THEORETICAL FRAMEWORK

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CHAPTER - II

THEORETICAL FRAMEWORK

The concept of decentralisation is used differently by different economists and groups. The philosophy of economic planning and its application in different parts of the world, in various ways, made the question of centralised and decentralised planning still more complex and subtle. Centralisation is frequently regarded as the antonym of decentralisation, in the sense that, it is the transfer of powers or functions from the subnational levels of government and planning to the national level; or from a lower to a higher sub-national level, but the interrelationship between the two is much more complex than it appears, because of many different criteria which can be used to measure decentralisation and therefore centralisation. Thus many changes in the organisational structure involve some elements of centralisation and others of decentralisation and hence any change cannot be easily classified as falling in to the domain of either centralisation or decentralisation. No system of planning and administration can be completely centralised or decentralised.

2.1 Decentralisation - Conceptual Issues

The English word decentralisation has got its roots in Latin. According to Macmakon, A. W. (1961) the word's Latin roots convey its meaning as 'away from centre'. To some others, like Leonard D. White (1959) decentralisation denotes "the transference of authority legislative, judicial or administrative from a higher level of government to a lower level."
In the opinion of Datta, Vijay Ranjan (1990) to an economist decentralisation means dispersal of industries. To a local government expert, it implies devolution of function and responsibility to small territorial units. To an administrator at the centre, it means discretion for field or regional offices or delegation of responsibility within the same hierarchy. To a managing director of a business organisation, it denotes the necessity of starting some new administrative branches in certain areas. All these interpretations lead us to terminological confusions and do not present a full view of decentralisation. Besides, these interpretations have no conceptual framework.

Although the basic idea of decentralisation is sharing the decision making authority with lower levels in the organisation, power can be shared within the system, at a lower level or by creating new mechanisms in the system. Power can also be shared with outside organisations or agencies.

### 2.1.1 Different degrees of decentralisation

Rondenelli, D. A, Nellis, J. R and Cheema, G. S. (1984) indicate the four types of decentralisation, viz (a) deconcentration, (b) delegation (c) devolution and (d) privatisation.

**a. Deconcentration.** It is the transfer of powers and functions by administrative means to local representative of the central government or it is the handing over of some amount of administrative authority or responsibility to lower levels within the government ministries or agencies.
But, according to Feslar James (1968) though deconcentration may be efficient and convenient for the public, and may even promote a feeling that government is closer to people, it may not provide the opportunity to exercise substantial local discretion in decision making, and hence not much of a decentralisation. At the same time in the opinion of Collins Paul (1974) in case of lightly centralised countries even the shifting of work load from central offices of staff / office outside the capital may have an important impact on development and may become a crucial first step that highly centralised governments must take towards extensive deconcentration or decentralisation later on. In the opinion of Leonard D. White (1959) deconcentration denotes more delegation to a subordinate officer of capacity to act in the name of the superior without a real transfer of authority.

**b) Delegation**: It means transferring responsibility for specifically defined functions or organisations that are outside the regular bureaucratic structure and are only indirectly controlled by the Central Government. In other words delegation means the transfer of powers or functions to either local government or local representatives of the central government which is undertaken by administrative means that is not irrevocable. Hence it is a more extensive form of decentralisation.

In the opinion of Budhoo Martin J (1976), delegation implies the transfer or creation of authority to plan and implement decisions concerning specific activities or a variety of activities within specific spatial boundaries, to an organisation that is technically and administratively capable of carrying them out. According to A. W. Macmakon (1961), delegation refers to relations in which powers are formally conferred under law on an executive agency or by an
administrative order to a subordinate or from one level of government to another.

c. Devolution: Devolution is the creation and strengthening of subnational units of the government, activities of which are substantially outside the direct control of the central government. In other words it is the legal transfer of powers or functions to a locally elected public body. As a result devolution will enhance the strength and powers of independent local self governing bodies.

According to Sherwood Frank P (1969), devolution is a concept quite separate from decentralisation, because it denotes the divestment of functions by the central government and the creation of new units of governance outside the formal command structure of the central government. In the opinion of Datta, Vijay Ranjan (1990) devolution is not much different from decentralisation. The method of devolution is applied to the formally constituted local authorities while deconcentration is applied generally to the field agencies or staff. It is thus clear that, deconcentration and devolution are simply the technical methods of efficient administration.

According to Henry Maddick (1966), devolution refers to the process of the legal conferring of powers to discharge specified or residual functions upon a formally constituted local authority. As per the report of the team for the study of community projects and national extension service (1957), most often, delegation of power is mistaken for decentralisation. The former does not divest the government of the ultimate responsibility of the actions of the authority to whom power is delegated. This authority is under the control of the government and is in
every way subordinate to it. Decentralisation on the other hand is a process whereby the government divests itself completely of certain duties and responsibilities and devolves them on to some other authority. As Harold J. Laski (1960) observes decentralisation process is a training in self government. It confines the administration to those who will feel most directly the consequences of those powers.

d. Privatisation: It refers to the passing of all responsibility or functions to non-governmental organisations or private individuals and enterprises independent of the government.

Amitava Mukherjee (1991) adds another concept of decentralisation, to the above mentioned once, viz. dispersal.

e. Dispersal: It means the posting of personnel outside the national capital without any significant transfer of functions or powers to them.

It is thus clear that, deconcentration, delegation, devolution, privatisation and dispersal are simply the technical methods of efficient administration. The meaning and scope of decentralisation are much wider and deeper. It is a process of democratisation of political power and thereby aims at achieving democratic values in practice. Decentralisation aims at widening the area of people's participation in the decision making micro level political authority and autonomy through transfer of specific power to people's representative institutions at the bottom.

Misra, Sweta (1994), makes the distinction between, decentralisation, devolution and deconcentration in the Indian context as
follows panchayati raj is an example of decentralisation. State governments in India, demanding for more powers corresponds to devolution. The district collector, being vested with authority over development departments in the district is an example of deconcentration. The commissioner of police delegating powers to permit holding of public meetings to the assistant commissioner of the concerned area is an example of delegation.

2.1.2 Approaches to the concept of decentralisation

The different approaches to the concept of decentralisation have been clearly spelt by J. W. Fesler (1965). He has grouped the approaches in to four categories viz.

(a) doctrinal, (b) political (c) administrative and (d) the dual role

a) doctrinal approach

The doctrinal approach seeks to transform decentralisation as an end itself through a process of 'romantic idealisation'. The Gandhian concept of concentric circle of power distribution and the idealisation of village community in panchayat raj have reduced decentralisation almost to a dogma and as an article of faith. Instead of treating decentralisation as a means to the achievement of some end values, such idealisation tends to elevate it to the status of a hardened doctrine.

b) Political approach

The political approach under lines the essentially political character
of decentralisation. Initiatives to decentralise and willingness to pass on powers and functions to decentralised units and to allow these units to actually operate within a framework of autonomy, are politically determined. Decentralisation in the shape of devolution to local self governing bodies marks an attempt to set up autonomous governments at the local level. Field units of government like district administration are the long arms of the central government. To create and maintain local government is thus a major political commitment. In the absence of such commitment, devolution to sub-national governments, including self governing bodies, will remain more in law than in practice. This leads to what Fesler calls "illusory decentralisation". Both panchayati raj and municipal governments in India represent to a considerable extent this sort of devolution.

c) Administrative approach

This approach is motivated by efficiency criterion. When field administrative units are setup through a process of deconcentration the measure is considered appropriate for field level decision making and prompt problem solving. In this process, administrative units might come up at many levels between the locality and central headquarters. With more and more demand for specialised functions, multiplicity of functional departments would appear at the field level. The administrative situation gradually presents a picture of polarisation between general area based administrative demands and specific function centered claims of particular functional departments. Decentralisation in administrative terms may not therefore always guarantee clarity of authority and orderliness of operations. To promote such operational principles, conscious attempts are needed to readjust from time to time the conflicting claims of area
and functions in decentralised field administration.

d) The dual role approach

The dual role approach is a kind of rehearsal of the area-function dichotomy in a new setting. Decentralisation is placed within a larger context of development and change, as distinguished from maintenance of status quo conceived in administrative terms. The dual role approach seeks to highlight the conflict in field administration between tradition and change. Most field administrative systems were evolved in an earlier era mainly to maintain the established order, to collect revenue, and to keep things from going wrong. Almost all the developing countries that have inherited the colonial field system are seeking to bring about speedy social and economic changes. As a consequence the functions of field administration have changed radically.

In the opinion of Fesler, J. W (1965) they intent to change established ways of doing things so as to carry economic and social development forward rapidly. This contrasts with the status quo orientation of a field system geared to the maintainance of the established order and may conflict with the personal orientation to field generalists so chosen and trained as to identify themselves with the classes, families and other groups who constitute the establishment.

Resolution of conflict between two different orientations in field administration calls for adaptation of decentralisation to changing circumstances. The theme is so familiar to Indian administration in general and to district administration in particular.
2.1.3 Types of decentralisation

According to Misra, Sweta (1994) four types of decentralisation can be identified viz (a) administrative (b) functional (c) political (d) geographical

(a) Administrative decentralisation refers to the decentralisation of authority to the lower officials in the administrative hierarchy of organisation. It may also mean decentralising powers and functions to the subordinate units.

(b) Functional decentralisation implies that, the functions are decentralised to the specialised units or departments like education or health.

(c) Political decentralisation involves that, political powers and functions concentrated in the hands of higher level political organs are decentralised to lower level political organs. The panchayat raj agencies are units of decentralisation where political powers of decision making are decentralised from state government to panchayat samithis and Zilla parishads.

(d) In the system of geographical decentralisation, the powers and functions of head quarters are decentralised to the field offices for executive performance. This facilitates quick decision making in view of the local requirements.

2.1.4 Development from below and development from within

According to Sundaram, K. V. (1995) local planning is based on two concepts viz (a) "Development from below" and (b) Development from within. Development from below is by and large, a government
initiated planning venture with a modicum of peoples participation. The projects initiated by sectoral departments belong to this category. In the case of development from within, the projects are basically initiated by the people. It is an endogenous development process triggered off by people themselves through "capillary or trickle up effect". Here the people themselves assumes responsibility to plan and manage their own development with their own resources (financial and personal). It is an activity that is self generated, self organised and self-sustained. In this type of development, the people of a local community define their own goals, needs and aspirations and make decisions affecting their well being and sustained development. The projects that are planned by a, local community, with the 'untied' resources coming to them from the above, and the resources that are generated with the local community belong to this category.

The 'development from within' concept would make it possible for local communities to raise more resources for themselves, to assert their own value systems, to have confidence in their own ingenuity and skills and to be less dependent on external agencies for development.

2.1.5 Negotiatory Planning

According to Sundaram, K. V. (1995) decentralised planning is a negotiatory planning process, in which the different "actors" involved in the planning process interact, discuss and determine the matters relating to resource allocation and the projects to be implemented. Ideally it is initiated from the grass roots and originates from certain, local initiatives which are sparked off by both internal dynamics and external stimuli and engineered through several local organisations and interest groups. These
local bodies throw up several project ideas, which represent the wishes and desires of the local community and constitute 'a demand' for resources by them. Simultaneously, the government and its development agencies workout the feasible level of "supply" of resources of various kinds such as the provision of government grants and loans, material inputs and technical assistance. These resources coupled with the locally generated resources and those that are provided by non governmental organisations and other external agencies (eg: foreign aid) constitute the total "Supply" of resources to the local level. The matching of this supply and demand constitutes the essence of decentralised planning. For arriving at the "matching" the two major actors in the planning game, viz. the representatives of the government and the representatives of the people, must meet and vigorously negotiate the quantum and content of the local level plan. Thus the plan is arrived at by participatory consensus. The interface takes place at the district level. Thus local level planning is a process of certain top down and bottom up initiatives converging at the district level, resulting in a development effort that meets people's needs within the fame work of national objectives and available resources. This is shown in the following figure 2.1.
2.1.6 Principles of decentralised planning

The smooth functioning of decentralised planning system requires adherence to certain basic principles. Mukherjee, Amitava et al (1990) have presented the basic principles of decentralised planning as follows.

a. The principle of functional decentralisation and non-concurrency.
b. The principle of financial decentralisation

c. The principle of mobilisation of local resources

d. The principle of planning location

e. The principle of decentralised administration

f. The principle of public participation

g. The iteration principle (The Relay-Re-Relay process)

h. The principle of Nesting and integration of plans.

a. **Functional decentralisation**

Functional decentralisation means indicating with precision and clarity, which functional activities are to be decentralised, and what powers over each activity are to be decentralised, to each area by the state government. The specifications of functions should be clear cut. The mere indication of sectoral responsibilities in global terms like agriculture, industry, health, education and so on will not do. The meticulous sub division of each responsibility is necessary because it is usual for any one sectoral activity to be divided among the national, state and the local levels. The actual division of functional activities and in particular the degree of details required will depend very much on the actual situation prevailing in each state and the state's degree of willingness to part with powers. The panchayat raj acts have listed a number of items and one has to examine these closely to find out the degree of clarity and ambiguity in these lists. Thus the identification of the planning functions that are non-concurrent to be performed at the different planning levels, with each tier having a harmonious link with the other subnational level tiers, therefore is the cornerstone of the arch of functional decentralisation.
b. The principle of financial decentralisation

The devolution of financial powers and resources to the panchayat raj institutions in tandem with the functions and responsibilities entrusted to them, constitutes the crucial aspect of decentralisation. Every planning tier which is called upon to discharge particular functions must be armed with financial capacity to do so and hence allocation of financial resources required to perform those functions efficiently, has to be made.

c. The principle of mobilisation of local resources

For a successful decentralisation exercise, local community must be encouraged to generate a portion of the required resources locally. It may serve two purposes: Firstly, it would imbibe a sense of participation among the people. Secondly, it would motivate the masses to achieve self reliance, at least partially.

d. The principle of planning localism

The philosophy of multi-level decentralised planning setup, includes the concept of enlarging the scope of local level decision making. Hence in allocating functions to lower planning tiers and allocating resources down the line, it is essential that, the objective of enlarging the scope of local level decision making is encouraged.

e. The principle of decentralised administration

Administrative decentralisation or 'deconcentration' is an essential prerequisite and will decide the extend of powers to be decentralised to
the lower levels. There are three main categories of such powers to be considered. These are policy making powers, financial powers and powers over personal matters. The policy making powers can be law making powers or executive powers. Financial powers are powers concerning revenue and expenditure. Personal powers are those relating to the appointment, promotion, transfer and discipline of staff and their accountability. Decentralised planning will fail to get off the ground or may be seriously delayed, if these vital elements are neglected or their importance not recognised.

f. The principle of public participation

One great advantage of decentralised planning lies in its ability to have interface with people at several tiers, and harness their effective participation in developmental efforts of the country. There are two views on participation. One, the "mobilising" view which envisions participation as mobilisation of the people for the success of development projects. Two, the "empowering" view which enjoins empowering the people to make their own choice on planning issues. It is the latter view of participation, of empowering the people which is relevant in multi-level decentralised planning super structure, because the key concept of multi-level planning is that it is based on felt needs of the people, perceived through interaction with the people for whom plans are formulated. This participatory strategy enables the majority of the population afflicted by low incomes, low levels of education and restricted or non-existent opportunities to make their voices heard in the planning process, and paves the way for their participation. At the highest level of planning (state, national) participation will be more indirect. At the local level, participation of the people will be more direct. And then at
the national, state and higher regional levels, participation would be consultative in nature, where as at the local level, participation would be "decision making" and should be conceived of both as a tool and goal of development, because it is only then that it can serve as a medium of social transformation and as a pre condition for authentic development, based fundamentally within the underdeveloped areas at the sub national level.

g. The iteration principle

Decentralised planning is a relay and re-relay process where the micro units through a repetitive process of interaction seek continuously warranted convergence to the dynamic path of stable equilibrium for the macro system as a whole. The various planning levels, which are engaged in planning for their respective levels, have to act and interact repeatedly, till a harmonious planning is achieved. This is achieved through vigorous and untainted flow of information pertaining to policies, priorities, targets, guidelines for planning, budgetary information, coordination directives, reviews of monitoring and evaluation of projects and suggestions for rescheduling plans and replanning; the bottom up flows consists of data, information on local needs and preferences, area priorities, area targets, and problems and constraints faced at the local level. The concept of planning cycle is based on this principle.

g. The principle of Nesting and integration of plans

Integration of plans of different spatial levels into a unified whole in order that they are not discordant disparate elements, is very important for a continuous growth process. The integration sought for here is a
complex one because it requires that individual plans at each of the
different sub national planning tiers and at the national level, will be
internally consistent and integrated. For the harmonisation of the iterative
process, inter-territorial inter tier interface has to be a reality which should
be aided by flow of communication and information.

2.1.7 Planning Cycle

Economic Planning is a continuous process, having sequential
stages. These phases are collectively called planning cycles because the
planning process is cyclical in nature. According to Rondinelli, A. Dennis
(1997) the project cycle consists of twelve stages, viz (1) project
identification (2) project formulation, preparation and feasibility analysis
(3) project design (4) project appraisal (5) project selection negotiation
and approval (6) project activation and organisation (7) project
implementation and operation (8) project supervision, monitoring and
control (9) project completion or termination (10) output diffusion and
transition to normal administration (11) project evaluation (12) follow
up analysis and action.

Still another version of planning cycle is provided by Sundaram
K. V. (1995). According to him planning has 8 stages as illustrated in
the figure No. 2.2 given below.
As shown in the above figure the planning cycle encompasses the following aspects of planning:

1. Assessment of planning environment which means taking note of the environmental and socio economic-cultural peculiarities.
2. Data collection using rapid rural appraisal techniques, where necessary, and data analysis for bringing out the problems and potentials of the area.
3. Strategy formulation and setting realistic targets for the plan
4. Participatory plan formulation
5. Plan authentication and linking the plan at the next higher level
6. Task adoption and plan implementation
7. Mid term appraisal and making correction
8. Evaluation and replanning
From the above observation, it is clear that, the process of planning is a continuous cyclical process. The success of the planning process depends on the efficiency of the system in enhancing and ensuring the type of operation at each level of the cycle.

The planning cycle also shows that the planning process is a time bound process. For successful micro level or local level planning the entire series of plan operations must follow a rigid time schedule so that the state planning board can have enough time to negotiate with the districts and finalise each district plan and then incorporate the same into the state budget. There are numerous 'actors' who play distinct roles in the planning process. These actors are the various institutional mechanisms at different levels. The time limit for operation by each actor should be meticulously worked out and strictly adhered to.

2.2 Theories of decentralisation

Unlike other disciplines in economics, the area of decentralised planning is not endowed with much theoretical contributions. At the same time, some good theoretical attempts, also could be seen in this area. An attempt is made here to present in brief, the content, of the main theoretical works done in the area of decentralised planning.

Theories of decentralisation can be grouped into the following five categories viz, (1) location theories, (2) central place theories, (3) theory of development poles, (4) theory of geographical incidence and transmission of economic development, and (5) the theory of growth foci. They are briefly explained below.
2.2.1 Location Theories

According to Mukherjee Amitava (1990) the first set of theories of decentralisation falls in to the category of location theories. The development processes in earlier times witnessed throughout the history of economic development in the west were marked by two concomitant, but opposite tendencies of concentration and dispersion. The former was the consequence of centripetal forces and the latter of centrifugal forces. Consequently, while concentration resulted in clustering of human activities, dispersion caused a uniform spread of human activities. Areas with stronger centripetal forces exhibited centralised tendencies, leading to the evolution of a few large urban centres functioning as growth foci leaving large tracts of the hinter land under developed. With incremental variations in concentration, the weakening of the dispersion process started. However if there emerged a strong dispersion process either autonomous or induced, to counteract the strong concentration process then there also occurred what is called decentralised concentration, where a large number of small and medium sized centres of human activities emerge, in such a way that, inhabitants living in the periphery or outside these centres have as much access to the facilities available in these centres as the inhabitants per se of these centres. Many social scientists, like Morril R. L (1963) and others viewed centralised concentration as a necessary condition for development. Taking these national concomitant tendencies of concentration and dispersal as points of departure, concepts and theories of socio-economical development and spatial organisation have been framed.

The main proponents of location theories were Von Thunen, Alfred Weber and Isard. Among them Von Thunen was the foremost theorist
who sought to explain the organisation of space through a formal model. In fact, Alfred Weber was the first to make a comprehensive attempt at developing a theory of location in 1909. His emphasis was at minimising costs. Isard, like Weber, also looked for optimum location, based on the minimisation of transportation costs.

2.2.2 Central place theories

Walter Christaller is the main proponent of the central place theory. He was the first to discover that, there is some ordering principle governing the distribution of towns and cities.

According to Muhkerjee, Amitava (1990), the core of the central place theory is that, a certain amount of productive land supports an urban centre, and the urban centre exists because essential services must be performed by the land. Granted that, it follows that, a central place can be defined as a settlement providing services for the population of its hinterland, called the complementary region. The central place is the centre of a region, and the term 'central' is relative; it refers to a region, but more correctly it refers to settlements dispersed over regions and hence, settlements that are principal centres of a region are called central settlements vis a vis those that are not central places, called the dispersed places. These dispersed places are of two types, (a) those settlements whose population live on economic activities conditioned by land surrounding them called the area bound dispersed places, (b) settlements whose inhabitants etch out a living from resources at specific locations known as point bound dispersed places. Mining and forest settlements are examples of point bound dispersed places.
Christaller's pioneering attempt in the area of central place theory was followed by August Losch (1954) and others.

2.2.3 The theory of development poles

The theory of development poles founded and developed by Perroux (1950) is derived indirectly from observations of the actual process of development. Perroux conceived development as essentially polarised in so far as the forces inherent in the development process worked towards, clustering of economic activities and growth and towards imbalances between industries and geographical areas. Perroux's theory is essentially a theory of development; a theory purporting to explain the entire gamut of structural change in the economic as well as the social and institutional systems, unlike a theory of economic growth which concentrates upon the conditions for expansion of aggregate production and total income. Although, Perroux was not particularly concerned with the spatial aspects of development in its purely geographical sense, application of the development pole theory has been concentrated mainly on problems of inter regional and intra regional development.

In the opinion of Mukherjee, Amitava (1990) the application of the growth pole concept and the theory in a specific geographical and regional context is owed much to Boudeville, who unlike perroux's abstract conception of space emphasised the regional character of economic space.
2.2.4 Theory of geographical incidence and transmission of economic development

A. O. Hirschman (1969) made an attempt to synthesise a theory of geographical incidence of growth with the hypothesis of mechanisms of geographical transmission of development. In the analysis of development strategy, he stated obviously that, economic progress did not appear everywhere at the same time, and that once development had appeared, powerful forces would lead to a spatial concentration of economic activity and growth at the initial starting points. According to him, if the economy is to be kept moving ahead, the task of development policy is to maintain tensions, disproportions and dis-equilibria. Therefore, the sequence that "leads away from equilibrium" is precisely an ideal pattern of development, for each move in the sequence is induced by a previous disequilibrium and in turn creates a new disequilibrium that requires a further move. Unequal development of various sectors often generates conditions for rapid development. The argument is based on his theory of economic development as an essentially unbalanced process which is propagated through chains of disequilibria.

According to Mukherjee Amitava (1990) similar attempts were made by Myrdal, Potter, Lewis E Davin Clark and others.

2.2.5 The theory of Growth Foci

According to Mukherjee Amitava (1990), the concept of growth foci is the result of integration between many theories with each other. Firstly the growth pole hypothesis is integrated with the central place theory of Christaller. The derived hypothesis, when integrated with the
spatial diffusion theory had resulted in the birth of the concept of growth foci.

The growth foci in summary will have the following features.

a) the growth foci vary in size and function to suit the specific regional needs and scale, while the number and location of growth foci will vary with variations in geographical and socio economic topography.

b) the growth foci form a hierarchy, the lowest level foci serve the micro regions, and the highest level serve the macro regions with the meso regions in between. There can be as many levels in the hierarchy as are warranted by economic rationality and socio-political considerations.

In the context of Indian conditions Misra, R. P. (1974) envisaged a five tier hierarchy of growth foci viz, (a) central village at the local level, (b) service centres at the micro regional level, (c) growth points at the sub regional level, (d) growth centres at the regional level and (e) growth poles at the national level.

2.3 Theoretical frame work of the study

Decentralised planning system relies heavily upon people's participation, in all the stages of development planning. A development plan is composed of a large number of projects. Each project is the result of the collective endeavour of a group of people, who are trying to resolve a local development problem or felt need. This is the reason why, Gittinger (1971) claims that, projects are the cutting edge of development "and Hirschman (1967) considered them as "previlaged
In the words of Dennis A. Rondinelle (1977) in a broader sense, projects have become vehicles for social change in many developing countries, as parts of larger social programmes and sector plans; they can create the capacity for ameliorating serious problems that obstruct growth and delay progress. According to Hirschman (1967), the development project is a special kind of investment, the term connotes, purposefulness, some minimum size, a specific location, the introduction of something qualitatively new, and the expectation that a sequence of further development moves will be set in motion. Hence, projects are not ends in themselves; they are identifiable units of activity designed to achieve large developmental goals, opined Dennis A. Rondinelli (1977).

Plan projects are instruments of change. Projects emphasise more immediate rather than very remote goals. It aims at marshalling of resources and devising of the methods to achieve some basic goals. In other words, a project by definition is action oriented. According Dennis Rondinelli (1977), in the frame work of planned economic development, the conception, identification and definition of projects and programmes are at the crux of the development process. If theories are correct in asserting that, the essence of development lies in increasing productivity, in promoting structural change to expand the capacity or potential for socio economic production, then projects are a critical means of achieving development. All these observations reveal that, projects are the key elements deciding the success of development planning.

The success of a development plan primarily depends upon the timely completion of the plan projects. The goals of development planning can be realised only through the effective and successful completion of plan
projects. Hence the success of decentralised planning in Kerala depends upon the successful completion of plan projects by the village panchayats, during the plan period itself.

In this study, the evaluation of decentralised planning and plan projects are done according to the following methods.

2.3.1. Classification of Projects

All the plan projects are classified into three broad sectors viz, production, service and infrastructure. Production sector projects are further subdivided into agricultural and industrial projects.

The next step is the classification based on the final beneficiary of the project. Accordingly, all the projects are divided into individual beneficiary projects and social projects. Individual beneficiary projects are those which are allotted to various individuals. The entire benefits of such projects are accruing to them. Example, house, latrines etc. Social projects are those which are meant for the entire people living in a ward, or panchayat. Example roads, culverts, ponds, markets etc. In other words beneficiary projects are for the satisfaction of private wants where as social projects are for satisfaction of collective wants of the society. Again all the above groups of projects are further subdivided into tiny or small projects; and medium or major projects. Tiny or minor projects in the beneficiary sector are defined as those projects which carry a per project cost of less than Rs. 5000. Example hen, goat, seedlings, hot boxes etc. Medium or major projects in the beneficiary sector are those project carrying per project costs between Rs. 5000 and 40,000. Example financial assistance for the purchase of cows, electric motor pumpsets,
construction of houses, latrines, etc. In the social sector, tiny or minor projects are defined as those having a per project cost of less than Rs. 50,000/-. Likewise medium or major projects in the social sector are those having per project costs above Rs. 50,000/-. 

The following chart 2.1 illustrates the classification clearly
Chart 2.1: Classification of Plan Projects

- Production
  - Agriculture
    - Individual beneficiary project
      - Tiny/Minor Projects: ABC, DEF
      - Medium/Major Projects: GHI, JKL
  - Industry
    - Social Project
      - Tiny/Minor Projects: A, B
      - Medium/Major Projects: C, D

- Service
  - Individual beneficiary project
    - Tiny/Minor Projects: E, F
    - Medium/Major Projects: G, H
  - Social Project
    - Tiny/Minor Projects: I, J
    - Medium/Major Projects: K, L

- Infrastructure
  - Individual beneficiary project
    - Tiny/Minor Projects: M, N
    - Medium/Major Projects: O, P
  - Social Project
    - Tiny/Minor Projects: Q, R
    - Medium/Major Projects: S, T
  - Infrastructure
    - Tiny/Minor Projects: U, V
    - Medium/Major Projects: W, X
In the above chart, (A) denotes tiny and minor projects belonging to land and cultivation, (B) refer to tiny and minor projects related to animal husbandry and poultry, (C) indicate tiny and minor projects connected with the fisheries activities. Hence ABC denotes tiny and minor individual beneficiary projects related to land and cultivation, animal husbandry, poultry and fisheries.

DEF refers to minor and tiny social projects related D, E and F groups, ie, land and cultivation (D), animal husbandary (E) and fisheries (F).

GHI denotes medium and major individual beneficiary projects in the groups of land and cultivation (G) animal husbandary (H) and fisheries (I).

JKL denotes medium and major social sector projects in the groups of land and cultivation (J), animal husbandary (K) and fisheries (L).

M, and N refer to tiny and minor beneficiary projects in industrial sector while O and P denotes medium and major social projects there. Hence the total size of industrial projects will be equal to the number of projects belonging to M + O + N + P groups.

Like wise Q and R shows tiny and minor individual beneficiary projects in the service sector, while S and T denotes medium and major social projects there. Total number of service sector projects will be equal to the number of projects belonging to Q + R + S + T groups.

U and W shows tiny and minor individual beneficiary projects in the infrastructure sector while V and X denotes medium and major social projects there. Hence the total size of Infrastructure projects will be equal to the number of projects in groups U+W+V+X.
2.3.2. Evaluation of performance of projects

The next step in the evaluation process is the application of various tools of analysis. The following five indicators are used in the study to measure the success of plan projects viz;

1. Improvement ratio
2. Asset retention ratio
3. Completion ratio
4. Spill over ratio and
5. Droppage ratio

**Improvement ratio** is defined as the percentage of sample beneficiaries of a project who have reported improvement, to the total number of sample beneficiaries. It may mean an increase in output, money income, quality of life, education, training, comfortable living, employment opportunities etc.

**Asset retention ratio** is defined as the percentage of sample beneficiaries of a project who have reported retention of the asset distributed them, to the total number of sample beneficiaries.

The above two ratios are applied only in the case of individual beneficiary projects. In the case of social projects these ratios have only little relevance.

**Completion ratio** it is defined as the percentage of completed projects to the total number of projects targeted during the plan period itself, ie one year.
Spill over ratio: It is defined as the percentage of spill over projects to the total number of plan projects during the given plan period.

Droppage ratio: It is defined as the percentage of dropped projects to the total number of projects.

The methods of evaluation of completion, spillover and droppage ratios are slightly different between individual beneficiary and social projects. In the case of individual beneficiary projects, the completion, spillover and droppage ratios are worked out on the basis of the responses of sample beneficiaries of various projects to the total number of sample beneficiaries. But in the case of social projects, these ratios are worked out on the basis of the total number of completed, spilled over and dropped projects in the plan period.

Application of the above five ratios becomes so relevant, because of the transfer of development functions by the state government to the village panchayat along with devolution of 35-40% of the plan fund. All the plan functions which were formerly performed by government departments are now transferred to the shoulders of village panchayats. How effectively they have discharged their duties in the new system of popular planning can be observed from their performance in the successful completion of plan projects. Again it also depends upon their ability to handle all the tasks of planning, beginning from identification of felt needs from Grama sabhas (ie Village assemblies of voters in a ward) to the final stage of monitoring and evaluation of projects.

Generally speaking, if the panchayats could facilitate the full disbursement of plan funds for a project, in the proposed plan period
(one year) itself, it is counted as a completed project. It can distribute funds only after satisfying various conditions regarding the various stages of completion of a project. On the other hand, if it could facilitate only a partial release of funds for a project during the plan period it is considered as a spill over project. Like wise if the panchayat finds it so difficult to start or pull on with a project, it is counted as a dropped project. All these depends upon a set of factors like, the timely availability of funds from the government, political will of panchayat committee, the degree of peoples participation, efficiency of convenors and beneficiary committees etc. In short the completion, spillover and droppage ratios of projects are the real indicators of the efficiency of a panchayat in the formulation and implementation of plan projects.

2.3.3 Various steps in the evaluation of performance of plan projects for the period of 1997-2001.

The evaluation of performance of plan projects has been done in the study by using the following steps.

a. Classification of project into production, service and infrastructure sectors and the analysis of their completion, spill over and droppage ratios at the macro level (ie. total projects in the four sample panchayats)

b. Sub division of the production sector projects into agricultural and industrial projects, at macro level and analysis of the completion, spill over and droppage ratios.

c. Panchayatwise comparison (ie. micro level) of the above discussed aspects in steps (a and b ).

d. Further sub division of all the plan projects into sub sectors which belong to the individual beneficiary groups and social projects groups, and the evaluation of their completion, spill over and droppage ratios at the macro level.
e. Panchayatwise, micro level analysis of all the above discussed aspects mentioned in step No. (d).

f. Further sub division of all the constituent elements of agricultural sector projects and the evaluation of their completion, spill over and droppage ratios at the macro level.

g. Micro level repetition of all the above points discussed in step No. (f).

h. Analysis of all the factors responsible for spill over of plan projects and

i. Analysis of all the factors responsible for the droppage of projects.

2.3.4 Evaluation of beneficiary projects

In the evaluation of the performance of individual beneficiary projects, all the steps discussed above are followed along with two additional variables viz. improvement and asset retention ratios.

At the end, the causes of spilled over and dropped projects are identified and analysed, both for the beneficiary and social projects. This part provides a clear understanding of the problems of project implementation. The number of projects affected by each set of problems are also worked out.

2.4 People's Participation

Another pillar of peoples planning is the concept of people's participation in the planning process. One of the important goals of decentralised planning and transfer of development functions is the empowerment of people through peoples participation. This is evident from the statements of the architects of decentralised planning in Kerala. In the words of Issac Thomas T. M. (2000) - the people's campaign for
ninth plan represents an initiative to make use of the legacy of collective social intervention and the strength of mass movement to meet the contemporary crisis of development. Bandyopadhyay D. (1997) wrote, "the masses, particularly the deprived masses should play an active, say, a proactive role in the preparation of plan at least at the grama panchayat level - the lowest tier of the three tier system. Only the victims of social injustice could through their direct participation in the planning process promote social justice". Hence the need for people's participation in the planning process is enshrined in periodic dictums of and decrees of the state government.

People's participation denotes the active involvement of people in all the stages of planning. Hence from the grama sabha meetings where ideas of projects emerge to the final stages of plan implementation monitoring and evaluation, people's active participation is essential for the successful practice of decentralised planning. Hence in the present study, people's participation is defined as the percentage of people, both male and female who have attended the grama sabha meetings, development seminars, worked as task force members, assisted in the preparation of draft plan and development history, acted as monitoring committee members, and contributed money, material and manpower for the completion of plan projects".

To conclude, the present study is conducted in this theoretical frame work. The data collected from both primary and secondary sources from the four sample panchayats, Alur, Melur, Nattika and Porathissery, are analysed using the above mentioned tools of analysis. Data had been collected from the official documents of the panchayats, report books of grama sabha meetings and Development Reports, and published plan
documents. Personal discussions with the transferred officers to the panchayats, known as the implementing officers, panchayat presidents, elected representatives to the panchayat committee, convenors, task force members, monitoring committee members, convenors of beneficiary committees, participants of grama sabha meetings and beneficiaries of various plan projects also have provided invaluable information, needed for the study. The presentation of data is made more scientific and attractive through various tables, and graphical presentations.
REFERENCE


Report of the Team for the study of community projects and National Extension Services, Committee on plan projects (1957), New Delhi - Vol. 1, New Delhi.


