Chapter VII
SUMMARY AND CONCLUSIONS

Democratic decentralisation has received wider acceptance, in recent years, as a strategy for deepening democracy by facilitating popular participation as well as growth with allocational efficiency. It also has the potential to make participation more 'inclusive' by way of higher participation of the marginalised sections of society and thereby increased allocation of resources in their favour. It can also ensure better local governance through enhanced accountability of public officials. Decentralisation brings welfare maximisation through the provision of goods and services according to the preferences of the people. The realisation of these potential advantages, however, would depend on a variety of factors including the design of decentralisation adopted. In the present study, our attempt has been to review the Kerala experiment of democratic decentralisation with special focus on the unique design of decentralisation in the state. In this chapter, the summary of the study and major findings are given, along with some suggestions for the future course of democratic decentralisation in Kerala.

The context as well as the framework of the study is examined in chapter two. In India, planning remained centralised although decentralised planning was an important objective ever since planning was launched in India. One major reason was the absence of genuine local bodies with ample powers. The Community Development projects launched in 1952 could not provide the desired results due to the absence of democratic structures at sub-state level. Balwant Ray Mehta Committee, appointed in 1957, recommended the creation of a three-tier Panchayat Raj System, which paved the way for the first generation panchayats, but failed to deliver the goods after initial enthusiasm. The Ashok Mehta Committee recommendations were responsible for the emergence of the second generation panchayats in a few states like West Bengal, Karnataka, Andhra
Pradesh and Jammu and Kashmir. The 73rd and 74th Constitutional Amendments in 1992 paved the way for the creation of third generation three-tier Panchayati Raj System in the rural areas and municipalities/corporations in urban areas, with statutory backing, with fixed five year terms and reservation of one-third seats to women, scheduled castes and scheduled tribes in proportion to their population. Economic planning became a function of the local bodies.

In Kerala, the Panchayat Raj Act and Municipalities Act were passed in 1994 and the first election was held in 1995. The Kerala Government decided in 1996 to empower the local bodies by handing over 35-40 per cent of the state outlay of the ninth five-year plan to them and launch the people’s plan campaign for ensuring participatory planning.

A methodology for bottom-up planning was developed. The formulation of planning begins with the identification of local needs in gram sabha/ ward sabha. The second stage is the development seminar in which a printed development report of the local body is discussed to facilitate an objective assessment of resources and requirements of the people. The formulation of task forces for the preparation of projects on a sectoral basis is the next stage. The administrative committee of the local body finally decides on the projects to be included in the plan, following the priorities fixed in the gram sabha/ ward sabha. The next stage is the preparation of higher-level plans at the block panchayat and the district panchayat levels integrating the plans at the lower levels. The vetting of projects and technical sanctions are given by the expert committees constituted for the purpose and the District Planning Committee gives the final approval for the plan. Implementation, monitoring and evaluation then follow.

This methodology provides opportunities for people’s participation in all phases of planning. Although the people’s plan campaign was launched by the Left Democratic Front, the United Democratic Front government which came to power in 2001 did not make substantial change in the budgeted amount of plan
grant-in-aid to the local bodies and the methodology of planning but changed the name to Kerala development plan. Thus, decentralised planning has become institutionalised in Kerala and the people’s plan campaign has given a ‘big push’ to democratic decentralisation.

The focus of the study is to examine the methodological issues of planning and implementation in the light of the experience of decentralised planning in Kerala. More specifically, it examines the design of decentralisation, participation and integration of plans. Decentralisation is a form of relationship between government and local bodies in which there is devolution of political power to lower levels. Democracy thus becomes a relationship between local bodies/government and the people and implies the involvement of the people in decision-making.

Decentralisation facilitates democratisation. Democracy has two forms—direct democracy in which all the people participate in decision-making and representative democracy wherein elected representatives take decisions on behalf of the people. Direct democracy is the ideal form in which all the individuals have a say in decision-making. But, ensuring the participation of all the people on all occasions of decision-making is difficult; hence, representative democracy is an unavoidable form of democracy.

Participation of people has been emphasised now a days and there are broadly two approaches. One treats participation as a means to attain the objectives and the other considers people as the ultimate decision makers. Participation becomes meaningful only if it is ‘inclusive’ and the decisions have a stamp of the marginalised sections of the society. Real participation is the empowered participation in which the people assume the role of decision makers.

Participation has got many advantages; but it has some limitations as well. There are many issues, which cannot be decided at the local level or by ensuring people’s participation. Macro policies of distribution or stabilisation cannot be
formulated in a participatory manner at the local level. Participatory decision-making has the cost of delay in decision-making. The assumption that all participatory decisions are rational is not true. Unequal control over decision-making can distort the priorities. Similarly decentralisation has limitations. When cross-border spillovers are there, decentralised decision-making becomes problematic. It is therefore important that responsibilities, power and resources are assigned to appropriate levels of government, taking into consideration the subjects involved. This is exactly what we mean by design/architecture of decentralisation.

Decentralisation does not mean the weakening of the state; on the contrary, effective decentralisation requires a strong state to create the legal framework as well as to create participatory structures for effective decentralised decision-making.

The design of decentralisation has an important bearing on the outcomes, through the creation of structures for the participation of the people. In chapter three of the study, the design of decentralisation in Kerala is examined. The launching of the people's plan campaign necessitated amendments of the Kerala Panchayat Raj Act and Kerala Municipalities Act. The Sen Committee, constituted for this purpose in 1997, paved the way for the major amendments of the Acts in 1999. The amended Acts now form the basis of the design of decentralisation along with the rules and orders issued by the government.

The design of decentralisation in Kerala has four dimensions (a) functional (b) financial (c) administrative and (d) planning. Functional decentralisation supports the principle of subsidiarity. Clear demarcation of functions among different layers of government is essential for avoiding overlapping of functions and consequent inefficiencies.

In the devolution of functions, the gram panchayat has been given prime importance since it is closer to the people. The functions can be broadly classified
into mandatory functions, regulatory functions, general functions and sectoral functions, which can again be classified as development, welfare, and promotional managerial and agency functions. Only the grama panchayat has been given mandatory functions such as provisions of local public goods like roads, streetlights, water supply etc. It has got some regulatory functions such as regulating building construction, sale of meat, fish and other perishable articles, licensing destructive and offensive trades. The general functions are promotional in nature. Nineteen sectors have been identified for the grama panchayat for which managerial, welfare and promotional functions have been allocated.

Only limited functions have been envisaged for block panchayats and the general function is to provide technical advice and technical expertise to the grama panchayats. Within the sectoral functions, developmental, managerial, agency and welfare functions have been allotted to block panchayats. The district panchayat has general functions similar to that of the block panchayat, such as provision of technical advice and technical expertise to the lower levels and preparation of complementary projects at higher levels. While there is more clarity as regards the provision of mandatory and regulatory functions, in the case of sectoral functions there are overlaps across different tiers. The overlap in functions across the tiers should be avoided so as to give role clarity to the local governments at various levels. More clear demarcation of sectoral functions should be made.

Strengthening local governance requires substantial fiscal devolution commensurate with functional devolution. The sources of revenue can be broadly classified into a) tax b) non-tax c) grants and d) loans. Only grama panchayats/urban local bodies have the power to tax. The block panchayat and the district panchayat depend almost entirely on grants, which limit their fiscal autonomy. The tax domain of the local bodies in Kerala remains almost the same as that of the pre-1994 period. The own resource base of the local bodies is weak. Local bodies have no power to impose new taxes or to raise new revenue sources.
Hence, there is mismatch between functional responsibilities and financial resources assigned. The plan grant-in-aid has become the major source of revenue of the local bodies with the launch of the people’s plan campaign. The state government enjoys overwhelming power in financial devolution and often takes decisions, which reduce the financial base of the local bodies even without consulting them. There is the need to augment the fiscal autonomy of the local bodies so that they can perform the functions assigned to them. The tax base of the grama panchayat should be expanded. Moreover, tax assignment to the block and district panchayat should be made. There should be no cut on the budgeted plan grant-in-aid of the local bodies. Moreover, the practice of taking away the unspent balance of the local bodies at the end of the financial year to the state exchequer should be done away with. Instead, an incentive mechanism should be brought in for maximum utilisation of the fund. The grant-in-aid should be given in each month and treasury restrictions should not be applicable to the expenditure of local bodies.

Decentralisation requires the dispersal of authority in matters of service delivery, support for development activities and tax collection, which necessitate deployment of staff with necessary expertise and authority at appropriate levels to discharge the functions devolved by law. Administrative decentralisation enhances the accountability of the bureaucracy, which requires deployment of the staff to the lower levels. The staff of the transferred institutions belong to the local bodies concerned. Their salary is given by the state government. Following the recommendations of the Sen Committee, engineering staff were also deployed to the local bodies in 2000. But, adequate staff have not been deployed, which hinder efficient discharge of the functions by the local bodies. The staff transferred to the local bodies have yet not come under the effective control of the local bodies because of the persistence of departmental control. The existing dual control system is a major source of confusion, adversely affecting efficient
functioning of local governments, which is linked to the design of decentralisation. Deployment of adequate staff is an urgent matter and the local bodies should have full control over them. The salary of the staff and office expenses of the transferred institutions should be given by the local bodies and the grants-in-aid for the same should be provided by the state government. The local bodies should have the freedom to raise loans from financial institutions and co-operative institutions and the governmental restrictions in this case should be minimum.

The distinguishing feature of decentralisation in Kerala is the democratisation of the planning process in which there is a space for people’s participation in every phase of the planning cycle. People’s plan campaign demystified the whole planning process and showed that the ordinary people can participate in it and that they all have something to contribute. The women component plan helped in creating a gender dimension in the planning process. Likewise, the special component plan and tribal sub-plan for which the allocation has been clearly specified in the budget documents helped in ensuring better and just allocation of funds towards these sections.

The district planning committee is envisaged to integrate the plans of the local bodies at the district level, but the lack of expertise in the field of planning is a structural problem in its composition that stand in the way of integrating plans. The state development council is expected to integrate the plans at the state level and also to formulate policies with regard to decentralisation of planning. But, the state development council has not been allowed to function in this direction. The importance of transparency and accountability has been seriously addressed in the relevant Acts. Even though the features such as the right of information, citizen charter, ombudsman and tribunal have been envisaged for this purpose, these have not been functioning as envisaged. Strengthening these institutions is important to achieve transparency and accountability of the local bodies.
The democratisation of the planning process is reflected in the participation of the people. The design of decentralisation should be suitable for this. In chapter four, the participation of the people in grama sabha is examined, dividing the period into two sub-periods, which correspond to the duration of the panchayat committees. The participation of people in the grama sabha was very low prior to the launching of the people's plan campaign. The average participation peaked in the first sub-period in 1997 and showed a falling trend thereafter, although there was variation among panchayats. The rate of participation of the voters, on an average, was only 7.5 per cent, in the first sub-period. About 27 per cent of grama sabhas in the first sub-period had participation rates below 5 per cent and in the case of 51 per cent of grama sabhas, participation rates were between 5 and 10 per cent. Participation rates above 20 per cent were recorded only in the case of less than one per cent of grama sabhas.

Women participation rate on an average was 37 per cent of the total in the first sub-period, which showed an increasing trend. In the case of the scheduled castes, the proportion of participation was higher than their population share. Thus, the participation in Kerala is more ‘inclusive’. The participation rate of younger age groups was low. The population category in the age group 40-50 dominates in participation in relation to their population. Among the occupation category, the largest share of participants was the unemployed followed by casual labourers. Participation of government employees was low. The participation rate of the educated class was also low and the dominant participant group had only primary level of education. Thus, participation characteristics revealed that young, educated and employed people are less enthusiastic in participating as compared to older, unemployed and less educated.

The purpose of grama sabha is an important determinant of participation. The grama sabhas for beneficiary selection showed a higher participation rate than grama sabhas for planning. The majority of participants expect direct benefit from
participation. The political dimension is an important determinant of participation. The participation rate in LDF panchayats was higher than in UDF panchayats. The data on participation in grama sabhas in the second sub-period showed a higher level of participation in records, but this data lack reliability, since, minutes/records were manipulated to satisfy the strict norms regarding quorum.

The primary survey conducted on participation among panchayat members, officers and activists revealed that the participation of people in grama sabhas was falling in the second sub-period compared to the first. As regards levels of involvement in the second sub-period, according to the majority of our respondents, there was a decline.

The reasons cited for low or declining participation include- (a) the grama sabha is seen primarily as a forum of beneficiary selection, hence, non-beneficiaries are uninterested, (b) participation is driven by the desire for getting personal benefits, (c) a fall in the number of projects with individual beneficiaries and the selection of beneficiaries from among below poverty line (BPL) families, (d) lower probability of awarding benefits to those who have already received some benefits, (e) domination of political activists and political bias in decision making, (f) low publicity, inconvenient timing, lack of interest of the ward member in mobilising the people and (g) dis-satisfaction with the functioning of the grama sabhas due to the non-addressal of the issues raised there. But, there are differing perceptions among panchayat members, officers and activists as regards the relative importance of these reasons.

The declining participation of the people in grama sabhas is a major issue that demand immediate attention and remedial measures. The formation/strengthening of neighbourhood groups linked with the Kudumbasree, consisting of all the households in a particular area is helpful for increased participation in grama sabhas. Meetings of neighbourhood groups prior to grama sabhas will be useful. A formal executive committee for the grama sabha may be helpful. The
participation of the middle class and educated can be improved by involving them in task forces/working groups, expert committees and also by the conscious efforts of the panchayat authorities, especially the ward member. Publicity at the state level as well as at the local body level is necessary.

Interestingly, a declining trend of participation was observed in the higher stages of planning too. Chapter Five of the study depicts this. There is a clear decline in the overall participation in development seminars. However, the proportion of women participation steadily increased up to 2003-04 and the proportion was above 50 per cent in the last three years. This increased participation of women may be attributed to the spread of ‘Kudumbasree’, which appears to have had an empowering effect on women. As regards the quality of discussions in development seminars, in both the sub-periods, a majority opined that it was only of ‘average’ ranking both for general category and women. In the case of scheduled castes, it was reported as ‘low’ in the first sub-period, but a majority of respondents reported some improvements in the second sub-period.

The trend towards decline in participation was noted at the level of task forces too. The task forces for local planning are an innovation of the people’s plan campaign. The number of task forces varied in panchayats. There was a decline in the number of task forces/working groups in the second sub-period. The attendance of all categories of members in the task forces/working groups declined in the second sub-period compared to the first. But, the proportion of women in task forces was only 18 per cent in the first sub-period, which increased to 39 per cent in the second sub-period.

Participatory implementation is an important feature of the people’s plan campaign. The beneficiary selection of the projects is done at the gram sabha. The participatory beneficiary selection has considerably reduced the arbitrariness prevailing in this regard, with the introduction of more clear criteria for this purpose. The supremacy of the gram sabha in this regard has been accepted as a
right and the administrative committee of the local body is an approving authority of the beneficiaries selected by it. The primary survey showed an impressive picture as regards beneficiary selection in the grama sabhas.

The people's plan campaign made a bold attempt to break the unholy nexus among politicians, bureaucracy and contractors in the execution of public works. The expert committees formed to support the local bodies, consisting of serving officers, retired officers and other experts, are a big innovation of the plan campaign to tap the potentialities of the experts for local development. The expert committees made at block, district and state level reduced the power of the bureaucracy in giving technical sanction and in undertaking measurements and check measurements of public works. Rent seeking related to provision of technical sanction has almost completely ended with the creation of the expert committees. But, with the launching of the Kerala development plan, the role of the expert committees has diminished.

Another intervention in this area was the promotion of beneficiary committees for implementation of public works. Beneficiary committees constituted for implementation of projects were given advances from the local bodies. The parent-teacher associations, Padasekhara Samities etc., were also allowed to implement projects. The works were also entrusted to non-profit making accredited agencies. Tendering was to be done only as a last resort. Many beneficiary committees could perform well. They could also mobilise additional resources in the form of cash, kind and labour. The support of the local bodies is an important factor for successful implementation of projects by beneficiary committees. But, the bureaucracy was generally hostile to the beneficiary committees. Hence, many committees were forced to compromise on quality and other aspects of work. There was also widespread incidence of 'benami' beneficiary committees acting on behalf of contractors. In the Kerala development plan, the role of the beneficiary committees has been minimised.
The amount of beneficiary contribution raised was only a very small percentage of the total outlay in the sample panchayats. There was a decline in the number of projects with beneficiary contribution over the years. As regards the perception of the people regarding beneficiary contribution, a majority opined that there was a decline in the second sub-period compared to the first. As regards the quality of the work by the beneficiary committees a majority reported it as ‘average’. Monitoring was the weakest side of the planning process. People’s involvement in monitoring was reported as ‘average’ by majority of our respondents in the first sub-period, but in the second sub-period majority reported it as ‘low’. In monitoring and evaluation, people’s participation was low compared to other stages of planning.

It follows that there should be concerted efforts to promote participatory implementation. The local body concerned has an important role in ensuring conditions favourable for participatory implementation. Revitalisation of the expert committees to provide technical support to the beneficiary committees is crucial. Moreover, quality checks and monitoring should be strengthened. More transparency in the functioning of the beneficiary committee should be ensured to prevent the operation of the ‘benami committees’.

Chapter six of the study examines the issue of integration. In multi-level planning, integration of local plans is important since every local body is autonomous in decision-making. Moreover, priorities are fixed by the people. The micro decisions of the local bodies may not often take into account the macro consequences. Planning shall take into account the backward and forward linkages of projects. The design of decentralisation should include a mechanism to ensure the integration of plans. Planning is an iterative process in which there should be a mechanism for the flow of information both horizontally and vertically. The higher-level bodies should know the decisions of lower tier and vice-versa. Like wise, different sectors at a particular tier should know the decisions of others.
Although integration has been emphasised by the State Planning Board, there was only limited success. There were many repetitive projects at grama panchayat level and the impact was more seriously felt in the case of some productive sector projects. Vegetable cultivation projects were implemented by almost all the grama panchayats in the initial years of the plan campaign and the excess supply of vegetables created a price crash in the market. Similarly, in the implementation of dairy farming projects, there was severe shortage of quality milch cows, which made implementation of the projects difficult. In goat rearing also, it was the case, since the backward and forward linkages were not considered. In the industrial estate projects, only a few grama panchayats could implement it. This has created wastages of resources. The hatchery projects of Thrissur district panchayat could not function as desired, due to the absence of vertical integration and the inability to make complementary projects at different levels. The rice park project of the Thrissur district panchayat is not working now, mainly due to problems of organisational integration, even though it was implemented.

The failure at the level of integration can very well be attributed to the limitations in the design of decentralisation in Kerala. There are some inherent problems in preparing integrated projects such as (a) absence of two-way flows of information among different tiers, (b) lack of clear-cut demarcation of functions among different tiers of local government, (c) the strong departmental thinking of different task forces/working groups, (d) lack of expertise to formulate integrated projects at different levels, (e) the method of formulating plans in a very short time which prevents meaningful interaction at various levels, (f) the strong preference of elected members for dividing the funds more or less equally among wards, (g) the problems associated with the possibility of failure at any time at any level in multi-actor, multi-year, complex projects.
Some of the reasons mentioned, needless to reiterate, are associated with the design of decentralisation itself. Another problem is the separation of rural and urban areas into watertight compartments by constitutional amendments, which hinders the making of an integrated district plan since urban areas are outside the jurisdiction of the district panchayat. This works out as a major design problem of decentralisation. Likewise, the structure of DPC has been decided according to the constitution, which hardly provide enough room for bringing in expertise and appropriate technical support.

Integrated planning is possible by incorporating the essence of input-output analysis in the process of multi-level planning. The block panchayats should prepare their plans integrating the grama panchayat plans. A detailed examination of the projects in each sector should be undertaken and the total input requirements as well as aggregate output estimates should be worked out and complementary projects prepared at a higher level. The district panchayat should examine inputs and outputs of the projects of block panchayats and grama panchayats in a similar manner. It may not be necessary to work out the details of all the inputs and outputs for this purpose, but it should be done for all critical inputs. The project format has to be in such a manner as to elicit the required information.

A mechanism for ensuring the flow of information should be created at the block panchayat level. The information received should be processed and analysed and transmitted to the required destinations. In order to achieve this, the expertise of officials and expert committees can be pooled under the block panchayat secretary. Likewise, the plans and projects of all local bodies should be analysed at the district level. The DPC is the suitable agency to do this exercise and for that it has to be strengthened by extending institutional support.

The district plan should be prepared integrating the plans of the local bodies, which should consist of a development perspective for the district as a
whole, as well as an examination of local plans. The DPC should be strengthened to give directions as regards local plans.

In short, the present study points towards the need for substantial improvements in the design of decentralisation in the state so that participation as well as integration of plans can be improved. The study emphasises the need to have a rethink on the inter-tier distribution of powers, functions, responsibilities, and resources for ensuring role clarity. It is also essential to ensure that powers, functions, responsibilities and resources are assigned according to well-defined objective criteria, and consideration of spillover effects. Improvement in design is required to improve participation in gram sabhas as well as at higher levels and higher tiers. The significance of the proposed rethink on the architecture of decentralisation in Kerala becomes all the more apparent when the limitations of local governments are taken into consideration. They cannot be burdened with responsibilities /expectations beyond their means of control. They cannot, for instance, be held responsible, or expected to resolve, the problems of economy-wide inflation or unemployment. Finally, the design of decentralisation needs to be reoriented to ensure better horizontal and vertical integration of plan/ projects across various tiers of government. In the absence of such integration, local plans would result in unnecessary duplication of activities, wastages of resources and various other sub-optimalities.

In the Kerala context, the design of decentralisation leaves considerable scope for improvement. The design as manifested in the constitution, state level acts and rules, government orders, institutional structures and generally accepted practices is the product of political process. It will therefore require strong political will and initiatives for improving on the present architecture in Kerala.