

Local Self-government in India: An Overview

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The rural poor, consisting of landless, small and marginal farmers, face the problems of assetlessness, lack of access to credit, inability to avail the government's anti-poverty programmes, unemployment, poverty, and, are unable to meet the basic needs such as housing, health, education, drinking water, sanitation, etc. These problems are particularly severe in the case of the disadvantaged groups of women, and households belonging to Scheduled Castes (SC) and Scheduled Tribes (ST). To address these problems, large quantum of resources are spent at the local level, and several schemes/programmes with considerable budgetary allocations are implemented. However, these programmes have not fully succeeded to take benefits of development to the poor. The problems of hunger, malnutrition, unemployment, gender inequality, illiteracy, etc., continued to persist, though the intensity of these problems has certainly come down in the recent past. An important contributing factor for this is the non-involvement of the people for whom the programmes are meant. The need for micro-level institutions involving the people in formulation, implementation and monitoring of the programmes has been, therefore, stressed for some time now. The introduction

of decentralised local self government in India through 73rd Constitutional Amendment Act in 1992 is to be seen in this context. Now that it is nearly two decades since the Amendment has been passed, there is need to take stock of the experience gained in achieving rural development through decentralised government. Against this background, this paper provides an overview of rural local self-government in India.

Evolution of Local Self Government in India

Local self government is not new to India. Self-governing village bodies known as sabhas existed even during the Rig-Veda period (around 1200 BC). These bodies, which consisted of five members, have gradually acquired the name of panchayats and were found in almost every village. Enjoying considerable executive and judicial powers, these councils distributed land, collected the land revenue on behalf of the government. However, the introduction of feudal chiefs and revenue collectors from the Mughal period onwards gradually weakened the panchayats role, especially in the collection of land revenue. Panchayats were further weakened with the establishment of local civil and criminal courts, revenue and police

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organisations during the British rule. Thus, at the time of independence, the panchayats were found to be weak in many parts of India.

The need for vibrant micro-institutional arrangement to involve the people was felt soon after the independence. In 1957, Balwant Rai Mehta Committee was appointed to assess the extent to which Community Development projects and National Extension Service have succeeded in the utilisation of local initiatives and creation of institutions to ensure continuity in the process of improving economic and social conditions in rural areas. The Committee recommended the establishment of elected Panchayat Raj Institutions (PRIs) and devolution of necessary resources, power and authority to them so that the community can be meaningfully involved in the planning, decision-making and implementation process. Santhanam committee was appointed in 1963 to look into the fiscal aspects of PRIs.

However, PRIs did not succeed in bringing democratic decentralisation, in involving people especially those belonging to SC and ST communities and addressing the issues concerned with the rural development. This has been attributed to the resistance by politicians and bureaucrats at the state level to share power and resources with the PRIs, domination of local elite over the implementation of rural development programmes, capacity constraints in PRIs, corruption, inadequate devolution of powers and responsibilities to Panchayats, frequent interference into Panchayat Raj system by the government and its officials, irregular

elections to Panchayat Raj bodies, etc (Mathew 1994).

By 1977, it was realised that PRIs were not playing an effective role in rural development. Hence, a high-level committee under the chairmanship of Ashok Mehta was appointed to examine and suggest measures to strengthen PRIs. The Committee recommended PRIs as a two-tier system, with Mandal Panchayat at the base and Zilla Parishad at the top. It believed that the PRIs are capable of planning for themselves with the resources available to them, and that, such a planning should take care of rural-urban continuum. The Committee recommended four year term to PRIs and reservations to SC and ST households.

Following the Asoka Mehta Committee report, and the experience of West Bengal and Karnataka states in decentralised governance, the discussion on ways of securing people's participation in the development process through PRIs and devolution of powers continued. The discussion was also influenced by the world-wide debate on the need for decentralisation. The aid agencies, multilateral and bilateral, have also stressed the need to revitalise the Panchayats to secure people's participation in the development process. Subsequently, the Indian government brought in the 73rd Constitutional Amendment in 1992.

The 73rd Constitutional Amendment

The 73rd Constitutional amendment was hailed as an important landmark for its radical approach towards decentralisation, devolution of power and in ensuring the participation of

the marginalised sections. The Amendment sought to bring a new political system in rural areas by giving priority to decentralisation, people's participation and democracy at the local level. The Amendment adopted a three-tier model with democratically elected governments at the village, Taluk and district level. The Amendment incorporated the following to strengthen PRIs and secure people's participation in PRIs:

Gram Sabha

In order to involve people in the identification and prioritisation of needs, preparation and implementing of plans, the Gram Sabha consisting of all voters in the jurisdiction of Gram Panchayat is to be convened at least twice a year. The gram sabha has also been expected to play an important role in monitoring the implementation of development plans, and promotion of accountability at the local level.

Mandatory elections

Before the 73rd Constitutional Amendment, the conduct of elections to PRIs was irregular in several states. Holding of elections to PRIs once they complete their five-year terms became mandatory under the Amendment.

Reservation to Disadvantaged Groups

Historically, disadvantaged groups (women, SC and ST communities) were not participating in panchayats because of the prevailing social structure. In order to improve their representation and participation in the local self-government, seats and executive positions are reserved for women and persons

belonging to SC/ST categories in PRIs.

Constitution of the Finance Commission

Panchayats should have adequate resources to implement plans prepared by the people and fulfil their aspirations. In view of changing aspirations, there is also a need to periodically revise the quantum of funds to be provided to PRIs. The Amendment has, therefore, made it mandatory to constitute a Finance Commission once in five years to review the finances and to recommend the size of funds to be allocated to the Panchayats and also the principles and the basis on which taxes should be collected in Panchayat areas.

Devolution of functions

Article 243G vests powers in the State legislatures to endow panchayats with such powers and authority to enable them to function as institutions of self-government. Panchayats are made responsible for preparation and execution of plans for economic development and social justice with regard to 29 functions listed in the eleventh schedule of the Constitution.

After the 73rd Amendment, almost all the states have passed conformity acts and started to implement the panchayat raj system. All the mandatory rules have been followed. Elections have been regularly held to PRIs. Reservations have been provided to secure the representation of women, and persons belonging to SC and ST communities in PRIs.

Issues relating to Local Self Government in India

Decentralisation is a process that transfers political, administrative and fiscal

responsibilities to the local elected bodies, and also empowers communities to ensure that these bodies function effectively. The decentralisation and community-driven development are expected to bring both better governance and reduced market imperfections. Below, we present key issues relating to the local self government under three broad headings of political, administrative and fiscal decentralisation.

Political Decentralisation

Political decentralisation implies the transfer of policy and legislative powers from central governments to local elected bodies. Political decentralisation is the most advanced in different states in India. This is borne by the fact that different states have successfully implemented the mandatory provisions of the 73rd Constitutional Amendment and several rounds of elections were held to PRIs after 1992.

The number of functions transferred varied across the states. Among the major states, it is in Karnataka where functions, functionaries and funds have been transferred in the case of all the 29 matters. It should also be noted that all the 29 functions have been transferred in Kerala, Rajasthan, Tamil Nadu and West Bengal. In the case of all the other major states, the number of functions transferred is much less than 29. Added to that, while the number of functions transferred tended to be high in several of these states, the matters for which functionaries and funds transferred was much less. This implies that functional and financial devolution does not match the

political decentralisation across the states.

The studies found that the precise roles and responsibilities of PRIs, the level of legitimacy accorded to them, and credibility of these institutions in the eyes of the constituents varied. There has been lack of interest in PRIs, especially gram panchayats as these are perceived to be bringing very few benefits to villagers.

The policy of reservations has ensured that disadvantaged groups have representation in PRIs. The proportions of women, SC and ST representatives in all Panchayats in India were 36.9 per cent, 18.5 per cent and 11.3 per cent, respectively, as on July 1, 2011. A few studies show that representation of women has resulted in better service delivery (Chattopadhyay and Duflo, 2004; Rajasekhar and Manjula, 2011). However, their effective participation in PRIs could not be achieved because factors such as power relations, level of citizen organisation, participatory skills, political will and insufficient financial resources acted as barriers to their participation [Inbanathan (2003), Gaventa and Vilderrama (1999), Inbanathan and Sivanna (2012), Vijayalakshmi (2007)]. The phenomenon of *de facto* politics has become detrimental to the main objective of decentralisation, i.e., people's participation.

Accountability mechanisms failed to operate. People did not participate in the most visible accountability mechanism, the grama sabha, for the following reasons. First, the policy of holding one Grama Sabha for the entire area of GP jurisdiction and coverage of

many villages by each GP make it inconvenient for people to attend grama sabha meetings. Second, most grama sabha meetings were poorly publicised, scheme bound and attended only by potential beneficiaries. Third, unwillingness of the elected leaders to convene meetings. Fourth, the decisions arrived at in grama sabhas were superseded especially in the case of beneficiaries for housing programmes. As a result, the required number of meetings were not held and they were fabricated by elected and non-elected officials of GP. Thus, grama sabhas neither functioned as an accountability mechanism nor presented the opportunity for social audit (Bhargava and Raphael, 1994; Aziz *et al.* 2002; Babu 2005; Besley, Pande and Rao 2008).

The total number of elected representatives to all the three tiers of PRIs is large around 2.8 million in the country. Not all of them are aware of the different provision of Panchayat Raj legislation. Although satellite technology is being used in some states to build awareness and capacity, and has made appropriate institutional arrangement in this regard, the field observations show that the full potential of policy changes in so far as political decentralisation (such as regular conduct of gram sabhas, holding of ward sabhas, etc) is concerned has not been realised.

Although district planning committees were established, they are not able to function effectively due to, among other reasons, lack of clear-cut idea on what planning is to be made and inadequate untied funds with PRIs.

As a result, people still do not find it worthwhile to attend grama sabha meetings, and evince little interest in local planning. This has not changed even after the introduction of Comprehensive District Development Plans by the Planning Commission. Frequent rotation in the leadership is also detrimental to the PRI system. For instance, in Karnataka, the tenure of the president of GP is 30 months, while that of ZP president is 20 months. Such a frequent rotation of leadership has undermined PRIs in the development of quality leadership and capacity. This system actually strengthens the bureaucracy while weakening the experience of elected representatives.

Administrative Decentralisation

Administrative decentralisation places the responsibilities of planning and implementation in the hands of locally situated civil servants who are under the control of elected local governments.

As noted earlier, the functionaries have not been transferred in the case of departments dealing with the 29 matters listed in the constitution. As a result, administrative decentralisation has been found to be weak as the local decision-making remained in the hands of state bureaucracy. Although the roles of PRIs had been defined through activity mapping in some of the states, functions are not meaningfully transferred. The least significant functions have been transferred to GPs raising questions on the viability of local governments as useful instruments of service delivery in rural areas.

Sectoral decentralisation (devolution of decision-making in specific sectors) has also been found to be weak. There has been little evidence of decentralised management in the preparation of sectoral budget, reporting lines of authority, technical sanction, etc. The staff are under the direct control of the state administrative hierarchy, and not PRIs. Line department expenditure and programmes constituted the bulk of sectoral expenditure.

The Central and state government rely on schemes for the provision of services and creation of infrastructure in rural areas. As a result, the number of schemes, implemented by central and state governments, is large. Most of the funds under different schemes are tied; This leads to a little local discretion in the implementation of these schemes. The role of GPs in most of the schemes has been confined to the selection of beneficiaries and passing the list to civil servants. With civil servants retaining effective control over the implementation of the almost all government functions and schemes, and remaining independent of, and not accountable to, elected local governments, PRIs have only a limited role in service delivery. This, along with the emergence of parallel bodies such as user groups accounting for substantial functions and resources relating to rural development, constrained the capacity building efforts. Thus, lagging administrative decentralisation came in the way of capacity building in PRIs.

Elected representatives do not have control over line department staff and planning is still largely carried out by line departments. There

is no separate cadre for PRIs. Karnataka took lead by creating separate cadre (Panchayat Development Officer) at the grama panchayat level. Even in this state, there is no separate cadre at the taluk and zilla panchayat levels. The issue of meaningful control over the staff by elected leaders is still outstanding. The availability of untied funds is still low. As long as most funding is scheme bound and there is no space for actual local initiative, people evince little interest in local planning.

Fiscal Decentralisation

Fiscal decentralisation accords substantial revenue and expenditure authority to local governments. An important principle in the fiscal decentralisation is that revenue assigned to the local government should match the functions transferred (Bahl 2002; Bird 2000). In view of the large number of functions transferred to the PRIs, the issue of revenue and expenditure autonomy become very important. This is because unless the local government has adequate funds at its disposal, it cannot involve the people in the identification and prioritisation of needs, preparation of plans and implementation of the same.

PRIs receive funds either in the form of taxes, fees and user charges or in the form of grants from the higher levels of the government. As far as tax and non-tax revenue is concerned, grama panchayats are assigned with powers to mobilise taxes and collect user charges in India. However, PRIs have not been very successful in the collection of tax and non-tax revenue (Rajasekhar and Manjula 2010). the proportion of tax and non-tax revenue to

total receipts and expenditure has been less because of assignment of inelastic taxes, lack of capacity on the part of local government to impose taxes, political interference, free-rider behaviour on the part of tax payers, etc. As a result, the PRIs usually depend on the higher levels of the government for finances to undertake the functions (Babu 2009).

For PRIs to have fiscal decentralisation, the higher levels of the government should provide untied grants (or general purpose transfers). However, three aspects of inter-governmental transfers come in the way of effective fiscal decentralisation. First, although considerable proportion of state budget is found to be devolved to PRIs, most of this is either spent on salaries of staff of the line departments and/or simply transferred to the line departments for undertaking the departmental activities. Second, most of the expenditure incurred by panchayats is through schemes implemented by the central and state governments.

These schemes curtail expenditure autonomy of panchayats because the norms such as purpose for which the scheme money is to be spent, to whom the benefits should go, etc., are decided and panchayats do not have any freedom to deviate from the schematic norms. Third, if grants are provided to panchayats, they are usually specific-purpose transfers (Rao et.al, 2004, Babu 2009 and Rajasekhar and Manjula 2010). Grants also have the negative impact of reducing the tax effort of PRIs (Rajaraman and Vasishta 2000). Panchayats cannot,

therefore, spend these funds on activities that are demanded or needed by the people.

Conclusions

The 73rd Constitutional Amendment has made an attempt to provide local self government. But, as we have seen in this paper, there is long way to go before we can say that we have democratic decentralisation. Viewed from this context, the Amendment can be questioned on the grounds that legislation alone cannot break the traditional patterns of socio-economic and political structures in the countryside and bring awareness and power to the people belonging to the marginalised groups overnight. There must be enabling conditions such as people's organisations, efforts aimed at improving literacy and functional skills, and improving the confidence of women and marginalised groups, etc. There, is, therefore, a need to look at the other actors who can provide such enabling conditions so that decentralisation, devolution of powers and participation of the marginalised groups, provided in the Amendment, can be utilised to secure people-centered rural development.

We can conclude that decentralised government has potential to bring people centered rural development. But this requires change at two levels. First, reform of state agencies towards decentralised local governance, improved responsiveness and participation. This implies a shift in the locus of power from the centre to periphery. Second, rural people, including the poor, need to seize the new opportunities provided. They should

also take up the challenge of reforming the state and countering the oppressive elite. This raises a key issue regarding decentralisation: how to balance the locus of power between the centre and the periphery, and develop

accountability and responsiveness at central and local levels (encourage participation and voice, and limit exist, co-optation, and capture).

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