

Institutional Reforms for Human Development: Panchayat Raj



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Introduction

The Government of Karnataka, as part of its strategy of promoting human development, has undertaken several institutional reforms. One area where it undertook this task early is decentralisation of governance and planning. Basically, institutional reform of this kind is a way of ensuring grassroots participation, greater transparency and accountability and responsiveness to local needs. If this combination works, then people are assured of efficient service delivery and better human development outcomes.

Evolution of local government in Karnataka

In the erstwhile princely state of Mysore, the idea of local self-governance emerged as early as 1874, with the establishment of 'local fund committees' in each district, for taking up construction of roads and subsidiary works. But these committees did not evoke local interest and initiative because of the dominance of the official members. The Mysore Local Boards Act of 1902, which sought to correct this shortcoming, provided for a three-tier local self-government structure consisting of the village panchayat with a nominated chairman, a taluk board with the subdivision officer as president and a district board with the Deputy Commissioner as president. Since even these measures did not lessen the hold of the bureaucracy, the Mysore Local Boards and Village Panchayat Act was enacted in 1918 to provide for elected members and elected vice presidents at these levels. In 1926, the Mysore District and Mysore Village Panchayats Act was enacted, providing panchayats with adequate powers, finances and resources, and eliminating taluk boards from the system. All these measures were intended to loosen the hold of bureaucrats and to induct people's representatives into local government.

During the early 1950s there were further attempts to make these institutions people oriented and more representative. The Mysore Village Panchayats and Local Boards Act, 1959 was enacted, within the broad framework of the Balwanthrai Mehta Committee Report, to provide for village panchayats, taluk development boards and district development councils. The first two bodies were wholly elected and the last was a coordinating body with nominated members and people's representatives and district level government officials. The Panchayat Raj institutions (PRIs) under the 1959 Act provided a viable politico-administrative structure, which had been so far absent. The Act made provision for reservation for women and the Scheduled Castes (SCs) and Scheduled Tribes (STs) to the elected bodies but it did not bestow sufficient attention on the question of financial autonomy. A field level study (N. Sivanna, 1990) noted that the system threw up a power structure, which reflected the one that obtained in rural Karnataka.

The Ashok Mehta Committee, which submitted its report in 1978, sought a more comprehensive role for Panchayat Raj institutions such that they would 'undertake democratic development management under conditions of rapid changes, continuous growth and sustained innovations in all spheres of rural life' (Government of India, 1978:77). The Karnataka Legislature then enacted the Karnataka Zilla Parishads, Taluk Panchayat Samithis, Mandal Panchayats and Nyaya Panchayats Act in 1983, which established a new PR structure consisting of mandal panchayats at the village level, taluk panchayat samithis and zilla parishads. These institutions apart, the Act provided for a *gram sabha* (village assembly) which comprised all eligible voters of a given mandal panchayat, panchayat members and government officers who were expected

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to use the forum to (i) discuss and review all development problems and programmes of the village; (ii) select beneficiaries for beneficiary oriented programmes; and (iii) plan for the development of the village economy and its people which included minimum needs, welfare and production oriented activities. The *gram sabha* was conceived as a space that provided an opportunity to the people to voice their needs and aspirations; it was also to be a platform where the elected representatives and the bureaucrats were made accountable to the people for their actions and to serve as a means of ensuring transparency in administration.

The decentralised system that was put in place under the 1983 Act was really radical, in the sense, that many powers were devolved to the people to govern themselves and to promote local development. It made the PR bureaucracy accountable to the people's representatives, rather than the state bureaucracy. There was substantial reservation for women and backward classes. People's participation in local government was enabled by holding *gram sabhas*, which were mandatorily convened twice a year. Here the citizens reviewed the activities of the mandal governments, selected the beneficiaries under various anti-poverty programmes and development projects, and made decisions about project selection and community participation.

Studies on the performance of these PRIs, identified certain shortcomings. While the reservation policy gave women, the Scheduled Castes and Scheduled Tribes and backward castes representation in local bodies, they did not occupy positions of leadership such as *Pradhan* in the mandal panchayat or *Adhyaksha* of the zilla parishad. Members of the dominant communities wrested these positions due to their control of rural society (Amal Ray and K. Jayalakshmi, October, 1987; A. Aziz, 1994). Second, with the assigning of the *Jawahar Rozgar Yojana* funds and with improved revenue collections the PRIs' financial status improved, but they still suffered from lack of financial autonomy because they continued to depend overwhelmingly on grants

from the state government. The quantum of discretionary grants available to them was minimal. Third, the panchayats did better in some areas than in others. The evaluation committee which reviewed the performance of PRIs testified to the good performance of PRIs, (Government of Karnataka, 1989) whereas other studies showed that most of the projects implemented were construction oriented; i.e. the construction of, and repairs to, buildings, roads, bridges, rather than production oriented (A. Aziz, 1993; A. Aziz, 1994; and Planning Department, Government of Karnataka, 1987). Finally, the PR bodies did not have any constitutional safeguards or permanence. Consequently, with the completion of the first five-year term in January 1992, elections to these institutions were not held; instead, they were superseded and administrators appointed to carry out the functions of the PRIs. The 73rd Amendment to the Constitution gave constitutional guarantees to PRIs of elections, guarantees against the state superseding Panchayat Raj (PR) bodies, seat and authority position reservation for the weaker sections, financial devolution on a scientific basis, and so on. Following this, many states, including Karnataka, passed new Panchayat Raj Acts conforming to the provisions of the Constitution Amendment Act.

The current scenario

Attempts have been made in recent times to strengthen PRIs by adopting measures to promote good governance and accountability through 'enhanced people's participation, citizen orientation, responsiveness, improved service delivery, improved financial management and greater downward accountability' (RDPR, Government of Karnataka, 17.5.2004). The Karnataka Panchayat Raj Act, 1993 was amended in October 2003 and the 47 amendments thus effected were intended to facilitate people's participation and to make PRIs more accountable to their constituents. Conceptually, *gram sabhas* provide a space for grassroots participation. In reality, their functioning has often been neither democratic nor participatory. The poor, women, the SCs and STs remained marginalised and voiceless.

To ensure greater and more effective participation, the amendments provide for the ward/vasathi sabha in each constituency of the gram panchayat (GP) with mandatory powers to identify and prioritise beneficiaries, approve development plans, generate project proposals, and identify deficiencies in rural amenities.

A significant step taken in the direction of carrying decentralisation forward is the Belur Declaration adopted in January 2004. This declaration lists the steps to be taken by the authorities concerned to strengthen the gram panchayat by appropriately devolving powers, functions and funds, by equipping them with technical and managerial capabilities and by ensuring transparency and accountability in its functions.

Karnataka is ahead of many states in terms of the powers and functions that have been delegated to PRIs. An analysis will reveal the extent to which the PRIs have managed delivery systems efficiently; ensured transparency and accountability; and taken decision-making to the grassroots. The following aspects of decentralisation will be examined: (i) devolution of powers, functions, functionaries and funds; (ii) creation of a participatory environment through reservation of seats and authority positions; (iii) community participation especially participation of people's organisations and NGOs; and (iv) decentralised governance and planning.

Under the 1993 Act, the panchayats shall function in accordance with the principle that what is appropriate at a given level should not be done at a higher level. The 29 functions listed in the Eleventh Schedule of the Constitution, and devolved to panchayats were delineated in three separate schedules, each of which was applicable to the gram panchayat (GP), taluk panchayat (TP) and zilla panchayat (ZP) respectively. The functions include preparation of annual plans and annual budgets; preparation of sectoral development schemes to promote agriculture, animal husbandry, rural housing, drinking water, roads and bridges, rural electrification, education, public health, sanitation, women and child development,

BOX 11.1

Imparting transparency and accountability in PRI functioning

Certain other provisions impart greater transparency and accountability to the functioning of PRIs: (i) TP and ZP members must declare their assets and furnish accounts of election expenses; (ii) all panchayat members must disclose their pecuniary interest, if any, in panchayat dealings; (iii) meeting proceedings must be displayed within 72 hours on the GP notice board along with the names of members voting for or against the resolutions passed; (iv) all panchayats must make available details of works undertaken and expenditures incurred, receipts of funds etc; (v) bills of works undertaken in the GP area by TPs and ZPs will be cleared only after the GP concerned certifies that the works have been satisfactorily completed; and (vi) attendance of officials at GP meetings is mandatory.

social welfare, maintenance of community assets, promotion of libraries and so on. More powers and functions were devolved in 2004-05 and in order to remove ambiguity, a detailed activity map was prepared for each of the three panchayat tiers. Certain distortions and ambiguities noticed at the implementation level were sought to be removed by rationalising or merging schemes. Such rationalisation has resulted in the reduction of schemes from 421 to 217. This means that PRIs are now less constrained and straitjacketed by the normal plethora of department schemes, each with a set of inflexible guidelines that clamped a tight hold on expenditure and left little room for innovation or flexibility.

Principles of fiscal devolution

Since the decentralised governments are required to perform several devolved functions, and perform those functions efficiently, the funds devolved to them ought also to be adequate. Under Article 243-1 of the 73rd Constitution Amendment Act, the State Finance Commissions (SFCs) are empowered to determine the quantum of state resources to be devolved to panchayats and urban local governments. Theoretically speaking, transfer of resources from the state government to decentralised governments can take two forms: general purpose and specific purpose grants. The former is meant to offset fiscal disabilities arising from inability to locally raise adequate resources to provide the needed infrastructure at levels compared to those in richer regions, so as to utilise the growth potential available

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in the poorer regions and to promote higher growth rates there. On the other hand, the specific purpose grants are meant to ensure that categorical equity or 'wealth neutral' services (unrelated to ability to pay) such as education, health and sanitation, rural roads etc. are provided in adequate quantities (M. Govinda Rao). The First Karnataka State Finance Commission arrived at a figure of 36 per cent of the non-plan gross own revenue receipts of the state government to be devolved to panchayats and urban local self-governments (Government of Karnataka, January 1996). This is an improvement over the 34.3 per cent in vogue and amounted to Rs.2,675 crore during 1996-97. The Second Karnataka State Finance Commission hiked this figure to 40 per cent. As for sharing this amount between panchayats and urban local bodies (ULBs) the First Commission recommended a share of 30.4 per cent to the former and 5.6 per cent to the latter; the recommendation of the Second Commission was 32 per cent and 8 per cent respectively. As for the allocation of this amount across different tiers of panchayats, the Commission recommended a ratio of 40:35:25 to zilla panchayats, taluk panchayats and gram panchayats respectively. Under this allocation scheme, gram panchayats would have gained greatly because the proportion going to them at that time was estimated to be only 13 per cent of the devolved funds. The criteria and the weightage suggested by the First Commission for allocating funds across panchayats within each tier were: population (33.3 per cent), area (33.3 per cent), and backwardness seen in terms of road length, hospital beds and illiteracy (33.3 per cent). This formula marked a departure from the modified Gadgil formula followed since 1987, when the Commission introduced a new criterion in the form of area in addition to population and backwardness. The Second Commission, while retaining those criteria, replaced roads by the proportion of Scheduled Caste and Scheduled Tribe population under the third criterion. The allocative formula was changed to 30 per cent each to the first two criteria and to 40 per cent for backwardness. Incidentally, while the state

government broadly accepted the first SFC recommendations on the quantum of funds devolution to panchayats, it did not do so with regard to the allocation criteria and continued to follow the modified Gadgil formula, on the ground that the latter was better placed for ensuring social justice.

Human development and fiscal devolution

An analysis of fiscal decentralisation in Karnataka by Rao, Amar Nath and Vani (2004)¹ identifies certain features of fiscal decentralisation to rural local governments that impact on human development expenditures. Formally, Karnataka has transferred all the functions listed in the schedule to the local governments, but several are exercised concurrently with the state government. The Karnataka Panchayat Raj Act, 1993 lists 31 functional items to gram panchayats, 28 items to taluk panchayats and 29 items to zilla panchayats. The actual assignment, however, involved transferring a number of schemes included in the plan – to constitute the 'District Sector' plans – to ZPs, TPs and GPs for implementation. The employees of various line departments in the state were transferred to the district sector to implement these programmes. To ensure that they continue to enjoy the same powers and to undertake the same functions, the expenditure functions were devolved in terms of schemes, with the condition that the local governments could not scrap any of the schemes, and salary was given priority in expenditure implementation.

In terms of adequacy and reach, the volume of spending assigned to rural local governments continues to be low. While the state government has transferred the functions and the functionaries to panchayats, the hardening fiscal situation has restricted the devolution of funds. Based

¹ Rao, Govinda, M., Amar Nath, H.K. and Vani, B. P (2004), 'Fiscal Decentralisation in Karnataka', in Sethi, Geeta (ed.), Fiscal Decentralisation to Rural Governments in India, the World Bank, Oxford University Press.



on the information in the Link Document², the estimated expenditure by panchayats was 21.8 per cent of the state's expenditures or about 5 per cent of GSDP in 2001-02. Of this, an overwhelming proportion was incurred for non-plan purposes. Plan expenditure was estimated at 38 per cent in 2001-02 and was lower at 27.4 per cent in 2002-03. In most sectors, the resources were just adequate to pay the salaries of the employees and the greatest proportion of expenditures at panchayat level was accounted for by spillover schemes from the previous plans and other salary and maintenance expenditures. Furthermore, the role of the grassroot tier – the GP – was negligible. Allocation to GPs constituted just about five per cent of total district sector outlays and a little over one per cent of state outlay. This changed only in 2005, when many schemes were delegated to gram panchayats.

The distribution of resources across different districts is not based on actual needs. It must be noted that a significant proportion of assigned functions to the rural local governments relates to human development. As functions, functionaries and finances are devolved in terms of various schemes, the distribution of funds to various districts is not based on the requirements, but is historically pre-determined and those districts with good infrastructure and have big budgets

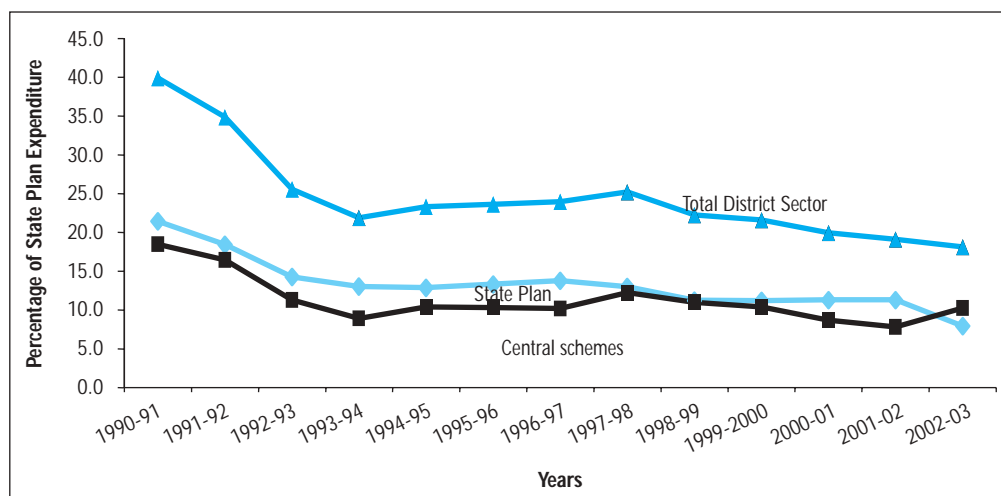
continue to receive higher transfers. There is little scope, in this pattern, to focus on the deprived districts in allocating resources. This has resulted in the persistence of sharp variations in human development outcomes among different districts.

Devolution to local bodies is the easiest component of expenditure compression. The state government has tried to contain the expenditure growth under the fiscal adjustment programmes initiated in 2002-03, mainly by restricting plan expenditures. As a result, the share of plan allocation by rural local governments in total state expenditures was reduced from 8.3 per cent in 2001-02 to 5.1 per cent in 2002-03 and the share of plan allocation to rural local bodies in the state's Annual Plan outlay declined from 27.8 per cent to 18.1 per cent during the year. In fact, the district sector plan outlay declined throughout the 1990s, from 2.5 per cent of GSDP in 1990-91 to 1.6 per cent in 2001-02. As a ratio of total state expenditure, the decline was from 40 per cent to 18 per cent during the period (Figure 11.1). Thus, there has been a steady erosion in the assistance given to rural local governments for developmental spending during the last decade, which was reversed only in 2005-06.

The various tiers of local rural governance in Karnataka are characterised by a plethora of

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FIGURE 11.1
Plan expenditures of rural local governments



² Link document is the document prepared by the state government listing the various schemes implemented by ZPs, TPs, and GPs. The allocation reported in the document refers to budget estimates.

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schemes on the one hand, and concentration of outlay in only a few schemes on the other. Although there were over 371 plan and 228 non-plan schemes in 2001-02, only a handful of schemes contributed to the bulk of expenditures. Among the state sector plan schemes implemented in TPs, the pre-school children feeding programme was the most important. On the non-plan side, disbursement of school teachers' salaries and providing grants to schools accounted for 80 per cent of the non-plan outlay in TPs. In the ZPs too, a handful of schemes were important. On the plan side, piped water supply, family welfare centres and PHCs, SGRY, SGSY, rural sub-centres for family welfare and DPAP accounted for 55 per cent of the plan outlay on Central schemes in 2002-03. On the non-plan side, grants disbursed to the non-government secondary schools alone accounted for about a third of expenditures in the ZPs.

Discretionary funds

Does rural fiscal decentralisation in Karnataka empower local governments to provide public services according to the preferences of their residents? The disaggregated analysis of the outlay on 30 major schemes implemented by the rural local governments shows that they hardly have any leeway or autonomy in determining their allocation priorities. Of the total outlay, 58 per cent is earmarked for salaries, 11 per cent is simply transferred as grants-in-aid to institutions and 10 per cent is required to be spent on transfer payments to persons. Another 16 per cent is earmarked for specified schemes. This leaves the panchayats absolute discretion over only five per cent of the outlay. In respect of another 16 per cent of the outlay, they have limited autonomy. However, here too, the panchayats have the choice to determine the allocation between various input purchases within the schemes, but cannot change total allocation from the scheme. This suggests that the nature of fiscal decentralisation will have to change to enable PRIs to address area-specific needs in a more focused way.

The general complaint of the panchayat leaders, especially in GPs, is that the funds devolved are not commensurate with the needs of the people and monies sanctioned to them are not released in time to carry out development works. Untied grants to GPs have increased significantly over the years. Gram panchayats were initially given an annual grant of Rs.1,00,000 in 1993, Rs.2,00,000 in 1999, Rs.3,50,000 in 2000, which was raised to Rs.5,00,000 in 2003. At present, they continue to get grants from the Centre under SGRY and under the Eleventh National Finance Commission recommendations. Now this grant comes to about Rs.7,50,000 per annum per gram panchayat and will increase in 2005, with more schemes being delegated to PRIs. In 2005-06, the District Sector Plan outlay shot up to Rs.2,002.89 crore from Rs.939.71 crore in 2004-05. The state government now directly releases its grants to the gram panchayats through banks, which makes the releases transparent and less liable to leak during transmission.³ Rationalisation of schemes and transfer of more schemes to PRIs will offer more autonomy to PRIs.

Gram panchayats and resource mobilisation

The Achilles' heel of decentralised government is taxation. Decentralised governmental units, on their part, have not taken a proactive role, either in raising the resources to increase allocation to social sector expenditures, or in increasing the effectiveness of spending programmes by improving the delivery systems. The ZPs and TPs do not have revenue-raising powers and they function as de-concentrated agencies of the state government in disbursing the salaries of teachers and health workers. At the same time, the GPs spend just about six per cent of the total expenditures incurred by the rural local governments, and thus, have a negligible role in providing social services impacting on human development. To be sure, they play some role in water supply and sanitation and in implementing the SGRY, but the resources available with the GPs

³ Surprisingly, when the Centre decided to directly release its grants to panchayats some state governments opposed the move!

for water supply are meagre and in the poorer districts of northern Karnataka, which also have water scarcity, the problem is acute. Their inability to raise resources from the sources assigned to them adds to the problem of inadequate resource transfer from the state government. The GPs implement 50 per cent of the outlay on SGRY, and to that extent, they play their part in implementing poverty alleviation programmes.

One reason for the relatively minor role of rural local governments in human development is their poor record of raising revenues from own sources. The ZPs and TPs do not have independent revenue raising powers, so they merely implement the schemes designed by the state or the Central government. Only the GPs have revenue raising powers, but in 2000-01, they raised only Rs.16.2 crore, or 0.08 per cent of the Gross District Domestic Product (GDDP), which in turn, constituted 22 per cent of the total revenues of the GPs. The taxes and rates assigned to gram panchayats are house tax, non-motorable vehicle tax, factory tax, entertainment tax other than cinema halls, water tax, licence fee, fee on fairs, and so on. Except property tax, the other taxes assigned are not productive, nor are they elastic;

and the panchayats are too close to the people to be able to collect taxes and rates efficiently. Both the design and implementation of property tax need to be improved. Though potentially lucrative, the tax suffers from a poor and outdated valuation system and the GPs do not have the administrative or enforcement capacity to raise significant revenues from the tax. GPs have been able to collect only 69 per cent of the amount due and the cost of collection of the tax is estimated at 72 per cent. In as many as 42 per cent of the panchayats, the cost of tax collection was found to be higher than the revenue collected. A significant effort will have to be made to strengthen the administrative and enforcement capacity of the GPs to raise more revenues from the sources assigned to them, to enable these grassroot level governments to play a meaningful role in human development.

The state government took certain initiatives in 2003 to help gram panchayats: (i) guidelines standardising rules for collection of property tax were issued; (ii) a process was set in motion for evaluation of tax that was transparent, and allowed people to participate in the tax determination process; (iii) property lists were publicised and

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TABLE 11.1

Revenue and expenditure pattern of PRIs (all tiers): Selected states, 1997-98

(Per cent)

States	Tax and non-tax revenue	Expenditure on core services
All states	3.5	7.4
Andhra Pradesh	5.8	16.1
Karnataka	0.8	9.8
Gujarat	1.8	0.7
Kerala	10.1	11.9
Madhya Pradesh	1.8	3.2
Maharashtra	3.4	7.4
Punjab*	39.8	24.5
Tamil Nadu	8.1	33.4
West Bengal	4.0	0.4
Rajasthan	2.0	0.8

Note: * For Punjab, total resources are low, i.e. just about Rs.135.4 crore, as compared to Karnataka's Rs.3,768 crore. In the former, non-tax revenue is more than tax revenue as against the reverse situation in the latter.

Source: Report of the Eleventh Finance Commission, 2000-05, Government of India, New Delhi, 2000, Annexure VIII.2A, pp 227-31.

The state has been implementing social legislations and development programmes for equity and social justice for decades, but their effectiveness and reach were affected by the fact that the poor and the vulnerable did not have access to political power.

put on the GP notice board for inspection. The outcome of this initiative was that there was a 30 per cent increase in the number of properties enumerated and the GP tax demand more than doubled from Rs.80.6 crore to Rs.197.5 crore (RDPR, Government of Karnataka, 17.5.2004: 8). It is now the turn of the gram panchayats to improve tax mobilisation.

Table 11.1 depicts the actual picture of the resource mobilisation of the Panchayat Raj institutions that existed in 1997-98, based on the data of the Eleventh Finance Commission. Perhaps one may even hypothesise that mobilisation of resources would be more effective since the local governments are closer to people, but the actual picture is something different. The revenue that comes from taxes and other sources is only 3.5 per cent at the all-India level. For Karnataka it is only 0.8 per cent. Among the states, Punjab has a high proportion (39.8) of tax & non tax revenue, perhaps because of the small size of resources, i.e. only Rs.135 crore.

The social base of governance

The state has been implementing social legislations and development programmes for equity and

social justice for decades, but their effectiveness and reach were affected by the fact that the poor and the vulnerable did not have access to political power. It is now recognised that the marginalised and the poor must have access to various political fora to articulate their problems and grievances. Participation in a grassroots political process is likely to provide greater opportunities to such persons to aspire to political power and authority, through which they can also upgrade the social and economic status of other members of their caste/gender.

Political representation to the disadvantaged castes such as the Scheduled Castes and the Scheduled Tribes has been guaranteed by the principle of 'reservation'. However, there was no representation for the backward castes and women until the 1983 Act addressed that need, by providing reservation in seats and authority positions, not only to SCs and STs, but also to women and backward castes. The seat and authority position matrix is: (i) for SCs and STs in proportion to their population or a minimum of 18 per cent, (ii) 33.3 per cent for other backward castes, and, more significantly, (iii) one third for women from each of these

TABLE 11.2
**Own revenue and expenditure pattern of village panchayats:
Some selected states, 1997-98**

(Per cent)

States	Tax and non-tax revenue	Expenditure on core services
All states	10.1	10.7
Andhra Pradesh	38.7	33.1
Karnataka	33.8	28.0
Gujarat	12.9 (13.2)*	23.5 (19.5)*
Kerala	13.3	16.3
Madhya Pradesh	4.0	3.6
Maharashtra	20.6	17.5
Punjab*	45.6	31.6
Tamil Nadu	1.7	0.0
West Bengal	9.2	0.92
Rajasthan	5.1	NA

Note: * for 1993-94.

Source: Report of the Eleventh Finance Commission 2000-05, Government of India, New Delhi, 2000, Annexure VIII.2B, pp 232-36.

castes, including the non-reserved seats. This measure has roped in a large number of men and women from the various deprived caste groups, and, has thereby, widened the social base of governance in rural as well as urban society. Thus, in respect of panchayats, well over 60 per cent of the membership comprises Scheduled Castes, Scheduled Tribes and other backward castes. Women's representation is considerably higher, exceeding their quota of reservation. The elections held in 2000 returned 44.9 per cent, 42.2 per cent and 38.9 per cent of women in GPs, TPs and ZPs respectively (Table 11.3).

It is noteworthy that the proportion of these sections increases as one moves down from the upper to the lower tiers of panchayats, which is appropriate, considering that these sections participate more actively in the lower governance levels, where decision-making on the public service delivery takes place more intensively. This system of reservation has brought into the local governance system a large proportion of first time/first generation representatives from hitherto unrepresented social groups. Though this is a welcome development, it has meant that certain gender and caste stereotypes have become visible and are seen quite wrongly as 'constraints'. One such stereotype is that 'women are alien to politics and governance'. The 'belief' represents no truth, only the reluctance of existing power structures to acknowledge and welcome social and political restructuring in the wake of the 1983 and 1993 Acts. The reservation of seats and authority positions to various social groups has widened the social base of political decision-making at the decentralised governance level, thus, promoting participatory governance.

People's participation in decision-making

The Act provides all the mechanisms necessary to ensure that the bodies are representative and their functioning is participatory. Good governance would imply, among other things, an efficient delivery system; one, which is responsive to the needs and aspirations of citizens and addresses these needs with the least amount of leakage.

TABLE 11.3
Distribution of elected panchayat members by category:
1994 and 2000

(Per cent)

Category	1994				2000			
	ZP	TP	GP	Total	ZP	TP	GP	Total
All (Nos.)	919	3340	80627	84886	890	3255	78740	82885
SCs and STs	23.1	23.1	31.6	31.18	23.8	25.4	26.7	26.6
OBC	33.3	33.4	33.3	33.3	33.6	33.6	33.8	33.8
Others	43.6	43.5	35.1	35.5	42.6	41.0	39.5	39.6
All male	63.5	59.8	56.2	56.4	61.1	57.8	55.1	55.3
All female	36.5	40.2	43.8	43.6	38.9	42.2	44.9	44.7

The question that arises next is about the kind of needs and programmes that are identified, and implemented. A study⁴ has found that projects can be grouped in three categories, viz. (i) social and economic infrastructure projects such as school and hospital buildings, roads, bridges, irrigation tanks, and so on; (ii) civic amenities such as drinking water, drainage and street lights, community buildings, bus shelters and shopping centres; and (iii) sectoral development projects, such as projects that promote agriculture, forestry, village industries, horticulture etc. Amenities take priority because of public demand. However, the preferred projects are construction oriented such as buildings, culverts and roads. Sectoral development projects and industries have not received adequate attention from PRIs. Explanations offered by Panchayat Raj functionaries for their preference for construction oriented projects are: (i) these are the projects which the people themselves ask for and (ii) the panchayats must show 'visible' evidence of having met people's needs, and hence, construction takes precedence over projects with long gestation periods or less visible outcomes such as capacity building. Construction projects lend themselves to leakage and there are reports of PRI members who have become contractors and bid for contracts.

Granting that corruption does obtain under the decentralised government system – and there seems to be no evidence to the contrary – is it still

Reservation has brought into the local governance system a large proportion of first time/first generation representatives from hitherto unrepresented social groups.

⁴ Study by Abdul Aziz, at al 2002.

The primary objective of decentralised planning by PRIs is the promotion of rural development by identifying local needs and prioritising activities.

more cost efficient compared to the centralised governance system? One writer says that it is more expensive because the decentralised governance system fails to internalise the negative externality of one bribe transaction on another because of two reasons: (i) there is absence of social audit by people and their organisations; and (ii) the interlocking social and economic relationships that obtain in rural society, and the existence of small proximate groups in the villages, enable the panchayat functionaries to easily manage the risk of being caught (P. Bardhan, 1996). The Government intends to address some of these issues by establishing offices of Ombudsmen in the districts and strengthening the public grievance machinery.

Decentralised planning

The primary objective of decentralised planning by PRIs is the promotion of rural development by identifying local needs and prioritising activities. Institutional support for local level planning, such as district level planning units and the basic guidelines for carrying out planning activities have been provided. The taluk panchayats and gram panchayats have no institutional support for planning and monitoring, and this should be provided as early as possible.

The Central and state governments have taken many initiatives to strengthen planning at the grassroot level. They are: (i) the merger of JGSY and EAS to create SGRY. The cash allocation is supplemented by an equivalent quantity of

food grains under the programme and this has augmented the funds available to the GPs and increased their capacity to plan; (ii) the *Swachha Grama* programme launched in April 2001 with 90 per cent government funding, which has enabled GPs to prioritise rural sanitation which is inadequate in all villages; (iii) the *Jal Nirmal programme* (June 2002) with 85 per cent state funding is GP-centric from concept to execution; (iv) the *Jalasarakshana* programme (August 2002), a cost sharing project between the state and the beneficiary, managed by the GP; (v) under the *Sarva Kutumba Sameekshe* (November 2003), GPs conducted a house-to-house survey and created a database that will be useful for monitoring human development indicators.

These recent initiatives by the state will undoubtedly augment the funds available to gram panchayats and strengthen their capacity to plan at the grassroot level; especially since planning and implementation have been a mixed experience so far. Often, inputs for planning are not obtained from the people, and it is the panchayat members and officials who supply inputs in the *gram sabha* meetings. Consequently, development plans prepared by the panchayats turn out to be plans made by officials and members for the people, and not plans of the people prepared by the people. Some panchayats have ensured people's participation at the stage of implementation of projects through special committees, and projects are completed efficiently and in time. In other panchayats, where people are not involved, implementation of projects is inefficient and not cost-effective.

BOX 11.2

Evaluation of Panchayat Raj system

The National Eleventh Finance Commission has evaluated the Panchayat Raj system in the country by using ten parameters and constructing an index of decentralisation. The parameters used in the construction of the index of decentralisation are: (i) enactment/amendment of state panchayat/municipal legislation; (ii) intervention/restriction in the functioning of the local bodies; assignment of functions to the local bodies by state legislation; (iii) actual transfer of functions to these bodies by way of rules, notifications and orders; (iv) assignment of powers of taxation to local bodies and the extent of exercise of such powers; (v) constitution of the State Finance Commissions and the extent of action taken on their reports; (vi) election to the local bodies; and (vii) constitution of District Planning Committees. In terms of these parameters, Karnataka ranks among the top states in the country.

The District Sector Plan is supposed to be a blend of plans emanating from Panchayat Raj institutions and urban local bodies. The integration of plans from all the tiers does not always result in a seamless document, and instead, a jumble of projects with no time or project connectivity is produced. District Planning Committees need capacity building if they are to function effectively as nodal planning agencies at the district level.

Further, there is a need to ensure that the planning process is free from any kind of state intervention. In fact, with a view to making it more relevant and strong, the Working Group on Decentralisation (March 2002) holds the view that the planning process should move away from sectoral planning to a system of integrated area planning.

PRIs and civil society

Owing to the critical problems associated with the public service delivery system such as inefficiency, poor resources, and lack of adequate citizen participation there has emerged a consensus for public-private partnership to promote an efficient and effective service delivery system. This has brought into focus the institution of civil society, which is supposed to demand better performance and accountability, and monitor public service provisioning.

The term 'civil society' embraces a large number of institutions outside the state, such as capitalist market institutions, religious institutions, private and public associations, all forms of cooperative social relationships, and political parties (C. Jeffrey Alexander, 1998). We will look at only a few aspects of civil society, which can have a meaningful interface with decentralised governments such as non-governmental organisations (NGOs) and community based organisations (CBOs). These institutions/organisations have the potential to support and strengthen decentralised governments and work with them as partners. They can play a role in revitalising decentralised governments at three levels: motivating people to participate in the decision-making process, providing information to people on various aspects of local government and planning, and providing inputs on attitudinal changes, for example, with regard to reservations for weaker sections. They can provide inputs to both elected members and the bureaucracy (Abdul Aziz, 1999).

A three-state study covering Karnataka, Andhra Pradesh and Tamil Nadu holds the view that NGOs and CBOs had no role at all in PRI functioning or implementation. The NGO-panchayat partnership did not flower because of mutual suspicion about

motives. As for people's organisations such as Mahila Mandals and youth clubs, the study notes that they 'hardly find a common ground to work with panchayats. Both of them are content with organising sports and cultural activities during national and state festivals taking financial assistance from panchayats' (Abdul Aziz, 2002).

A different perspective does exist, however. One writer says 'The NGOs in Karnataka were dubious towards the new decentralised political structure in the beginning (they however) were forced to redefine their rules because PRIs have become part of the structure within which NGOs have to work, and structural changes in PRIs are aimed at people-centered rural development, which is also the objective of many of the NGOs' (Susanne Dam Hansen, 1999: 79-80). As part of this change, NGOs in Karnataka are reported to have supported PRIs, both during pre- and post-election periods. During the pre-election period they have enabled women and the underprivileged to contest elections and provided them with moral support. During the post-election period, they have promoted capacity building among marginalised people by giving them formal training (Susanne Dam Hansen, 1999: Alex Tusciano, 1999).

It is clear that though civil society has immense potential to work as a partner with local bodies, so far it has played a limited role in terms of interacting with PRIs. This could, in part, be due to the reluctance of NGOs and people's organisations to work with the local leadership on the one hand and the cautious attitude of the panchayat functionaries towards the intentions of certain civil society organisations on the other.

Conclusions

The PRI system has been steadily evolving in the state and there are constant efforts to ensure that the powers of the Panchayat Raj bodies are not eroded and more functions are devolved to them in accordance with the letter and spirit of the Constitution. Constraints that prevent PRIs from optimising their performance have been discussed above. However, even given these constraints, PRIs have not prioritised human development goals in

NGOs and CBOs have the potential to support and strengthen decentralised governments and work with them as partners. They can play a role in revitalising decentralised governments at three levels: motivating people to participate in the decision-making process, providing information to people on various aspects of local government and planning, and providing inputs on attitudinal changes.



PRIs have not prioritised human development goals in their wish lists. More capacity building, inclusion of human development goals in district sector plans backed by funds and sustained monitoring of HD objectives would contribute significantly to improving HD outcomes, in north Karnataka in particular.

their wish lists. More capacity building, inclusion of human development goals in district sector plans backed by funds and sustained monitoring of HD objectives would contribute significantly to improving HD outcomes, in north Karnataka in particular. The new arena of intervention is the village, and gram panchayats have created formidable databases that will underpin HD planning and monitoring at the grassroots. Gram panchayats are perfectly positioned to ensure that all children remain in school and that all births are institutional births. Such initiatives could improve literacy rates, and reduce IMR and MMR very visibly. The state's role should be primarily, as a resource centre, rather than an enforcer. In that respect, Karnataka has moved steadily towards ensuring greater autonomy for PRIs. Hopefully this will promote more participatory governance and better HD outcomes over the next decade.

Recommendations

- With the state having initiated so many measures to devolve more powers to PRIs, the next step should be efficient operationalisation of these measures;
- Human development objectives should be incorporated in District Plans and the outcomes monitored;
- Increases in district Annual Plan outlays should not be distributed on a pro-rata basis to districts. Instead, districts with poor human and economic development indicators should receive more resources;
- Increase untied funds to districts with very low human development indicators (HDI) (primarily, the Hyderabad Karnataka area);
- Strengthen District Planning Committees by building capacity;
- Provide planning infrastructure to taluk panchayats;
- Strengthen Gram Panchayats by providing managerial and technical assistance to enable them to perform more effectively;
- Gram Panchayats should increase their resource base through mobilisation of taxes. Government could award incentives to gram panchayats that perform well; and
- Build capacity in community based organisations so that they can function as effective agents of change.