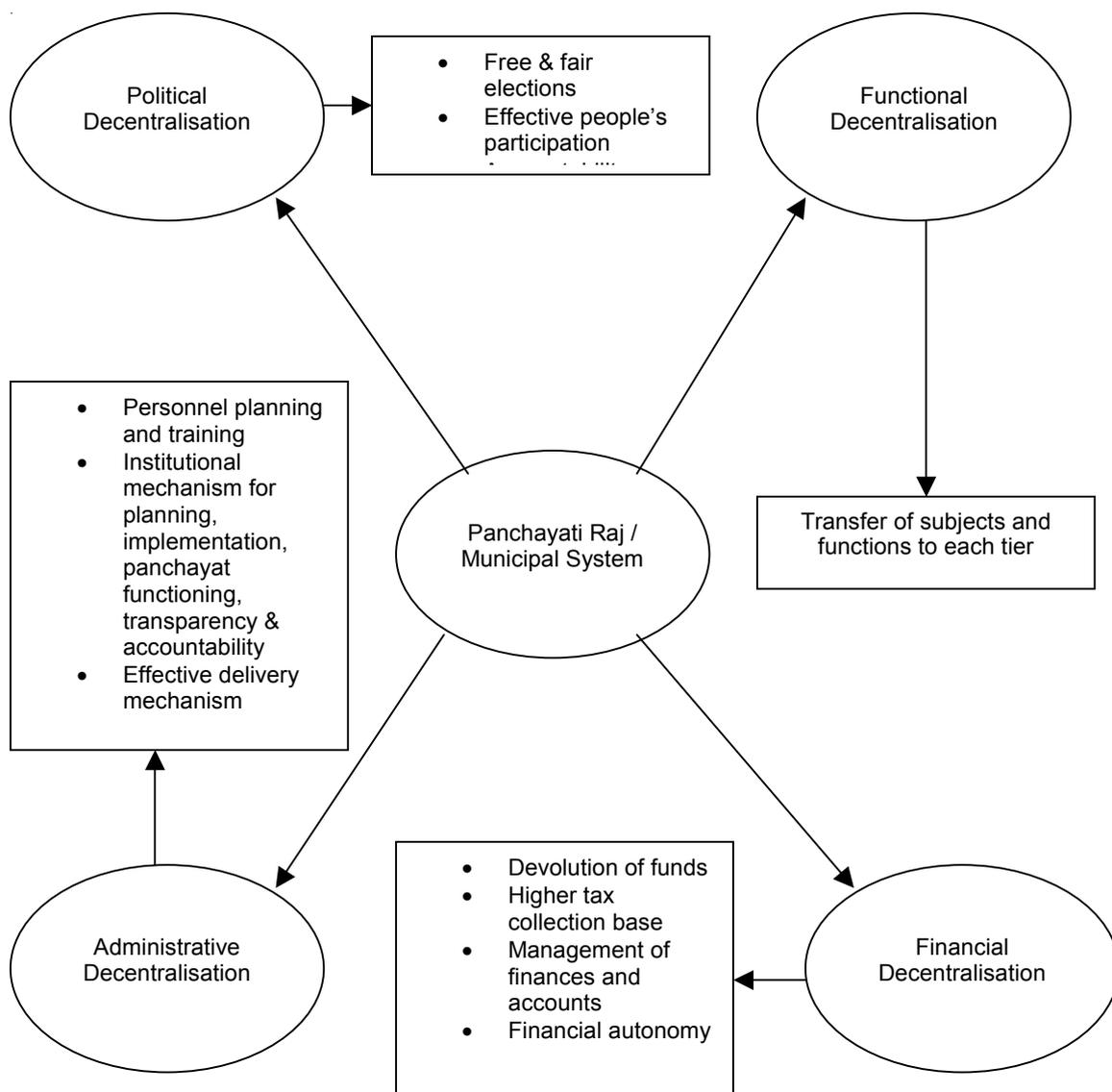


Fig. 1: Requisite Components of Panchayati Raj/Municipal System.

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

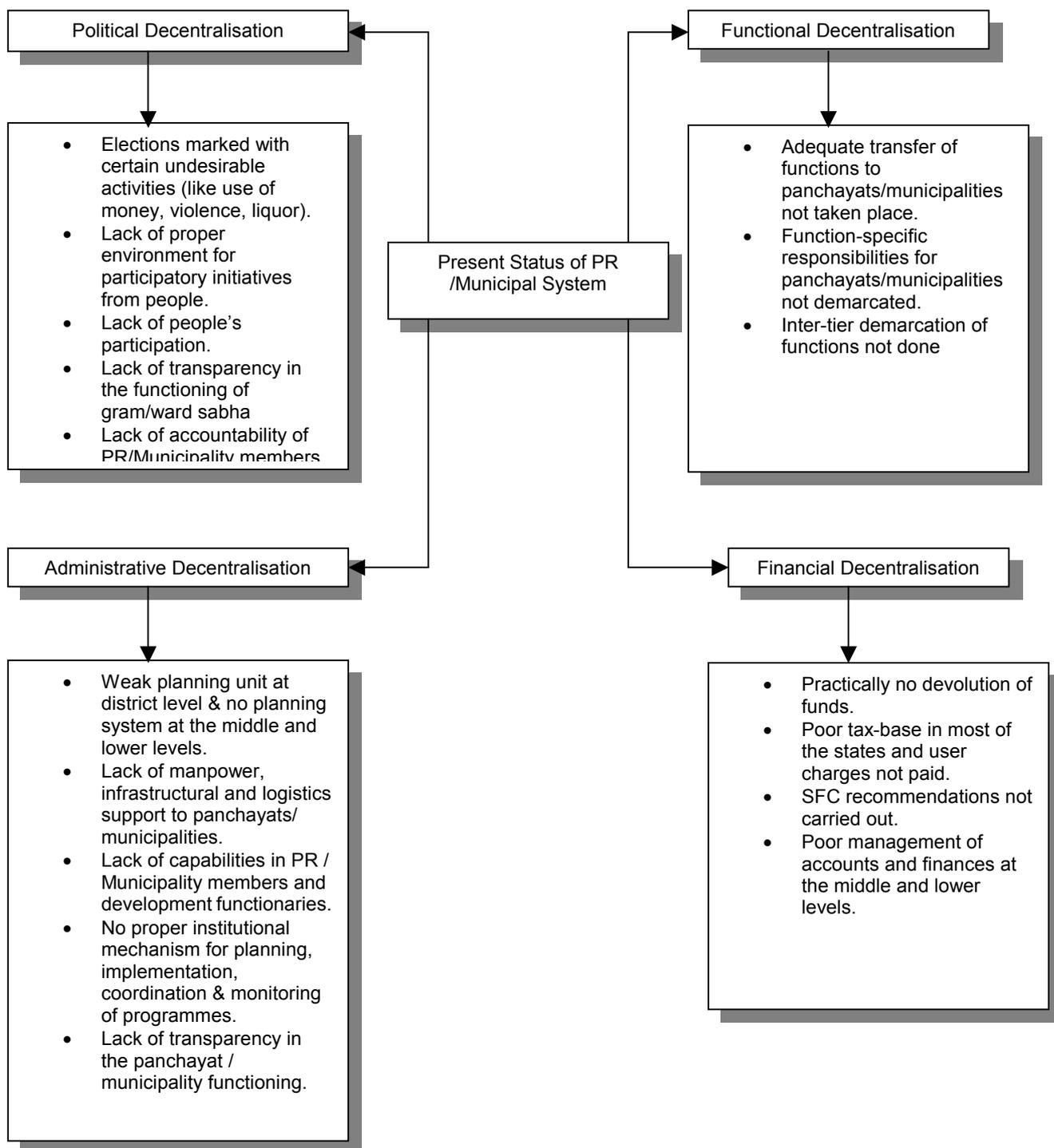


Fig. 2: Problems in the Present Form of PR/Municipal System

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 73rd and 74th 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.

4.6 KEY CONCEPTS

- Decentralisation** : 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.
- Panchayati Raj Institutions (PRIs)** : 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).

4.7 REFERENCES AND FURTHER READING

Bajpai, Ashok, 1997, Panchayati Raj and Rural Development, Sahitya Prakashan, Delhi.

Chaubey, P.K., 2004, Urban Local Bodies in India, Indian Institute of Public Administration, New Delhi.

Ghosh, Buddhadeb and Kumar, Girish, 2003, State Politics and Panchayats in India, Manohar, New Delhi.

Government of India, 2000, Report of the Eleventh Finance Commission (2000-2005), New Delhi, July.

Gupta, D.N., 2004, Decentralisation Need for Reforms, Concept Publishing Company, New Delhi.

Human Development in South Asia: The Crises of Governance, Mahbub ul Haq Human Development Centre, Oxford University Press, Oxford, 1999.

Kveck, Gert W., Mathur, S.C. and Schindler, Klaus, 1998, Federalism and decentralisation, Konrad Adenauer Foundation, New Delhi.

Mathew, George, 2005, Ten-Year Journey of New Panchayats, in S.S. Chahar (ed.), Governance at Grassroots Level in India, Kanishka, New Delhi.

Mishra, S.N., 2005, The 73rd Constitution Amendment and the Local Resource Base: A Critical Appraisal, in S.S. Chahar (ed.), Governance at Grassroots Level in India, Kanishka, New Delhi.

Mishra, S.N. and Mishra, Sweta, 2002, Decentralised Governance, Shipra Publications, New Delhi.

Mishra, S.N. and Sharma, Kushal, 1983, Problems and Prospects of Rural Development in India, Uppal, New Delhi.

Mishra, Sweta, 2003, Decentralisation: Concept, Characteristics and Constraints, in Alka Dhameja (ed.), Contemporary Debates in Public Administration, Prentice Hall of India, New Delhi.

Panchayati Raj in India – Status Report 1999, Task Force on Panchayati Raj, Rajiv Gandhi Foundation, New Delhi, March 2000.

Panchayati Raj Update, Vol.9, No.6, June 1998, Institute of Social Sciences, New Delhi.

Panchayati Raj Update, Vol.9, No.7, July 1998, Institute of Social Sciences, New Delhi.

Panchayati Raj Update, Vol.9, No.8, August 2002, Institute of Social Sciences, New Delhi.

Singh, Mohinder, Democratic Decentralisation in India After 73rd Amendment, in Shiv Raj Singh, et. Al (eds.), 2003, Public Administration. In the New Millennium, Anamika Publishers, New Delhi.

Singh, S.K., District Planning Committee: Problems and Prospects, in S.S. Chahar (ed.), 2005, Governance at Grassroots Level in India, Kanishka, New Delhi.

Sivaramakrishnan, K.C., 2000, Power to People?: The Politics and Progress of Decentralisation, Konark Publishers Pvt. Ltd., Delhi.

Vithal, C.P., 1998, Devolution of Powers and Functions to Panchayati Raj Institutions, Kurukshetra, Vol.47, No.2, November.

4.8 ACTIVITIES

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