Chapter II
THE CONTEXT AND FRAMEWORK

Democratic decentralisation is being increasingly experimented all over the world. The fascination for decentralisation, for many, is due to the possibility of deepening democracy. Participation, it is argued, would strengthen democracy and thus promote good governance (Blair 2000). It is also expected to create opportunities for the marginalised sections to influence decisions. Inclusive participation enhances efficiency (Eversole 2003). Moreover, bringing people closer to the administration will facilitate tapping of the creativity and resources of local communities by providing opportunity to participate in development (Crook and Manor 1998). The involvement of the people and utilisation of their knowledge and expertise will make development sustainable. In fact, one of the objectives of decentralisation is economic growth. The interest in decentralisation as an engine of economic growth is not limited to the developing and transitional countries, but has emerged as an agenda of the developed countries too (World Bank 2004).

The realisation of these and other goals necessitates a design of decentralisation suitable for the desired ends. There is no uniform design applicable for all societies. The ideal design depends on the objectives and environment in which it functions. Therefore, a study like ours on the architecture of decentralised planning, which focuses on participation and integration, requires to be sensitive to the context in which the whole process is initiated. An equally important element to be incorporated in the template of this study is the goals of democratic decentralisation as it was introduced in Kerala. An important task of the present chapter therefore is context setting, which is taken up in section one. Section two outlines the conceptual framework of the study while the last section is devoted to a brief account on methodology and data sources.
SECTION - I

The Context

Strengthening local governments is a development policy agenda of most countries (Crook and Manor 1998; Fung and Wright 2003; Martinez-Vazquez and McNab 2003). Democratic decentralisation is also spreading in industrial countries, with moves to devolve power to Scotland and Wales in United Kingdom and to the regions of Italy and Spain. An interesting development in decentralisation over the past decade has been the expansion of people’s participation and public officials’ accountability at the local level (UNDP 2002). One major reason pointed out in the literature for the increased interest is the opening up of the political system in 1980s and 1990s and the desire for expanding political freedoms. According to one group of studies, the growth of NGOs and civil society groups has also contributed for the popularity of decentralisation experience (Mathur 1995). In 1914, there were 1083 international NGOs. By 2000, there were more than 37000—nearly one fifth of them formed in 1990s. Most developing countries have seen an even sharper increase in the number of domestic NGOs. More than $ 7 billion aid is flowing through international NGOs. In addition to advocating for engaging direct roles in local decision-making and monitoring they are developing more collaborative forms of governance (UNDP 2002).

The international lending agencies also have an important role in popularising decentralisation. World Bank’s monetarist structural adjustment policies in the 1980s moved functions from the state to the private sector and the NGOs. The structural adjustment policies were emphasising community and family taking on welfare and service responsibilities formerly ascribed by the State (Nelson and Wright 1995). These agencies use decentralisation as a tool to weaken the state and thus to reduce its role (Harris 2000). Emphasis on stakeholder participation by these institutions is a way to manage political costs of
potentially unpopular policies (Eversole 2003). The agenda behind this approach is to limit the role of politics as represented by the state and place NGOs in its stead. This is a part of the depoliticisation strategy of globalisation, which is being promoted by IMF and World Bank. But, decentralisation need not necessarily imply downsizing the state. A study conducted in Delhi city to know whom the people approach for solving the problems, the preference was for the State (Neera 2005; Harris 2005). Thus, the state is seen as the agency to redress their problems by the people, especially the poor. Decentralisation therefore could be approached as a means of making the state more effective. Devolution can be a strategic response of the 'affirmative democratic state' to the neo-liberal onslaught (Fung and Wright 2000).

There were some attempts of democratic decentralisation, which emphasise the role of the state. The Brazilian experiment of 'participatory budgeting' in Porto Alegre, a city with three million population, has evolved a system which facilitated the reversing the municipal priorities towards the poor and popular participation in decision making (Abers 2000; UNDP 2002). The process of budgeting begins in March of each year with regional assemblies in each district. These meetings elect the delegates to represent them in subsequent deliberations and review previous year's projects and budget. In the subsequent months these delegates meet in each district on a weekly or bi-monthly basis to deliberate on district needs. In a parallel theme sessions, they discuss the projects that affect the city as a whole. In the second plenary meeting, the regional delegates vote to ratify the district demands and priorities and elect the councillors to serve the Municipal Budget Council (Biocchi 2003). The city-wide Municipal Budget Council decides the criteria for distribution of funds among districts and approves the investment plan.

Participatory budgeting has improved the quality of governance. The investment in poorer residential districts in the city exceeded that of investment in
wealthier sections. Higher tax collection was made possible. It dampened corruption and encouraged accountability. The methodology of budgeting was copied in 100 other municipalities in Brazil as well as in Peru, Uruguay, and Venezuela.

A different type of decentralised strategy is followed in South Africa, which has neo-liberal linkages emphasizing the importance of public-private partnership (Niksic 2004). The cost of services provided by the government has to be borne by the people. The inability of the poor to pay for the basic services is not treated as a serious problem. Gender responsive budgeting, which examines the implications for gender equity of national and local budgets, has been followed in at least 40 countries (UNDP 2002). In United Kingdom, the Women’s Budget Group has been invited to review the budget proposals.

A comprehensive review of the experiences of different countries is well beyond the scope of the present study. Nevertheless, some lessons that follow from the literature can be mentioned here. The experiments in decentralisation of governance differ drastically among themselves in a variety of respects such as goals, design, legislative and administrative support, devolution of finance and power, outcomes such as participation, inclusion and exclusion, contribution to employment generation, production and economic growth, etc. Such multifarious nature of goals, design and outcomes make it difficult to formulate generally acceptable conclusions on decentralisation except that they differ and diverge. The fact that decentralisation experiments differ so much among themselves also underlines the need for case studies for arriving at meaningful conclusions. General positions taken on decentralisation favouring or opposing it might not be applicable to all concrete instances.
Evolution of Local Self Governments in India

India had a glorious tradition of self-governing village communities characterised by agrarian economies (Mathew 2000). Village formed the basic unit of social and economic life. People knew each other and the villages were self-sufficient. There is evidence for the existence of village ‘sabhas’ (council of assemblies) and ‘gramins’ (senior persons of the village) until about 600 B.C. In course of time, these village bodies took the form of panchayats (assembly of five persons), which looked after the affairs of the village. These village bodies had been the pivot of administration and the centre of social life. They had police and judicial powers (Kaushik 2005). The central government had only a supervisory role over village assemblies. They made effective arrangements for the defence of the community, collected taxes and settled disputes.

Local Governments under British Rule

The beginning of local governance can be traced back to the setting up of Madras Municipal Council in 1687 in the British model. Only in 1793 statutory backing was given to municipal administration. A comprehensive legislation for the introduction of municipal administration throughout India was passed in 1850 (GoK 1969). The main function entrusted was sanitation so as to prevent any outbreak of epidemics, which adversely affect trade and commerce. The local bodies were empowered to levy taxes. All the local body members were nominated. Lord Mayo’s resolution of 1870 was a major step in the direction of decentralisation of power under British rule to enhance administrative efficiency. As per the resolution, provincial governments were given a grant smaller than the actual expenditure for various departments like education, medical services, sanitation, road etc. Hence, the remaining amounts were to be met by local taxation. The revolt of 1857 had put imperial finances under strain and it was found necessary to finance local services out of local taxation. It was therefore, out of fiscal compulsion that Lord Mayo’s resolution on local self-government
came to be adopted. Even though it is anachronistic to say so, it will not be completely unreasonable to draw parallels between the colonial context and the World Bank led neo-liberal drive for decentralisation on both occasions was compelled by fiscal imperatives.

Following the Mayo resolution, Bengali Chowkidari Act (1870) was passed which empowered the nominated local bodies (Chowkidari panchayats) to levy and collect taxes to pay for the chowkidars or watchmen employed by them. The Famine Commission of 1880 pointed out that the absence of local bodies was a major impediment for reaching relief measures to the famine stricken people (Mathew 2000).

The resolution of 1882 by Lord Ripon, the viceroy, was a major advancement in the evolution of local self-government institutions. Local boards having two-thirds elected non-official members, presided over by a non-official chairperson, are considered as a major advancement of local democracy in India. Lord Ripon is said to be the father of local self-government in India (GoK 1969). Several acts were passed, which considerably altered the constitution, powers and functions of local self-government, at the initiative of Lord Ripon. But, the progress of local self-government institutions in the lines of Ripon resolution was tardy. Local self-government received only routine developmental attention from successors of Ripon and there was not much progress in this direction. The only change carried through by the imperial government and the provinces was designed to improve administrative efficiency and imaginative plans of Ripon found no echo (Tinker 1954). In 1906, Mr. Gopala Krishna Gokhale said “local government remains where it was placed by Ripon, in some place it has even been pushed back” (Tinker 1954, p.58). In 1906, the Indian National Congress adopted self-government as the political goal of the country under the presidency of Dadabhai Naoroji, which gave an impetus for decentralisation.
The Royal Commission on Decentralisation in 1907 remarked that it was most desirable in the interest of decentralisation to associate the people with the task of administration. Therefore, an attempt should be made to constitute and develop village panchayats for the administration of the local affairs. The report gave considerable thought on the organisation of the village panchayats in India. One recommendation of the Commission was that the village panchayat should be under the control of district administration. Annie Besant in her presidential address at the Calcutta Congress in 1917 criticised this through an analogy: “Tie up a baby’s arms and legs and then leave it to teach itself walk. If it does not succeed blame the baby. The free baby will learn equilibrium through trebles. The tied-up baby will become paralysed and will never walk” (Malavia 1956, p.224).

The Montague-Chemford reforms in 1919 made the local self-government under the domain of Indian ministries in the provinces. There was a local list for taxation (GoK 1969). It attempted to make it fully representative and autonomous. But, truly democratic and vibrant panchayats were not developed although eight provinces in British India had passed such acts. Only a limited number of panchayats were covered and had only limited number of functions.

The Government of India Act 1935 and the inauguration of provincial autonomy marked another important stage in the evolution of panchayats in the country. The Act repealed the scheduled taxes/rates and provided for three lists namely, the federal list, the provincial list and the concurrent list. The provincial governments were duty bound to enact laws for democratic decentralisation.

**Local Governments in the Post-Independence Period**

Although democratic decentralisation was a basic theme of national movement and in spite of Gandhiji’s committed propagation of the ‘village swaraj’, the first draft of India’s constitution had no mention of panchayats. Gandhi remarked it as a big omission, and called for immediate rectification.
B.R. Ambedkar, the chief architect of the constitution, was not in favour of making it as a part of constitution. since he considered panchayats as a 'sink of localism, a den of ignorance, narrow mindedness and communalism' and feared that the panchayats would be dominated by rich upper caste of the society.

Counter arguments were raised against Ambedkar's views and finally the panchayat was included in the Directive Principles of State Policy (Article 40 of the Constitution), which is not mandatory. The article reads, “The states should take steps to organise village panchayats and endow them with such powers and authority as may be necessary to enable them to function as units of self-government”. The local government was a subject included in the state list. There was no uniformity in the structure and powers of panchayats among different states.

The evolution of Local Self Government Institutions during the post independence period may be divided into three separate phases. The first phase consists of the emergence of panchayats following the publication of Balwant Ray Mehta Committee Report in 1957. These panchayats are called first generation panchayats. The second phase begins with the submission of Ashok Mehta Committee (GoI 1978a), which triggered the emergence of panchayats in Karnataka and West Bengal. The panchayats that emerged following this are called second-generation panchayats. The third generation panchayats are those organised after the 73rd Constitutional Amendments (1992), which forms the third phase.

The First Generation Panchayats

The main features of LSGIs at the time of independence were the following.
1. Colonial administration had promoted municipal government system in urban areas primarily to improve the sanitary condition in the localities where the European community and troops concentrated.

2. The village panchayats were very weak in terms of power and finance. The panchayats were controlled by the upper caste and landlords.

3. There was no uniform structure for the panchayats. In some parts there was only one rural tier and in some parts two tiers and in some other places three tiers.

During the first plan period the Community Development (CD) in 1952 and National Extension Services (NES) in 1953 programmes were launched. The activities under the programmes were mainly in agriculture, village and small-scale industries and provision of basic services to the people.

The country was divided into 35,000 blocks. A new bureaucratic structure was created for this purpose, but was not linked in any way with the panchayati raj system existed and people’s participation was absent. Government of India appointed a committee in 1957 to study the two programmes. Balwant Ray Mehta, a Member of Parliament, headed the study team. The committee concluded that the absence of democratic structures at the lower level was the major cause of the failure of the programmes. The committee remarked “so long as we do not discover or create a representative and democratic institution...invest it with adequate power and assign to it appropriate finances, we will never be able to evoke local interest and excite local initiative in the field of development” (GoI 1957, p. 5).

“With this background we have to consider whether the time has not arrived to replace all these bodies by a single representative and vigorous democratic institution to take charge of all aspects development work in the rural areas. Such body, if created, has to be statutory, elective, comprehensive in its
duties and functions, equipped with necessary executive machinery and in possession of adequate resources. It must not be cramped by too much control by government or government agencies; it must receive guidance, which will help it to avoid making mistakes. In the ultimate analysis it must be an instrument of expression of the local people’s will in regard to local development” (GoI 1957 p.6).

The Mehta Committee recommended a three-tier structure of rural local bodies with village panchayat at the base, panchayat samitis at the block level and the zilla parishad at the apex (District level). But, there was no insistence on any particular pattern to be followed and each state government had the freedom to make legislation to suit local conditions. The recommendations of the committee were accepted by the National Development Council. The Prime Minister Jawaharlal Nehru and S.K. Dey, the minister for Community Development, gave all support for the creation of panchayati raj institutions. By 1959, all the states had passed the panchayati raj act replacing the colonial act.

Balwant Ray Mehta Committee suggested some bureaucratic control over the local bodies. Self-governance was considered as a long-term goal. The committee recommended civic functions (amenities) and development functions to be devolved to the local bodies. K. Santhanam Committee was set up in 1963 to look into panchayat finance and recommend measures to augment the resources. It recommended that in all states panchayats should have the power to levy special taxes based on land revenue, house tax, etc.

Second Generation Panchayats

The first generation panchayats did not function as they were envisaged. The major problem was the domination of panchayati raj institutions by the economically and socially privileged classes. This could have been tackled to
some extent by political education and periodic elections. But, the elections were frequently postponed or were not held at all.

The central government launched many centrally sponsored vertical programmes like Intensive Agricultural District Programme (IADP) bypassing the Community Development Programme. The Community Development Ministry launched more programmes like Small Farmers Development Agency (SFDA), the Drought Prone Area Programme (DPAP) and the Intensive Tribal Development Programme (ITDP). Besides, many poverty alleviation and employment generation programmes were launched. These were conceived in a centralised manner and implemented in a uniform fashion throughout the country. Apart from these, large number of Boards and Authorities also came into being. In 1966-67, the ministry of Community Development was reduced to the status of a department and brought under the Ministry of Food and Agriculture. In 1971, the very title ‘Community Development’ was dropped and replaced by ‘Rural Development’. The change was not cosmetic. All programmes became bureaucratically centred without any participation of the people.

The ascendancy of Janata Government in 1977 at the centre paved the way for the appointment of a new committee chaired by Ashok Mehta to inquire into the working of panchayati raj institutions and to suggest measures to strengthen them so as to enable a decentralised system of planning and development. The committee submitted its report in 1978. It recommended devolution of substantial development functions to LSGI. The emphasis shifted from bureaucracy to the political elements. The committee recommended participation of political parties in panchayati raj election, unlike Balwant Ray Mehta Committee, which had adopted a romantic ideal of party-free elections. Another important development in 1978 was the submission of Dantwala Committee report on Block Level Planning (GoI 1978b), which emphasized the importance of block level planning. In 1969, the government had issued guidelines for the formulation of district plan³.
Thus, there was an official attempt to develop a methodology for decentralised planning.

The submission of the Ashok Mehta Committee report generated interest in democratic decentralisation. West Bengal, Karnataka, Andhra Prudish and Jammu and Kashmir made legislations for decentralisation of power and planning. Among them reforms in Karnataka and West Bengal were of particular significance since they attempted decentralisation of planning.

In Karnataka, the Zillah Parishad (District Panchayat) was given the task of formulating district plans. Mandal Panchayat- a group of villages with 8000-12000 voters- was mainly an implementation agency. The state government devolved 20 percent of the plan outlay to the district panchayats. The Karnataka experiment aroused enthusiasm for democratic decentralisation, but was short-lived due to lack of interest of the Congress government that succeeded the Janatha Dal government (Aziz 1993).

In West Bengal, the Communist Party of India (Marxist) has been in power since 1977. The government conducted local body elections in every five-year. Panchayats were involved in the implementation of land reforms. Planning functions were also assigned to the LSGI. District Planning and Co-ordination Committee and Block Planning Committee were constituted. The local bodies were given a limited amount of untied grants (Ghosh 1988; Mukherji and Bandyopadhyay 1993).

In 1984, the working group on District Planning chaired by CH. Hanumatha Rao submitted its report, giving details of the methodology for planning at the district level. The committee under the chairmanship of GVK Rao (1985) emphasised the importance involving people in developmental activities and the role of panchayat raj institution in rural development activities. L.M. Singhvi Committee (1986) recommended constitutional amendment for panchayat raj system. It also emphasised the significance of the gram sabha and
participation of people in planning and developmental activities. The Thungon Committee\(^7\) (1988) made recommendations for strengthening panchayati raj institutions and to make them constitutionally recognised.

The absence of constitutional binding was an excuse for many states for not conducting regular elections and devolving powers and finance to the local bodies. The functioning of the local bodies was left to the discretion of the state governments. The political change in the administration of the state governments affected the functioning of these bodies. It was in this context that the 64\(^{th}\) constitutional amendment bill was introduced in May 1989. Although the bill was a welcome step in the direction of democratic decentralisation, it had two major drawbacks: a) it overlooked the states and the centre was to deal directly with the panchayats, b) it imposed a uniform pattern throughout the country. There was opposition to the bill and hence could not get required majority in Rajyasabha (got two third majority in Loksabha). By this time, all political parties were in favour of constitutional amendment for strengthening panchayati raj institutions. In 1991, the congress government under Narasinha Rao introduced the constitutional amendment bill. The Loksabha and Rajyasabha passed the bill in December 1992, and got the president’s assent in April 1993.

**Third Generation Panchayats**

The third generation panchayats have the backing of the constitution. It brought fundamental change in the realm of local self-government in India. The 73\(^{rd}\) Amendment was for the panchayati raj institutions (rural local bodies) and the 74\(^{th}\) Amendment was for the municipalities/corporation (urban local bodies).

The salient features of 73rd and 74th Constitutional Amendments are:

1. Uniform three-tier panchayati raj system throughout India.

2. Every local body has a fixed five-year term. Election has to be conducted within six months when any seat falls vacant.
3. Grama sabha (village assembly) has primary role in deciding local developmental issues.

4. One third of the seats are reserved for women. One third of the posts of president are also reserved for women.

5. There is reservation of seats for the Scheduled Castes and Scheduled Tribes in proportion to their population. The post of the president is also reserved. The reservation seats will rotate.

6. State Finance Commission (SFC) shall be appointed to make recommendations regarding sharing of tax revenue between the state government and local bodies and also to make recommendations regarding grant-in-aid to local bodies.

7. The setting up of District Planning Committee (DPC) to oversee the planning of the local bodies within the district and to make an integrated district plan.

8. More powers and functions are devolved. Twenty-nine subjects are devolved to the panchayats, which are included in the eleventh schedule of the constitution. (The subjects of urban local bodies are given in schedule twelve). But the state government has considerable discretionary power in devolving power to the lower levels.

9. The State Election Commission (SEC) shall be constituted to ensure free and fair elections to local bodies.

Every state government had to come up with legislative initiatives to complement the constitutional amendments. All the state governments have enacted acts and local body elections were held. Thus, the local self-government became the third tier of the federal structure of the country.
Decentralisation in Kerala

Public activism can influence governmental policies particularly in promoting positive functions of the government. These positive functions include the provision of public services such as health care, child immunisation, primary education, social security, environmental protection and rural infrastructure. The vigilance and involvement of the public can be quite crucial not only in ensuring adequate expansion of these services, but also in monitoring their services (Dreze and Sen 1995). Kerala's higher level of Physical Quality of Life index (PQLI) has been primarily due to the tradition of having a high level of political participation and activism. Quality of life benefits are relatively fairly distributed among men and women, urban and rural, low and high caste (Franke and Chasin 1992). The mass movements played an important role in this change.

Prior to the formation of Kerala state in 1956, local bodies existed, but were different in the three regions of Travancore, Cochin and Malabar. In Travancore, the earliest legislation relating to local self government was passed in 1894, when Town Improvement Committees were set up in Thiruvananthapuram, Nagarcoil, Quilon, Alappey and Kottayam. Later in 1925, it was extended to rural areas by a regulation called village panchayat regulation VII of 1100 ME (GoK 1985).

The duties were classified as obligatory and discretionary. The village panchayats were vested with the power of taxation. Only seven village panchayats were constituted. Subsequently, to foster and encourage rural development, the Travancore Village Union Act was enacted in 1940. Village unions had almost the same functions and fiscal powers as those of the earlier panchayats. Thus, there were two categories of panchayats in Travancore.

In 1871, the Local Funds Act of Madras was passed, following Mayo's resolution. Thus, a Local Fund Circle with a Local Board was constituted in the erstwhile Malabar district. In 1884 Madras Local Board Act was passed. The
Madras District Municipalities Act and Madras Village Panchayat Act were passed in 1920. The entire Malabar area was not covered by these panchayats. The areas, which were not covered by the panchayats, were under the administrative jurisdiction of District Board. District Boards derived income from professional tax, education cess, surcharge on stamp duty, license fees and grants-in-aid by government (GoK 1958). In 1930 the Village Panchayat Act was abolished and panchayats were included with in the scope of Madras Local Boards Act. Another step was taken when the Local Boards were filled by election.

In Cochin State, civic administration was first introduced in the form of Sanitary Boards in towns in 1902. They were reconstituted as town councils in 1909. Village panchayats were established in 1913. Initially there were five panchayats, which increased to eighty-seven by 1934. The important activities of panchayats were construction and maintenance of minor irrigation, village roads, canals, supply of drinking water, sanitation, supervision of elementary education etc (GoK 1958).

There were 100 panchayats in the Cochin area at the time of integration of Travancore and Cochin in 1949. The total number of panchayats at the time of formation of Kerala state was 852, governed by two panchayat laws- the Madras Village Panchayat Act of 1950 applicable to the Malabar and Kasragode area and the Travancore- Cochin Panchayats Act of 1950, applicable to the Travancore -Cochin region. The Kerala Panchayat Act of 1960, which came into force in 1962, superseded these two acts. The three-tier system of panchayati raj administration, as suggested by Balwant Ray Mehta was not introduced. Village panchayats were only constituted at the lowest level.

The first Administrative Reforms Committee$^8$ (1958) chaired by Chief Minister E M Sankaran Nampoothirippad (EMS) argued for a two-tier set up of panchayats and municipalities at the grassroots and district council. The
committee went much beyond the Balwant Ray Mehta committee, which looked at the panchayat raj institutions as popular development agencies. Participation was emphasised. Panchayats should have functional committees for different subjects like sanitation, communications, public health, education, etc consisting of both panchayat members and representatives of local inhabitants. The work of these committees should be complementary to that of panchayats (GoK 1958). The District Council Bill introduced in the assembly in 1958 was a comprehensive one which could co-ordinate functions of both panchayats and municipalities. The bills could not be passed since the ministry was dismissed by the central government in 1959. The legislation passed in 1960 was a diluted version of the draft bill proposed by the EMS ministry. The role of panchayats was limited to civic duties and the district council was not a part of it (Isaac and Franke 2000). For urban areas, Municipalities Act 1960 and Kerala Municipal Corporation Act 1961 were passed.

The second ministry of EMS again proposed a two-tier system- village panchayat at the lower level and zilla parishad (district council) at the district level. The bill also lapsed since the ministry fell in 1969. The Kerala District Administration Bill was introduced in 1971, re-introduced again in 1978 and finally passed in 1979, when Mr. A.K. Antony was the chief minister. But, District Council election was conducted only in February 1990 and District Councils were constituted in March 1990. This aroused much enthusiasm for making the district governments. But, the hope was short-lived since the first decision of the new government, which came to power in Kerala in 1991, was to amend the District Administration Act and to limit the powers of the District Councils. The offices and institutions transferred to District Councils were taken back.

In Kerala too, there were no periodic elections to the local bodies. Withdrawal of powers also had taken place with the change in rule of the state, which influenced the functioning of the local bodies. Constitutional support was a
welcome step in Kerala as well. The 73rd and 74th constitutional amendments came into force in 1993. A three-tier panchayati raj structure became inevitable. The Kerala Panchayat Raj Act (1994) and Kerala Municipalities Act (1994) were passed in conformity with the 73rd and 74th Constitutional Amendments. Election to local bodies was held in 1995 and the local bodies were constituted on 2nd October 1995.

**Decentralisation of Planning in Kerala**

Indian constitution assigns an important role for state-level planning. The subject of "Social and Economic Planning" has been included in the concurrent list of the constitution. But planning at sub-state level was not significant. It was only in the early 1970s the District Planning Offices were started. Since then, a number of methodological exercises for district level-planning were carried out. District plans for Kottayam and Kannur were made (Isaac and Franke 2000). A significant step in the direction of decentralised planning was taken in mid-1980s with decentralisation of Special Component Plan (SCP) and Tribal Sub Plan (TSP).

A working group was set up with the district collector as the chairman and the district-planning officer as the co-ordinator for SCP and TSP. Each department was to indicate the funds it set apart for the SCP from their departmental plan allocation. The schemes were to be formulated taking into account the local conditions. For this purpose, habitat and colony survey was conducted and a comprehensive database on living conditions of the SC and ST population was prepared. Every year, a plan was to be prepared and placed before the District Advisory Committee on scheduled caste for consideration and approval. Decentralisation of SCP and TSP had a positive impact on the functioning of the schemes. But, these plans were bureaucratic and departmental without any participation of the people.
The Kerala State Planning Board published guidelines for the preparation of district plan in 1980, primarily following the guidelines issued for the formulation of district planning by the government of India in 1969. But, these guidelines were for departmental oriented bureaucratic plan. Another major attempt was during Eighth Plan. The government took serious efforts towards setting up district councils in the state. The draft approach paper for the plan proposed by the state planning board emphasised decentralisation of planning. The District Development Council (DDC) was given the duty of preparing the district plan in consultation with the Block Planning Committee and Grama Panchayat Committees. The DDC was to form three sub-committees; for agriculture, industry and social welfare, each with twenty members, divided evenly between government and non-government persons. The DDC was to set apart a portion of the district allocation for district level schemes and apportion the rest on a clearly set out formula to various development blocks. The district level department officers prepared schemes for district level allocation while the BPC in consultation with grama panchayats prepared schemes for block level allocation. The sub-committees were to integrate the district and block level proposals into sectoral plan and into a comprehensive plan for the district to be placed for the DDC. The district collector was in charge of the overall programme in each district. The plans approved by the DDC were to be forwarded to the State Planning Board for inclusion in the state plan.

The draft Eighth Plan document identified 24 per cent of the overall plan outlay for 1990-91 as district sector schemes. Another 5.6 per cent was identified as those that could be effectively carried out with the full participation of the grama panchayats. The plan also provided an untied grant of Rs. 18 crores for grama panchayats.

The formation of district councils aroused hope for decentralised planners. The annual plan of 1991-92 had earmarked Rs. 250 crores to be implemented by
the newly formed district councils. In addition, the plan also provided Rs. 18 crores to grama panchayats. As mentioned earlier, the change in government at the state level resulted in withdrawal of powers and finances earmarked for district councils.

Election to the panchayats and municipalities was held in 1995. For the financial year 1996-97, the last year of eighth plan – the plan allocation to the grama panchayat was significantly increased to Rs. 212 crores (Isaac1999a). There was a change in guard at the state level in 1996. One of the major decisions of the new government was to earmark 35-40 per cent of the state plan outlay to local bodies and to launch the 'People’s Campaign for Ninth Plan'. In order to make recommendations as regards strengthening of democratic decentralisation the Government appointed the Committee on Decentralisation of Powers (popularly known as Sen Committee) under the chairmanship of Subrato Sen, which submitted report its in 1997, with valuable suggestions that paved the way for major amendments of the Kerala Panchayat Raj Act 1994 and Kerala Municipality Act 1994 in 1999.

**People’s Plan Campaign**

Planning is a technical exercise of making choice and priorities. In participatory planning, choice and priorities are fixed by the people. This necessitates drawing the people into the planning process. Therefore, the planning was launched as a campaign to bring the maximum number people into the process of planning cutting across narrow political boundaries and 'demystify' the whole affair. The quantum of financial resources devolved was significant and the democratic decentralisation effort in Kerala received a 'big push' with the launching of the campaign (GoK 2001; Shaheena 2003; Harilal 2004; World Bank 2004). The campaign made democratic decentralisation irreversible in Kerala.
The campaign aimed to address the crisis of stagnation in the productive sector and deterioration in the quality of services in social sectors (SPB, Kerala 1997a). A methodology of participatory planning was evolved which begins with the identification of the needs of the people and their views, then to formulate projects and plans and implementation. With the change in ministry in 2001, the government changed the name of the People’s Plan Campaign to ‘Kerala Development Plan’; but there was no substantial change in the budgeted plan grant-in-aid to the local bodies and the methodology of plan.

**Studies on People’s Plan Campaign**

There are only a few studies specifically on the decentralised planning experience in Kerala. Some of the studies focus on the methodology of People’s Plan Campaign, while a few studies empirically examine the issue of participation, whereas, others discuss the fiscal decentralisation.

One of the earliest studies is that of Isaac and Harilal (1997), which explains the methodology of the people’s campaign. The various stages of the planning as well as the organisational structure of the campaign are documented along with the attempts made for its successful implementation. In his study, Bandyopadhyay (1997) examines the features of people’s campaign and it’s success in mass mobilisation of the people for the planning process. Datta’s study (1998) describes the methodology of planning and concludes that people’s plan campaign had a salutary effect on participation in gram sabha. Sastry (1999) makes a situational analysis of the decentralisation in Kerala.

Isaac and Franke (2000) give a narrative of the people’s plan campaign in Kerala. The evolution of the campaign, and its various phases are discussed in detail. An insider view of the problems encountered and the limitations in each stage of the planning process have been illustrated. A stock taking of the two
annual plans is also attempted. The need for institutionalising the campaign has been emphasised in the study.

Isaac and Heller (2003) describe the way in which the people's campaign for planning in Kerala was used for social mobilisation of the people and emphasise the need for institutionalisation of the planning process for sustainability. Sharma (2003) argues that the developmental discourse unleashed by the campaign is a positive outcome, which brings meaning to the process of decentralisation. Moreover, this experience highlights the critical role of the state government in facilitating the decentralisation by way of capacity building, creating forums for discussion, advisory bodies and issuing financial guidelines. The sharp fall in people's participation in the planning process after the change of government in 2001 has been discussed by Mohan Kumar (2002). Although, the people's plan campaign could make many achievements, it was implemented in a centralised manner, according to Chathukkulam and John (2002). In another study, John and Chathukkulam (2002) concluded that the people's campaign has contributed to the growth of social capital in Kerala by facilitating the spread of neighbourhood groups, self-help groups etc. and the involvement of various associations in the process and consequent interactions among them. The level of participation of beneficiaries varies at different stages of the project in people's campaign (Nair and Krishnakumar 2001). They concluded that, participation was insignificant in conceiving the project, only marginal in selecting the projects and fairly good in formulation and the highest in execution of the project. In the study on people's plan campaign based on data collected from 72 panchayats in Kerala, Choudhari et al. (2004) concluded that the campaign could make remarkable achievements in the quality, efficacy and inclusiveness of development. But, participation of people in gram sabha was falling in Kerala although women and scheduled castes participation was relatively better.
Harilal (2004) concludes that decentralisation has enhanced the local body's command over resources manifold by extending access to different sources. But, there has been a decline over time in the proportion of plan funds allocated to the local bodies. Moreover, the gap between allocation and expenditure has tended to increase over time. The effort of the local bodies in raising own tax revenue has declined with the increased flow of plan grant-in-aid (Harilal 2004; Shaheena 2003). The World Bank (2004) study on fiscal decentralisation concluded that Kerala made significant advancement in this respect. The own source revenue has fallen with fiscal decentralisation. There has not been any diversification of the tax structure of the local bodies.

James (2003) argues that participatory development is a neo-liberal strategy and people's plan campaign is also not different from it. Evaluating the people's plan campaign, Subramanian (2004) opined that empowering the poor and weaker sections through rigorous mobilisation so as to alter the social structure through participation has not taken place, although Kerala was ahead of all other state in India in the effort of decentralisation. The participation level of women was low. Tharakan (2004) opined that the party politicised society in Kerala was a big hurdle for effective decentralisation.

Narayana's (2005) study, which focuses on the awareness level of the elected members as regards their powers and responsibilities in three Indian states - Madhya Pradesh, Tamil Nadu and Kerala, concludes that the awareness level is poor, with wide variations across the states. According to this study, capacity building is important, if decentralisation is expected to deliver the anticipated outcome.

The World Bank study (2005) on the political economy of grama panchayats in South India concluded that among the four states of Andhra Pradesh, Karnataka, Tamil Nadu and Kerala, decentralisation efforts have taken
the highest form in Kerala. The awareness level regarding grama sabha and participation of the people are relatively high in Kerala.

The existing studies bring out many interesting dimensions of participatory decentralised planning in Kerala, which are of immense policy significance. But, none of them appear to have focused on the design of decentralised planning in Kerala. The design of decentralisation has a crucial bearing on the success /failure of the decentralisation experiment in terms of its goals of deepening democracy and hastening development. We shall dwell at length on the concept of design of decentralisation later. Here it is suffice to note that design assumes more importance as the sub-national governments are given autonomy. When sub-national governments are given autonomy, issues such as defining boundaries of authority, distribution of power, responsibilities, resources etc. as well as inter-tier integration prop up. From our brief review of history of decentralisation in India, especially in the state of Kerala, it is obvious that in spite of some notable improvements over time, local self-governments were not given genuine autonomy until recently. It was the constitutional amendments, which prepared the ground for establishing genuinely autonomous local self-governments. But, the constitutional amendments by themselves were not enough to ensure the autonomy of local governments. The status of local governments depended too heavily on the will of the state governments. Kerala, however, was one of the leading states, which seized the opportunity to establish genuinely autonomous local self-governments. It is all the more reason, therefore, that the question of design of decentralisation is accorded importance in the Kerala context.

The Design of Decentralisation

The design/architecture of decentralisation describes the arrangement for devolution of power, functions, finance, functionaries and planning authority at different levels. Participatory planning necessitates a framework suitable to it.
Political and legal framework has to be created to ensure decentralised participatory planning. The examination of the architecture of decentralisation is significant to understand how far it facilitates participation of the people and deepening of democracy. The belief that efficient solutions will always emerge through decentralised participative process is not correct. Moreover, even in many cases, which can best be decided at a decentralised level, participatory decision-making may fail. Therefore, the role clarity of each tier of government is important. The various institutions and their role in the process need to be examined.

Decentralisation does not mean devolving all the powers to lower levels. All powers cannot be efficiently exercised at lower levels. There are many decisions, which cannot be left to the lower levels of government. Efficiency requires assigning functions at appropriate levels. Democracy might also require assigning functions at appropriate levels. As we shall see subsequently, devolving everything to the local level might not be ideal for democracy. A function, which can be efficiently done at a particular level, may be assigned to that level. Formulation of independent plans by autonomous local bodies necessitates the integration of plans made at various levels. Necessary mechanism for integrating and co-ordinating the decisions and actions is necessary, so that horizontal as well as vertical integration is ensured. The mechanism for integration of decisions depends on the design of decentralisation. The study focuses on the design of decentralisation in Kerala.

Democracy has different forms and the participatory method is the ideal one in which every individual can directly involve in decision-making. But, it must be understood that participation in all decisions or on all levels of government may not be feasible. Participatory decision-making may be possible at the grama panchayat/ municipal/ corporation level. But, it may not be equally efficiently applied at the central or state level. Even at the district level,
participatory decision-making may be difficult. Thus, at higher levels representative decision-making may be the only option. Or more clearly put, representative democracy may be a better option vis-à-vis participatory democracy when it comes to higher levels. Therefore, in a democratic set-up, both participatory and representative form of democracy may be used. What is important is to fit the appropriate form at appropriate level.

SECTION - II

Conceptual Framework

The literature on decentrailisation has introduced many concepts and categories, which are used to represent conflicting meanings in different contexts. Lack of consistency in the use of concepts is quite widespread. It is therefore important that we define the concepts as clearly as possible in the context of the study. It is to this task we turn now. A closely related and equally important objective of this section is to present the conceptual framework of this study. An important proposition that we advance in the present study is that the design of decentralisation plays a significant role in facilitating participation, integration and hence in determining the overall performance of the decentralised system. Therefore, our endeavour is to map out the logical links between different attributes of the system. For instance, it is important to see how decentralisation facilitates participation and how participatory decentralisation in turn is expected to result in transparency and efficiency. Similarly, it is important to delineate the limits of participatory decision making to locate the role of representative mode of democracy. In what follows, our attempt is to weave the permutation and combination of such relationships so that it forms our analysis in subsequent chapters.

Democratic decentralisation is emerging as a new development paradigm. Decentralisation is concerned with the relationship between central / state
government and local bodies. It entails political decentralisation in which power is devolved to the lower tiers of governments. Democracy in this context refers to a relation between the local body (government) and the people. It implies the extent of people’s involvement in the decision making process.

**Rationale of Decentralisation: Efficiency Arguments**

When we look at the rationale of decentralisation, the discussion may be started with efficiency arguments. Participatory approach as a mode of governance for enhanced efficiency has been followed by many countries (Crook and Manor 1998; Robinson 2005). Decentralisation is seen as a strategy for development, which ensures greater efficiency, transparency, accountability, responsiveness, and opportunities for people’s participation. Economists justify decentralisation on the ground of allocative efficiency. In the case of stabilisation function it will be better performed by central government than by local government. Because of the small size of the local government, expenditure multiplier will be low and fiscal policy will have less impact. Similarly, local bodies may not be effective in the operation of redistributive policy (Musgrave 1959).

Decentralisation enhances both static and dynamic efficiency in the production of public goods. Oates (1972) argues that welfare maximisation takes place only when services are provided considering the spatially differentiated taste and preference of the people. The allocative efficiency may be high due to the decentralised provision of public goods and services in accordance with local preferences. In addition, the technical efficiency also may be higher due to the utilisation of local resources and technology. If each region is provided with just the quantity of goods that it requires, the dead weight losses could be avoided. The closeness of points of decision-making and action reduces the cost of information (Marschac 1959).
Tiebout (1956) argues that people are willing to pay differently for differentiated services provided to them. Welfare gains are increased with decentralisation, since allocation of public services can be done by governments taking into account the preferences of those most directly affected. If individuals can express their preferences by ‘voting with their feet’ there are welfare gains.

Efficiency, accountability, manageability and autonomy are the acclaimed advantages of decentralisation (Shah 1991). It is also argued that decentralisation of decision making with people’s participation can promote equity among different groups within a region through increased local public expenditure and wider provision of public goods and services. But, there is a risk that it may worsen disparities between local bodies due to inadequate fiscal equalisation and different tax bases. Thus, centralisation (central/ state governments interventions) is essential for inter-regional equity, whereas, intra-regional equity necessitates more decentralisation (Prud’homme 1995). Thus, local bodies have to efficiently utilise the natural and human resources of the locality. Land and water management, small-scale production and locally specific services are best planned at the local level. Given the large variation in natural endowment, human resources and potential for development, decentralisation is a strategy needed in a country like India (Gadgil 1967; Raj 1971). Democratic decentralisation improves the efficiency of implementation, particularly when the development process is made participatory and transparent. Effective monitoring during implementation prevents misuse of resources. Moreover, community participation can mobilise human resources to create community assets.

Yet another advantage of decentralisation is the possibility of preparing horizontally integrated plans at the local level because LSGIs can ensure the involvement of different departments within its jurisdiction. Centralisation caters vertical relations, where as decentralisation strengthen horizontal relations.
Decentralisation also requires vertical integration as well as co-ordination to ensure efficiency.

Democratisation Arguments

Democracy means rule by the people. It originated from two Greek words, ‘demos’, meaning people and ‘kratos’ meaning rule. The Greek concept of democracy was direct democracy in which everybody participates in the decision-making. Aristotle in ‘The Politics’ defined a citizen as someone who is entitled to participate in an office involving deliberations or decisions for the ultimate aim of making the city self-sufficient. Rousseau’s ideal of active citizenry reflects the idea of participation as an end itself. He argued that sovereignty cannot be represented therefore people’s deputies are not representatives, they are merely agents, and they cannot decide anything finally. But, the modern form of democracy is representative one in which the elected representative takes decisions for the ‘common good’ on behalf of the electorate, representing their will. The evolution of representative democracy was necessitated by the fact that, it will be highly inconvenient for every individual citizen to get into contact with all other citizens on every issue in order to do his part in ruling or governing (Schumpeter 1979). As noted by Schumpeter, representative democracy is, in a way, a system of management by division of labour, in which those having aptitude and technique to do the work of representing the will of the people and take decision and manage on behalf of the people are entrusted with the job of representatives.

Direct democracy is the ideal situation in which everybody participates in decision. It also assumes that everybody has equal ‘power’ in decision-making; hence get equal control over decisions. But, even in a situation where all the people participate, equal control over decisions is a myth. Differences in class,
caste, gender, education, ability to articulate, etc provide varying power over decisions.

Popular participation has become a 'cliché'. The terms 'people’s' participation, 'community' participation, 'citizen' participation and 'popular' participation are used interchangeably. But, citizen participation emphasises the person (individual) in the participatory relationship with the state. As Agarwal (2001) says, participation is a fuzzy word having acquired varied meanings over a period of time – on the one end, it could mean just a nominal membership in a group, and at the other end, it could imply having an effective voice in decision making. As Steifel and Wolfe (1994) said everyone participates in society, either as effective actor or passive victim.

There are two approaches to participation: one treats participation as a means and other treats it as an end (Puri 2004). The former approach uses participation as a means for improved delivery system. It may be used to harness resources, to share information, to reduce resistance to projects or programmes by receiving their consent. Participation ensures that projects are more efficient, effective and sustainable (ODA 1995). The local knowledge is an important input for local development. The wider knowledge pool available supports better design and implementation.

ILO notes that popular participation can contribute to a basic need strategy by playing a part in definition of basic needs; by improving the distribution of goods and services and by satisfying the psychological desire to participate in the decisions, which affect peoples’ lives (Kaufman and Alfonso 1997).

Participation as an end envisages transferring of power in which the excluded groups are able to influence the decision-making in favour of them. It is a way of empowering people by enabling them to make their own analysis, take their own decisions, open out their perspective and act on their own. This will reverse the power relations. The broad aim of participatory development is to
increase the involvement of socially and economically marginalised people in decision making over their own lives (Shaw 1991).

The means approach is called ‘instrumental’ participation, wherein, the approach is often top down. Participants are treated as tools. The ‘end’ perspective is called ‘transformational’ in which there is empowered participation. It is participation, which affirms faith in the capability of the people. Here, it is presumed that people know their problems and means to redress it (Chambers 1997) and are capable of alternating their conditions. Getting communities to decide on their own priorities was called ‘transformative’ and getting people to buy into donors project was called ‘instrumental’.

The World Bank introduced the idea of ‘stakeholders’ as parties who either affect or are affected by banks actions and policies (Nelson and Wright 1995). The primary stakeholders are the poor and marginalised. The secondary stakeholders are the NGO’s, business and professional bodies who had technical expertise and linkages to primary stakeholders. Participation is a process, through which stakeholders’ influence and share control over development initiatives, decisions and resources, which affect them. Here, primary stakeholders are passive recipients, informants or labourers.

Participation creates opportunities for the poor, the weak, the exploited and the vulnerable to influence decisions. It all depends on the type and level of participation. If they succeed in ‘putting the last first’, participation is empowering. If the role of the participant is only as an informer or passive recipient, the whole effort becomes a farce. Generally, the rich decide the priority of development. They know how to tackle it (Chambers 1983).

**Dimensions of Participation**

Increased participation has been demanded by governments, NGO’s and international donors. Participation can be in different ways, which depends on the
situations. It can be (i) participation in benefits (ii) participation in cost sharing (iii) participation in decision-making (Schneider 1995). The means approach gives importance in cost sharing whereas, end approach, emphasises ‘decision making’. Genuine participation requires involvement in a project or programme from the stage of decision making onwards. ODA (1995) has listed various levels of participation (i) identification of activity (2) decision making and planning (3) bearing costs (4) implementation (5) receipt of benefit (6) monitoring and evaluation. Substantive participation, takes place only when the decision making power is with the participants.

Participation can be of different types and levels. It varies with the nature of activities. Participation in planning process and participation in a project have substantial difference. Various types of participation have been discussed in Table 2.1.

In this classification, participation is divided into seven, ranging from manipulative participation when people act according to the predetermined role assigned to them where people are told what is going to be done, to self-mobilisation in which people take independent decisions.

Another distinction is between horizontal and vertical participation (Clayton et al. 2003). Horizontal participation relates to interactions needed to ensure that issues are dealt with across sectoral groups, ministries and communities in different parts of the country. Vertical participation is required with issues through out the hierarchy of decision making from national to local levels far from leaders to marginal groups. It is imperative to identify the most appropriate level of participation (local, district, or higher level) that is feasible and desirable for a particular case and when particular stakeholders need to be involved.
Table 2.1
Types of Participation

<table>
<thead>
<tr>
<th>Type</th>
<th>Characteristics</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Manipulative Participation</td>
<td>Participation is a sham</td>
</tr>
<tr>
<td>2. Passive Participation</td>
<td>People participate by being told what has been decided or has already happened. Information shared belongs only to external professionals.</td>
</tr>
<tr>
<td>3. Participation by Consultation</td>
<td>People participate by answering questions. No share in decision making and professionals concerned are under no obligation to take on board people’s views</td>
</tr>
<tr>
<td>4. Participation for Material Incentives</td>
<td>People participate in return for food, cash or other material incentives. They have no stakes in prolonging practices when the incentives end.</td>
</tr>
<tr>
<td>5. Functional Participation</td>
<td>Participation is seen by external agencies as a means to achieve project goals, especially reduced costs. People may participate by forming groups to meet predetermined project objectives.</td>
</tr>
<tr>
<td>6. Interactive Participation</td>
<td>People participate in joint analysis, which leads to action plans and the formation or strengthening of local groups or institutions that determine how available resources are used. Learning methods are used to seek multiple viewpoints</td>
</tr>
<tr>
<td>7. Self Mobilisation</td>
<td>People take initiatives independently of external institutions. They develop contacts with external institutions for resources and technical advice but retain control over how resources are used.</td>
</tr>
</tbody>
</table>

Adapted from Clayton, Dent and Dubois 2003, P. 95

Limitations of Participation

Participation by itself has an intrinsic worth, whatever the level of participation, but romanticising participation and treating it as a panacea, is a dangerous approach (Sunder 2001). There are many issues in which consensus can be brought in and acceptable decisions can be made through participation. But certain decisions may not be taken by popular participation. When there are positive externalities for a project, everybody may agree but, when there are negative externalities, consensus may elude. Take the case of the location of solid
waste disposal plants. Solid waste disposal is a major problem in Kerala and it is an obligatory function of the local body. Everybody may agree on the point that plant must be set up. But, each one may reject its location within the particular ward, since there exists the possibility of pollution of air, water, land, etc. Everybody supports this project, but rejects its location near them. In this case, a decision through grama sabha or ward sabha or ward committee may not be possible. This is equally true in the case of location of a sewerage plant. Consensus by people’s participation may elude even in the case of projects like resettlement of slum dwellers in a particular locality. The various decisions taken in different grama sabhas may be conflicting. The location suggested for waste treatment plant by people in ‘X’ ward may be ‘Y’ ward and the people in ‘Y’ ward may suggest ‘X’ ward. Then, the preferences may be conflicting.

There are many issues, which cannot be settled by people’s participation. The foreign policy, defence expenditure, sharing of taxes, fiscal deficit, etc are important issues that influence our life. But, these vital macro issues cannot be settled through direct participation of citizens. Further, all the people cannot participate in all phases of planning. In identifying the needs, everybody can participate. But in designing, formulating a project, some expertise is required. Thus, people having expertise, technical skill may only be able to participate in certain phases of a project/plan.

The assumption that rational decisions will emerge from participation in all occasions is not true. Popular decisions in rural development are not always compatible with rational considerations. Decisions that are not rational or not technologically acceptable may create problems. Self-interest or group interest may influence the decisions. Organised effort for ‘making’ a particular decision is possible in a grama sabha /ward sabha or in a development seminar.

Long periods of exclusion of the people from political process may stand in the way of people’s participation. The tribes and other marginalised groups, who
have been excluded from the political process, may find it difficult to achieve empowered participation. Therefore, the theoretical possibility of participatory decision-making may not be attained in real situations.

Participation has got benefits as well as costs. Participation need not be based on the consideration of getting any material direct benefit. Instead the driving force could be the psychological benefit of being part of the decision making process. There are also certain costs to participation. Participation may actually lead to inertia due to the cost involved and practical difficulties such as reaching a quorum, transportation, foregone income, time and energy. The benefit of participation must be higher than cost. Cost of participation of women is high due to the multiple roles played by them. Hence, the opportunity cost is high. This is equally true in the case of workers since they may have to forgo their work for participating in it. The participation of the employed and educated is very much influenced by the cost-benefit calculation.

Active participation implies discussion at various levels with different groups. This necessitates more time in taking decisions. The delay in decision-making is a cost of participatory process. In many issues such lag in time may not be feasible. In addition to the costs and benefits, participation is influenced by cultural, geographical, historical, political, socio-economic and demographic factors. Any study on participation has to take into account all these factors.

**Representative Democracy**

Representative democracy is a functionally superior form, since direct democracy can function only in a small group. As the membership increases, direct democracy will fail inherently. It necessitates the election of the representative, who on behalf of the electorate takes decisions. When conflicting priorities are made from different units, integrating the decisions require a representative democratic system. At the panchayat/municipal level, differing
priorities may be made by the people. Reconciling these decisions are necessary, which may not be possible in an assembly of over 30,000 people in a local body. A representative form of democracy becomes necessary in this context. Again, at higher levels above the grama panchayat/municipality direct democracy has only a very limited role. At the state level or central level, representative democracy is the only option.

The main argument against representative democracy is the question of appropriate representation. While everyone may not get all of their views represented by all the people, representative democracy would create a situation where most of the views are represented. Thus, the decisions will still reflect the general will or the will of the majority.

Theoretically, the ideal form of democracy is direct democracy; but functionally representative democracy is ideal for political rule. Hence, both systems of democracy should be used in a complementary manner.

**Decentralisation and Democratisation**

Decentralisation facilitates democratisation. As noted earlier, participatory democracy is feasible only in small units. Decentralisation within government means transfer of power away from the central authority to lower levels in territorial hierarchy (Crook and Manor 1998; Blair 2000). It can take two forms, de-concentration and devolution. In de-concentration, the central government is not giving up any authority; it is simply relocating its offices at different levels or points in the national territory. It does not alter the hierarchical relationship. Devolution really transfers powers—political and economic—to lower level institutions, e.g., panchayats and municipalities.

Another related concept is delegation in which there is a transfer of tasks to some semi-autonomous authority. It is only the assigning of specific defined functions to specific authority. It redistributes authority and responsibility to local
units. In delegation, there is only re-organisation of the central government, but in devolution, there is a relinquishing of political power by the centre. When authority is devolved down, the decision regarding the use of resources are made locally, and the administrative staff become answerable to the local body.

Effective decentralisation requires effective devolution of powers so that the local bodies can take decisions. This requires clear demarcation of functions and autonomy in decision-making. In a federal set-up clarity of functions is essential, only then, effective functioning is possible.

Genuine decentralisation necessitates financial decentralisation to exercise functional decentralisation. Every local government shall have fiscal autonomy. It must have the power to raise revenue and make expenditure. Fiscal autonomy is measured by the share of own resources in total expenditure. Higher fiscal autonomy is an indication of the strength of decentralisation. If the local bodies are depending mainly on grants from centre and state governments, the autonomy of the local body is severely restricted. If the central and state governments chart various programmes and the local bodies are treated as agents for implementation, for which finance is provided, it will not enable the local bodies to function as local self-government institutions. Adequate sources of revenue must be provided to the local bodies and it should have legal backing.

Generally, local bodies depend on grants-in-aid from the state and the central government. Most of the grants shall be un-tied grants. Tied grants circumvent autonomy. Regarding the provision of grants, there shall be clear norms for determining the share of each local body. The centre or state should have only minimal discretion as regards determination of grants. Moreover, the flow of these resources shall be properly spread over the year. Providing the grants at the end of financial year may not be of much help to the local body, since the paucity of time stands in the way of proper utilisation of the financial resources.
Own tax resources and non-tax resources must be specified. Certain taxes should be assigned to the local bodies and the local bodies should be given the freedom to determine the rate. The centre or state government should not take any decision without the consent of the local bodies on taxes assigned to them. In case of sharable taxes, the norms shall be objective. Freedom should be given to the local bodies in raising revenue from non-tax revenue. The power to raise loans subject to prudential norms to undertake developmental activities should be given. Financial autonomy with respect to assigned functions is very crucial for the functioning of the LSGIs.

Limitations of Decentralisation

It must be remembered that decentralisation has its limitations. There are many issues that cannot be decided at the level of panchayat/municipality. For instance, the problem of unemployment, inflation, defence, foreign exchange rate etc are vital issues, which cannot be decided by the local bodies. The price level or the wage rate cannot be determined by a panchayat. Therefore, many decisions that affect local communities cannot be left to the local bodies. A local body cannot take a decision on construction of a dam in a river flowing through different panchayats. When cross-border spillovers are there, local decision-making is impossible. This argument is applicable in the case of decisions taken in a grama sabha. Decisions having spillovers in more than one ward cannot be taken at the grama sabha.

In a country like India where the market predominates in decision-making, many economic decisions are made by the invisible hand. The ability of the local bodies in influencing market forces is very limited.

Decentralisation has another limitation, since in many cases it fails to take advantage of the economies of scale, because the level of operation is small. Hence, cost may be higher. Moreover, it is argued that in certain cases
Decentralisation creates duplication, hence, there can be wastages of resources. Decentralisation may enhance inter-jurisdictional disparity in income and decentralise corruption (Prud'homme 1995). Decentralisation does not mean the weakening of the state. It enhances the role of the centre since a strong state is needed for effective decentralisation. A Legal framework has to be created, resources, staff, conduct of periodic elections, etc, will have to be ensured which require the existence of strong centre/state government. Decentralisation without a strong central government may lead to anarchy (Harris 2000). Successful decentralisation requires a central authority to define functions and finances and co-ordinate between levels of government. This necessitates a clear demarcation of functions as well as finances, while creating structures and avenues for co-ordination (Heller 2000).

Democratic decentralisation widens the federal structure, which creates new autonomous decision making units at the lower level. The district panchayats, block panchayats, grama panchayats, municipalities and corporations make their decisions. These decisions must be in agreement with the policies of the central and state governments. Moreover, the decisions taken by the local bodies must be in agreement; otherwise duplication and gaps in planning takes place. The higher-level local bodies have to make decisions taking into account the decisions taken at the lower and vice versa. Vertical integration of plans is necessary. This requires flow of information among different tiers. Equally important is the integration of the plans at horizontal level among different sectors of the LSGI. An important argument for decentralisation is the possibility of inter-sectoral integration in which there is a more horizontal relationship.

**Planning and Participation**

'Top down’ planning leads to coercion, which in turn results either in local passivity or in active resistance to the development envisaged. Local institutions
and individuals are to be considered as equal partners in developmental negotiations. Such an approach requires planning from below, which facilitates people's participation. The process of planning should imbibe the creativity of the ordinary masses. This necessitates that planning be made a necessary function of the local body. Participation of the people takes place only when there are structures for participation. Local governments are powerful participative structures. Grama sabha is an institution in which every voter can participate. It has got constitutional backing. Many functions and responsibilities have been devolved to it. Transparency is an important attribute of any meaningful participation (GoK 1997). People can control decisions only when they know what is taking place. Involvement in implementation also requires the creation of structures for that.

<table>
<thead>
<tr>
<th>Stages</th>
<th>Purpose</th>
<th>Forum</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Planning</strong></td>
<td>A1. Identification of problems</td>
<td>Grama sabha / Ward sabha</td>
</tr>
<tr>
<td></td>
<td>A2. Suggestions of solutions</td>
<td>Development seminar</td>
</tr>
<tr>
<td></td>
<td>A3. Prioritising projects</td>
<td>Task forces</td>
</tr>
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<td></td>
<td>A4. Preparation of projects</td>
<td>Expert committees</td>
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<td></td>
<td>A5. Project verification and technical sanction</td>
<td></td>
</tr>
<tr>
<td><strong>Implementation</strong></td>
<td>B1. Identifying beneficiaries</td>
<td>Grama sabha/Ward sabha/Ward committee</td>
</tr>
<tr>
<td></td>
<td>B2. Resource contribution</td>
<td>Beneficiary</td>
</tr>
<tr>
<td></td>
<td>B3. Direct implementation</td>
<td>Beneficiary committee</td>
</tr>
<tr>
<td><strong>Monitoring</strong></td>
<td>C1. Timely completion</td>
<td>Beneficiary committee/Monitoring committee/Task force/Grama sabha/Ward sabha</td>
</tr>
<tr>
<td>and Evaluation</td>
<td>C2. Ensuring quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C3. Ensuring utilisation of fund</td>
<td></td>
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<tr>
<td></td>
<td>C4. Assessing impact</td>
<td></td>
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<tr>
<td><strong>Operation</strong></td>
<td>D1. Financial arrangement</td>
<td>Beneficiary/Monitoring committee</td>
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<td>and Maintenance</td>
<td>D2. Organisational arrangement</td>
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Table 2.2 shows the different stages of planning in Kerala, and corresponding forums of participation. The stages of planning can be broadly
divided into planning, implementation, monitoring and evaluation and operation and maintenance. Corresponding to each stage of planning there are specially designed forums of participation.

Identification of the problem and suggesting solutions is the beginning of the planning process. It is done at the grama sabha/ward sabha in which all voters are eligible members. This is the forum at which maximum participation is possible. In the development seminar, people's participation is limited since only two delegates are selected from each subject group from each grama sabha/ward sabha. A few experts and officers are invited.

The task forces are constituted by the elected governing committee of the local body to prepare the projects. The expertise in the field is one of the major criteria for selection and the officer-concerned act as the convener for the taskforce. The level of education and expertise are important at this level.

The expert committees constituted at the block level and district level to accord technical sanction to the projects consist of experts in the respective field. The district collector constitutes this body. Expert committees consist of officers in the department concerned, retired officers and other experts. Expertise and formal education level are the important criteria in the selection. At the implementation level, beneficiary selection is important in the case of individual beneficiary projects, which is done at the grama sabha/ward sabha/ward committee. The beneficiary committees (BCs) can directly implement many projects. In some cases, participation in the form of resource contribution in the form of cash, kind or labour is necessary. Monitoring and evaluation of the projects can be done by the beneficiary committees, or monitoring committees. The taskforces act as the monitoring committee. The grama sabha is also a forum for discussion of project implementation and an agency for monitoring and evaluation. Operation and maintenance requires, financial arrangement and
organisational set up. The beneficiaries or the beneficiary committees have predominance in this stage.

SECTION - III

Data and Methodology

An important constraint of studies on decentralisation in India is the poor data availability. India is said to possess one of the best statistical systems among developing countries. But, the statistical system of the country was evolved to cater to the centralised system of planning and governance. As such, it has an inbuilt bias in favour of centralised planning, which turns out to be quite debilitating for decentralisation experiments. The statistical system of the country generates reliable data on a variety of variables at the state and central levels. Interestingly, data on many such variables are not reported at the local level, especially at levels below the district. It is almost impossible to get data on investment, employment, prices, output, income etc. at aggregate or sectoral levels when it comes to local self-governments, as such it is difficult to undertake state level studies on the impact of local level planning on crucial economic variables.

An equally important limitation is the unavailability of data on local governance and planning. In spite of nearly ten years of local level planning, Kerala state has not yet started publishing data on local level plans and their outcome at the desired level of disaggregation. The data published in Economic Review, an annual publication of the State Planning Board, are at best termed as aggregate statements. They can hardly be relied up on for any meaningful detailed analysis of local level planning in the state.

In view of such constraints, in the present study, we resort to a combination of data sources—both primary and secondary—and methodologies for quantitative and qualitative information. First, we relied on all available secondary sources, such as Census reports, publications of State Planning Board, especially Economic Review; publications of the state Department of Economics and Statistics,
particularly the Statistics for Planning and publications of other state departments such as budget papers, Livestock and Poultry Census, etc. Second, we depended up on the primary sources available at the local self-governments and government offices at the local level. Third, we resorted to a primary survey of 300 individuals involved in the planning process in various capacities. Fourth, we used in-depth interviews and focus group discussions with elected representatives, officials and activists. Fifth, the study made use of the ten years of valuable experience of the author as elected representative. This includes five years as panchayat member and five years as municipal corporation councillor.

Obviously, the modes of data collection described above except the first one, cannot be relied on at the state level. It is for this reason that we chose to focus our study on local self-governments in Thrissur district. Thrissur district, which is known as the cultural capital of Kerala, falls in the middle of the state. Both the Left Democratic Front (LDF) and the United Democratic Front (UDF) have strong base in this district. The district enthusiastically participated in the people's plan campaign and Mattathur gram panchayat in this district was selected as the best gram panchayat in the state in 1997-98 and Kodakara block panchayat was selected as the best block panchayat in the state in 1998-99. In terms of mobilisation of the people for the campaign and plan expenditure, the district was ahead of other districts in the initial years. The advantage of the insider view of the author and ten years of experience as an elected representative in the district were also the reason for selecting Thrissur district. The author's capacity as an elected representative ensured better access to data in local bodies and other government offices in the district.

In order to examine the participation in gram sabha, 11 gram panchayats were selected out of 98 gram panchayats (1995 elections) in Thrissur district. The number of gram panchayats became 92 in 2000. Stratified sampling was used, in which six panchayats selected were ruled by LDF and the remaining five by the
UDF. In the 1995 elections, 60 per cent of the grama panchayats in Thrissur district were won by LDF and the remaining by UDF. In the 2000 elections too, majority of grama panchayats were with LDF. Care was given to have panchayats from different regions – coastal, midland and highland. The sample panchayats are given in Table 2.3. In 2000 elections, there was change in guard in four panchayats; two in favour of LDF and two in favour of UDF.

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<td>LDF</td>
<td>LDF</td>
<td>Midland</td>
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Sources: Census 2001; Panchayat records

Major data source used for analysing participation is the minutes book of grama sabha. The grama sabha minutes books were not complete in the case of some of the panchayats. The details of first plan grama sabha in 1996 were not available for six panchayats. The following details were available from the minutes book – total participation, participation of women and scheduled castes, age, occupation and level of education of participants and the purpose of participation. The details of participation in development seminars, task forces/working groups were collected from the panchayat records.

Grama sabha minutes provide only the quantitative details of participation. In order to understand the qualitative details, a primary survey was conducted among 300 individuals, consisting of 100 panchayat members, 100 officers in panchayats and 100 activists who were involved in people’s plan campaign, such
as key resource persons (KRP), district resource persons (DRP), local resource persons (LRP), task force/working group members and expert committee members.

To analyse integration of plans, two-year data for 1997-98, 1998-99 for all the local bodies in the district were collected. The details were collected from the GN statements attached to the plan documents. This gives details of the projects and the pattern of financing. Our objective is not to examine whether integration has improved or worsened over the years. Instead our aim is to understand the issue of integration for which time series data is not required. We chose 1997-98 and 1998-99 for the simple reason of availability and quality of data. There has been a clear deterioration in the quality of the data on local plans since 2001. The animal husbandry sector projects of the grama panchayats in Puzhakal block have been examined in detail for three initial years of planning along with the plans of the block panchayat as well as the district panchayat.

Wide discussions were held with panchayat functionaries and activists and academicians to understand the issues in participation as well as integration. In order to fill the data gap, focus group discussions were held with elected local body functionaries, officers, activists, academicians and experts on different aspects of the plan campaign.

Our aim in this chapter has been to set out the context as well as the framework of the study. The design of decentralisation can be analysed only by contextualising it because the details of the design should vary according to the context. We have documented in detail the history of decentralisation, especially the context in which the people's campaign was launched in Kerala. Regarding framework we have underlined the need to look at the design from the point of view of mainly participation and integration. The design should be analysed to see how far it had facilitated participation on the one hand and integration on the other.
Notes

1. Report of the team for the study of Community Projects and National Extension Service, Planning Commission, New Delhi. Balwant Ray Mehta was the chairman of the committee. The structure suggested consisted of directly elected panchayats for a village or group of villages. Basic unit of democratic decentralisation was at the block level. The zilla parishad at the district level was only an advisory body with the district collector as the chairman.

2. Ashok Mehta Committee (Committee on Panchayati Raj Institutions) recommended two-tier panchayati raj system—zilla parishad and mandal panchayat. Reservation for SC/ST and women was recommended.

3. The Planning commission issued guidelines for the preparation of district plans in September 1969. District was considered as an ideal space for decentralised planning mainly due to availability of data, responsible bureaucracy and most suitable tier for coordination of activities.


6. L.M. Singhvi committee was formed to review the functioning of the Panchayati Raj Institutions. It recommended greater financial resources to Panchayat Raj Institutions.

7. A sub-committee of the consultative committee of Parliament for the Ministry of Rural Development under the chairmanship of PK Thungon made the recommendations.

8. Kerala had three administrative reforms committees so far. The second committee was headed by Vellodi in 1965 and the third by EK Nayanar, then chief minister in 1997.

9. One of the first decisions made by the LDF government which came to power in 1996 was to devolve 35 to 40 percent of the ninth plan outlay to the local bodies. The devolution of fund was made without creating the necessary conditions for the utilisation of the funds at the lower level. Thus, there was a reversal sequencing of the planning process in Kerala. The devolution of funds will necessitate creation of the conditions for efficient utilisation such as deploying staff and framing of new acts and rules.

10. There was change in the name of ‘task force’ as ‘working group’. The name of the ‘expert committee’ was changed to ‘technical advisory committee’. Five percent of the grant-in-aid has to be used for the welfare of handicapped, the aged and the children. A poverty sub-plan has to be prepared by the local body as part of KDP. It reduced role of the expert committees and task forces/working groups and bureaucracy was given upper hand.

11. GN statement is a statistical appendix of the plan, which provides information regarding the nature of the project outlay, sources of finance etc. It gives detailed sector wise as well as project wise information.

12. Four focus group discussions were held specifically on four issues: a) gram sabha participation, b) participation of higher stages of planning, c) integration of plans, d) operational issues of the local bodies, primarily to understand the issues of design of decentralisation. Block panchayat presidents, grama panchayat presidents, members of panchayats, secretaries of the local bodies, officers, academicians, expert committee members, activists involved in the PPC participated in the discussions. Structured discussions were held to elicit the opinions.