
Learner's Manual

Certificate Program in Rural Livelihoods

MODULE NAME: Rights & Entitlements

PARTNER INSTITUTION: **SETU Abhiyan**



SETU Abhiyan



LIHMR UNIVERSITY

A Joint Initiative of Bharat Rural Livelihoods Foundation and Central
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Session Plan 1:

Session 1: Understanding Democracy

A Short Definition of Democracy

U.S. president **Abraham Lincoln** (1809-1865) defined democracy as:

“Government of the people, by the people, for the people”

Democracy is by far the most challenging form of government - both for politicians and for the people. The *term democracy* comes from the Greek language and means **"rule by the (simple) people"**. The so-called "democracies" in classical antiquity (Athens and Rome) represent precursors of modern democracies. Like modern democracy, they were created as a reaction to a concentration and abuse of power by the rulers. Yet the theory of modern democracy was not formulated until the Age of Enlightenment (17th/18th centuries), when philosophers defined the essential elements of democracy: separation of powers, basic civil rights / human rights, religious liberty and separation of church and state.

Democracy - Classical Definition

Often *democracy* is defined opposite to other types of government:

Monarchy

Government by a single ruler (king/queen, emperor)

Aristocracy

Government by noblemen (hereditary)

Oligarchy

Government by few persons

Theocracy

"Government by God" (in reality this means government by religious leaders)

Dictatorship

Government by people, that have seized power by force (often: military dictatorship)

Democracy - Key Elements

In order to deserve the label *modern democracy*, a country needs to fulfill some basic requirements - and they need not only be written down in it's constitution but must be kept up in everyday life by politicians and authorities:

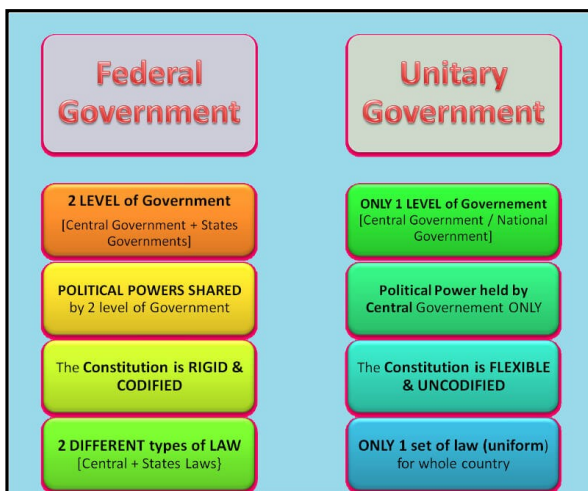
- Guarantee of basic **Human Rights** to every individual person vis-à-vis the state and its authorities as well as vis-à-vis any social groups (especially religious institutions) and vis-à-vis other persons.
- **Separation of Powers** between the institutions of the state:
Government [Executive Power],
Parliament [Legislative Power] und
Courts of Law [Judicative Power]
- **Freedom of opinion**, speech, press and massmedia
- **Religious liberty**
- **General and equal right to vote** (one person, one vote)
- **Good Governance** (focus on public interest and absence of corruption)

Session Plan 2:

Session 2: Federal System in India and the Constitution

INDIAN FEDERAL SYSTEM

Governments have been classified into Unitary and Federal based on distribution of power between national and regional governments. In a federal set up there is a **two tier of Government** with well assigned powers and functions. In this system the central government and the governments of the region act within a well defined sphere, **co-ordinate** and at the **same time act independently**. The federal polity, in other words, provides a constitutional device for bringing unity in diversity and for the achievement of common national goals. Hence, India was made a Federal system of government.



Features of Indian Federalism

Features of Indian constitution that make it federal are listed in the following points:

Written Constitution: The most important feature of a federation is that it should have a written constitution, so that both the Union Government as well as the State can refer to that whenever conflict arises. The Constitution of India is a written and most elaborate Constitution of the world.

Supremacy of Constitution: The constitution is the supreme because both

the union and the states are given powers by the Constitution as to be independent in their spheres of governance. Both make laws conforming to the provisions of constitution otherwise they can be declared invalid by the supreme court through its power of judicial review.

Rigid Constitution: The procedure of amending the Constitution in a federal system is normally rigid. Indian Constitution provides that provisions regarding the federal attributes can be amended by a special majority, i.e. such an amendment has to be passed by majority of total members of each house of the Parliament as well as, by two-thirds majority of the Members present and voting there. Also, in addition to this process, such amendments must be approved by at least 50% of the states. After this procedure the amendment is signed by the President.

Division of Powers: In our Constitution, there is a clear division of powers so that none violates its limits and tries to encroach upon the functions of the other and functions within own sphere of responsibilities. There are **three lists** enumerated in the **Seventh Schedule of constitution**, – the Union list, the State list and the Concurrent List. The **Union List** consists of 100 subjects of national importance such as Defence, Railways, Post and Telegraph, etc. The **State List** consists of 61 subjects of local interest such as Public Health, Police etc. The **Concurrent List** has 52 subjects important to both the Union and the State such as Electricity, Trade Union, Economic and Social Planning, etc.

Supremacy and Independence of the Judiciary: A very important feature of a federation is an independent judiciary to interpret the Constitution and to maintain its sanctity. The Supreme Court of India has the *original jurisdiction to settle disputes between the Union and the States*. It can declare a law as unconstitutional, if it contravenes any provision of the Constitution.

Nature of Indian federation

In spite of the fact that the Indian Constitution establishes a federal structure, it is indeed very different than a true federation. The framers of the Constitution have modified the true nature of Indian federation by incorporating certain **unitary features** in it. These are :

- The Constitution of India has federal features but it does not claim to be a federation. It calls India a “**Union of States**”. Article I of the Constitution describes India as a ‘Union of States’, which implies two things: firstly, it is not the result of an agreement among the States and secondly, the States have no freedom to secede or separate from the Union. Besides, the federation is a union because it is indestructible and helps to maintain the unity of the country.
- The Centre appoints the Governors of the States who enjoys extensive powers in special circumstances. **Governor is the agent of the Centre** in the States. In the past the Governor has acted more as Centre’s representative than as the head of the State. This enables the Union government to exercise control over the State administration.
- **Unequal representation in upper house:** The equality of units in a federation is best guaranteed by their equal representation in the Upper House of the federal legislature (Parliament). However, this does not happen in case of Indian States. They have unequal representation in the Rajya Sabha.
- **Appointment of important organisation heads:** All important appointments such as the Chief Election Commissioner, the Comptroller and Auditor General are made by the Union Government.
- **Single citizenship:** There is no provision for separate Constitutions for the states. The States cannot propose amendments to, the Constitution. Amendments can only be made by the Union Parliament.
- **All India Services:** In order to ensure uniformity of the administrative system and to maintain minimum common administrative standards without impairing the federal system, All India Services such as IAS and IPS have been created which are kept under the control of the Union.
- **Emergency Provisions:** During Financial Emergency, the Center exercises full control over the State’s finances. In case of disturbances in any State or part thereof, the Union Government is empowered to depute Central Force in the State or to the disturbed part of the State. In all three types of emergencies, Centre is empowered to exercise full control over the state machinery.
- **Parliament control over state:** It can make laws to increase or decrease the area of any State and may alter its name and boundaries. It may alter subjects in the state list also.
- **Unified Judiciary:** Contrary to the federal principle which has a dual system of Courts, India has unified Judiciary with the Supreme Court at the apex.

Hence it can be concluded that the Constitution of India establishes a strong Centre by showering all-important subjects to the Centre as per the Union List. The **State Governments have limited powers while largely being dependent on the Centre.** Especially, the States are dependent on the Centre financially. The States have to work in close co-operation with the Centre.

This has led to the contention that the Indian constitution is federal in form but unitary in spirit.

Constitutional experts call it '**semi-federal**' or '**quasi federal**' system. This is unique to India.

Session Plan 3:

Session 3: What is Development, Approaches to Development and What is Governance

Session Plan 4:

Session 4: Essential features of 73rd Amendment and provision for rural local government

73rd Amendment Constitution of India

THE CONSTITUTION OF INDIA

"PART IX * THE PANCHAYATS 243. Definition -In this Part, unless the context otherwise requires:-

- "district" means a district in a State;
- "Gram Sabha" means a body consisting of persons registered in the electoral rolls relating to a village comprised within the area of Panchayat at the village level;
- "Intermediate level" means a level between the village and district levels specified by the Governor of a State by public notification to be the intermediate level for the purposes of this Part;
- "Panchayat" means an institution (by whatever name called) of self-government constituted under article 243B, for the rural areas;
- "Panchayat area" means the territorial area of a Panchayat;
- "population" means the population as ascertained at the last preceding census of which the relevant figures have been published;
- "village" means a village specified by the Governor by public notification to be a village for the purposes of this Part and includes a group of villages so specified.

243-A.Grama Sabha - A Gram Sabha may exercise such powers and perform such functions at the village level as the Legislature of a State may, by law, provide.

243-B.Constitution of Panchayats – (1) There shall be constituted in every State, Panchayats at the village, intermediate and district levels in accordance with the

provisions of this Part. (2) Notwithstanding anything in clause (1), Panchayats at the intermediate level may not be constituted in a State having a population not exceeding twenty lakhs.

243-C.Composition of Panchayats -(1) Subject to the provisions of this Part, the Legislature of a State may, by law, making provisions with respect to the composition of Panchayats :

Provided that the ratio between the population of the territorial area of a Panchayat at any level and the number of seats in such Panchayat to be filled by election shall, so far as practicable, be the same throughout the State.

(2) All the seats in a Panchayat shall be filled by persons chosen by direct election from territorial constituencies in the Panchayat area and, for this purpose, each Panchayat area shall be divided into territorial constituencies in such manner that the ratio between the population of each constituency and the number of seats allotted to it shall, so far as practicable, be the same throughout the Panchayat area.

(3) The Legislature of a State may, by law, provide for the representation -

a) of the Chairpersons of the Panchayats at the village level, in the Panchayats at the intermediate level or, in the case of a state not having Panchayats at the intermediate level, in the Panchayats at the district level;

b) of the Chairpersons of the Panchayats at the intermediate level, in the Panchayats at the district level;

c) of the members of the House of the People and the members of the Legislative Assembly of the State representing constituencies which comprise wholly or partly a Panchayat area at a level other than the village level, in such Panchayat;

d) of the members of the Council of States and the members of the Legislative Council of the State, where they are registered as electors within -

(i) a Panchayat area at the intermediate level, in Panchayat at the intermediate level;

(ii) a Panchayat area at the district level, in Panchayat at the district level.

(4) The Chairperson of a Panchayat and other members of a Panchayat whether or not chosen by direct election from territorial constituencies in the Panchayat area shall have the right to vote in the meetings of the Panchayats.

(5) The Chairperson of -

a) a Panchayat at the village level shall be elected in such manner as the Legislature of a State may, by law, provide; and

b) a Panchayat at the intermediate level or district level shall be elected by, and from amongst, the elected members thereof. 243-D. Reservation of seats - (1) Seats shall be reserved for a) the Scheduled Castes; and b) the Scheduled Tribes in every Panchayat and the number of seats so reserved shall bear, as nearly as may be, the same proportion to the total number of seats to be filled by direct election in that Panchayat as the population of the Scheduled Castes in that Panchayat area or of the Scheduled Tribes in that Panchayat bears to the total population of that area and such seats may be allotted by rotation to different constituencies in a Panchayat. (2) Not less than one-third of the total number of seats reserved under clause (1) shall be reserved for women belonging to the Scheduled castes or, as the case may be, the Scheduled Tribes. (3) Not less than one-third (including the number of seats reserved for women belonging to the

Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election in every Panchayat shall be reserved for women and such seats may be allotted by rotation to different constituencies in a Panchayat. (4) The offices of the Chairpersons in the Panchayats at the village or any other level shall be reserved for the Scheduled Castes, the Scheduled Tribes and women in such manner as the Legislature of a State may, by law, provide: Provided that the number of offices of Chairpersons reserved for the Scheduled Castes and Scheduled Tribes in the Panchayats at each level in any State shall bear, as nearly as may be, the same proportion to the total number of such offices in the Panchayats at each level as the population of the Scheduled Castes in the State or of the Scheduled Tribes in the State bears to the total population of the State 'Provided further that not less than one-third of the total number of offices of Chairpersons in the Panchayats at each level shall be reserved for women. Provided also that the number of offices reserved under this clause shall be allotted by rotation to different Panchayats at each level. (5) The reservation of seats under clauses (1) and (2) and the reservation of offices of Chairpersons (other than the reservation for women) under clause (4) shall cease to have effect on the expiration of the period specified in Article 334.

(6) Nothing in this Part shall prevent the Legislature of a State from making any provision for reservation of seats in any Panchayat or offices of Chairpersons in the Panchayats at any level in favour of backward class of citizens.

243-E.Duration of Panchayats etc. -

(1) Every Panchayat, unless sooner dissolved under any law for the time being in force, shall continue for five years from the date appointed for its first meeting and no longer.

(2) No amendment of any law for the time being in force shall have the effect of causing dissolution of a Panchayat at any level, which is functioning immediately before such amendment, till the expiration of its duration specified in clause.(1).

(3) An election to constitute a Panchayat shall be completed -

a) Before the expiry of its duration specified in clause (1):

b) Before the expiration of a period of six months from the date of its dissolution: Provided that where the remainder of the period for which the dissolved Panchayat would have continued is less than six months, it shall not be necessary to hold any election under this clause for constituting the Panchayat.

(4) A Panchayat constituted upon the dissolution of a Panchayat before the expiration of its duration shall continue only for the remainder of the period for which the dissolved Panchayat would have continued under clause (1) had it not been so dissolved.

243-F. Disqualifications for membership - (1) A person shall be disqualified for being chosen as, and for being, a member of a Panchayat -

a) if he is so disqualified by or under any law for the time being in force for the purposes of elections to the Legislature of the State concerned :Provided that no person shall be disqualified on the ground that he is less than twenty-five years of age, if he has attained the age of twenty-one years;

b) if he is so disqualified by or under any law made by the Legislature of the State.

(2) if any question arises as to whether a member of a Panchayat has become subject to any of the disqualification mentioned in clause (1), the question shall be referred for the decision of such authority and in such manner as the Legislature of a State may, by law, provide.

243-G. Powers, authority and responsibilities of Panchayats - Subject to the provisions of the Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats at the appropriate level, subject to such conditions as may be specified therein,

with respect to :

- a) the preparation of plans for economic development and social justice;
- b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule.

243-H-Powers to impose taxes by, and Funds of the Panchayats-

The Legislature of a State may, by law, -

- a) authorise a Panchayat to levy, collect and appropriate such taxes, duties, tolls and fees in accordance with such procedure and subject to such limits;
- b) assign to a Panchayat such taxes, duties, tolls and fees levied and collected by the State Government for such purposes and subject to such conditions and limits;
- c) provide for making such grants-in-aid to the Panchayats from the Consolidated Fund of the State; and
- d) Provide for constitution of such funds for crediting all moneys received, respectively, by or on behalf of the Panchayats and also for the withdrawal of such moneys therefrom as maybe specified in the law.

243-1-Constitution of Finance Commission to review financial position.(1)

The Governor of a State shall, as soon as may be within one year from the commencement of the Constitution (Seventy-third Amendment) Act, 1992, and thereafter at the expiration of every fifth year, constitute a Finance Commission to review the financial position of the Panchayats and to make recommendations to the Governor as to-

(a) the principles which should govern -

- (i) the distribution between the State and the Panchayats of the net proceeds of the taxes, duties, tolls and fees leviable by the State, which may be divided between them under this Part and the allocation between the Panchayats at all levels of their respective shares of such proceeds;
- (ii) the determination of the taxes, duties, tolls and fees which may be assigned to, or appropriated by, the Panchayats;

Session Plan 5:

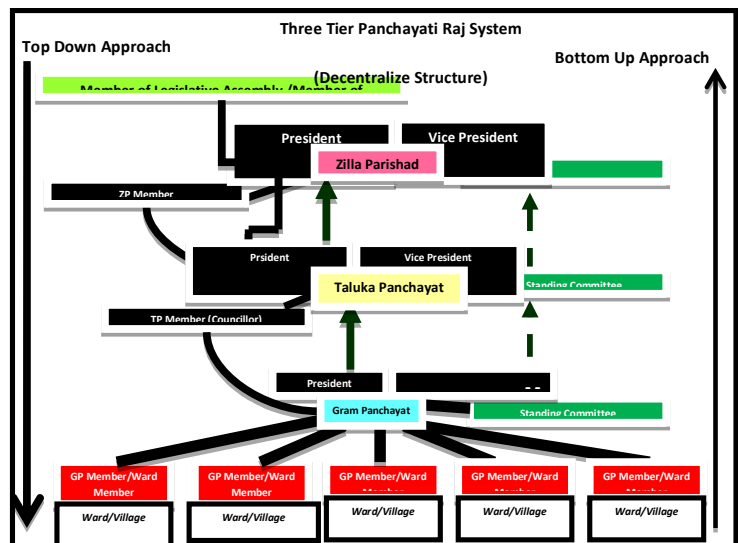
Session 5: An introduction to federalism, decentralization and accountability

What is Democratic Decentralization?

Democratic decentralization is a political concept. Through democratic decentralization process power is spread from the top to bottom. The aim of such decentralization is to expand the field of authority and specialization and to enable the people to make more and more participation in politics and administrative affairs. To achieve these objectives, new institutions are created and the old and existing institutions are reorganized or remodeled and reformed. The main purpose of democratic decentralization, however, is to bring fundamental changes in the traditional outlook about the power structure of the government. Thus, democratic decentralization means decentralization of power. The source from which this power is decentralized is based on the democratic structure and hence, such decentralization is called the democratic decentralization. Moreover, the authority on which the power is to be delegated is also organized democratically. Through this democratic decentralization a relation of closeness and co-operation is created between the governmental administrative system and the non-governmental leadership and controlled.

Decentralisation in India

A commitment to the reduction of poverty has been a defining characteristic of the Indian state, from the time of Independence to the present day. As Kohli (1987: 62) has argued, the Indian state that emerged after Independence was deeply committed to 'industrialisation, economic growth and a modicum of income redistribution.' In terms of poverty reduction, this involved an early attempt at improving agricultural productivity through the implementation of land reforms, agricultural cooperatives and local self-government (Harriss et al., 1992; Varshney, 1998). From an early stage in this process, the reduction of poverty and the empowerment of poor and politically marginal groups in India have been strongly associated with at least some form of decentralisation (e.g. Drèze and Sen, 1996; Jha, 1999). Perhaps the most enduring image of decentralisation in India is Gandhi's vision of village Swaraj, in which universal education, economic self-sufficiency and village democracy would take the place of caste, untouchability and other forms of rural exploitation. Although this vision has been hotly debated since (at least) the time of independence (see, especially, Ambedkar's debates with Gandhi, cited in World Bank, 2000a: 5), Gandhi's vision has had an enduring effect on the ways in which



decentralisation has been argued and defended in Indian politics. Beyond the symbolic imagery of the independent 'village republic,' an important element of this relates to the idea that formal, constitutional changes in India's administrative system can have a lasting impact on informal and unequal structures like caste, class and gender. (We shall return to this theme in due course.) Box 2 gives an idea of the various commissions and committees that have inspired contemporary thinking about Panchayati Raj in India. Perhaps the most important among these – particularly since independence – were the B. Mehta Commission of 1957, the Asoka Mehta Commission of 1978, and the G.V.K. Rao Committee of 1985. An enduring issue that features in all of these assessments is the notion that the Panchayats have been weakened or undermined on three fronts: (1) States that are unwilling to devolve substantive power; (2) a resistant bureaucracy and (3) the power of 'local élites.' Such realisations were instrumental in the drive to give the Panchayats constitutional status in the 73rd Amendment.

We noted above that federal governments have two or more tiers of governments. We have so far discussed the two-tiers of government in our country. But a vast country like India cannot be run only through these two-tiers. States in India are as large as independent countries of Europe. In terms of population, Uttar Pradesh is bigger than Russia, Maharashtra is about as big as Germany. Many of these States are internally very diverse. There is thus a need for power sharing within these States. Federal power sharing in India needs another tier of government, below that of the State governments. This is the rationale for decentralisation of power. Thus, resulted a third-tier of government, called local government. When power is taken away from Central and State governments and given to local government, it is called decentralisation. The basic idea behind decentralisation is that there are a large number of problems and issues which are best settled at the local level. People have better knowledge of problems in their localities. They also have better ideas on where to spend money and how to manage things more efficiently. Besides, at the local level it is possible for the people to directly participate in decision making. This helps to inculcate a habit of democratic participation. Local government is the best way to realise one important principle of democracy, namely local self-government. The need for decentralisation was recognised in our Constitution. Since then, there have been several attempts to decentralise power to the level of villages and towns. Villages and municipalities in urban areas were set up in all the States. But these were directly under the control of state governments. Elections to these local governments were not held regularly. Local governments did not have any powers or resources of their own. Thus, there was very little decentralisation in effective terms. A major step towards decentralisation was taken in 1992. The Constitution was amended to make the third-tier of democracy more powerful and effective.

- Now it is constitutionally mandatory to hold regular elections to local government bodies.
- Seats are reserved in the elected bodies and the executive heads of these institutions for the Scheduled Castes, Scheduled Tribes and Other Backward Classes.
- At least one-third of all positions are reserved for women.
- An independent institution called the State Election Commission has been created in each State to conduct panchayat and municipal elections.

- The State governments are required to share some powers and revenue with local government bodies. The nature of sharing varies from State to State.

Rural local government is popularly known by the name Panchayati Raj. Each village, or a group of villages in some States, has a gram panchayat. This is a council consisting of several ward members, often called panch, and a president or sarpanch. They are directly elected by all the adult population living in that ward or village. It is the decision-making body for the entire village. The panchayat works under the overall supervision of the gram sabha. All the voters in the village are its members. It has to meet at least twice or thrice in a year to approve the annual budget of the gram panchayat and to review the performance of the gram panchayat. The local government structure goes right up to the district level. A few gram panchayats are grouped together to form what is usually called a panchayat samiti or block or mandal. The members of this representative body are elected by all the panchayat members in that area. All the panchayat samitis or mandals in a district together constitute the zilla (district) parishad. Most members of the zilla parishad are elected. Members of the Lok Sabha and MLAs of that district and some other officials of other district level bodies are also its members. Zilla parishad chairperson is the political head of the zilla parishad. Similarly, local government bodies exist for urban areas as well. Municipalities are set up in towns. Big cities are constituted into municipal corporations. Both municipalities and municipal corporations are controlled by elected bodies consisting of people's representatives. Municipal chairperson is the political head of the municipality. In a municipal corporation such an officer is called the mayor.

What is federalism?

Let us discuss the contrast between Belgium and Sri Lanka. One of the key changes made in the Constitution of Belgium was to reduce the power of the Central Government and to give these powers to the regional governments. Regional governments existed in Belgium even earlier. They had their roles and powers. But all these powers were given to these governments and could be withdrawn by the Central Government. The change that took place in 1993 was that the regional governments were given constitutional powers that were no longer dependent on the central government. Thus, Belgium shifted from a unitary to a federal form of government. Sri Lanka continues to be, for all practical purposes, a unitary system where the national government has all the powers. Tamil leaders want Sri Lanka to become a federal system. Federalism is a system of government in which the power is divided between a central authority and various constituent units of the country. Usually, a federation has two levels of government. One is the government for the entire country that is usually responsible for a few subjects of common national interest. The others are governments at the level of provinces or states that look after much of the day-to-day administering of their state. Both these levels of governments enjoy their power independent of the other

In this sense, federations are contrasted with unitary governments. Under the unitary system, either there is only one level of government or the sub-units are subordinate to the central government. The central government can pass on orders to the provincial or the local government. But in a federal system, the central government cannot order the

state government to do something. State government has powers of its own for which it is not answerable to the central government. Both these governments are separately answerable to the people. Let us look at some of the key features of federalism:

1. There are two or more levels (or tiers) of government.
2. Different tiers of government govern the same citizens, but each tier has its own JURISDICTION in specific matters of legislation, taxation and administration.
3. The jurisdictions of the respective levels or tiers of government are specified in the constitution. So the existence and authority of each tier of government is constitutionally guaranteed.
4. The fundamental provisions of the constitution cannot be unilaterally changed by one level of government. Such changes require the consent of both the levels of government.
5. Courts have the power to interpret the constitution and the powers of different levels of government. The highest court acts as an umpire if disputes arise between different levels of government in the exercise of their respective powers.
6. Sources of revenue for each level of government are clearly specified to ensure its financial autonomy

Session Plan 6:

Session : 6 Introduction to Planning, characterised and its importance in local government

Decentralised Planning and Constitutional Provisions

The concept of planning at the local level has been given an institutional framework under Articles 243 G, 243 W, 243 ZD and 243 ZE of the Constitution. 243 G. Powers, authority and responsibilities of Panchayat: Subject to the provisions of this Constitution, the Legislature of a State may, by law, endow the Panchayats with such powers and authority as may be necessary to enable them to function as institutions of self-government and such law may contain provisions for the devolution of powers and responsibilities upon Panchayats, at the appropriate level, subject to such conditions as may be specified therein, with respect to-

- (a) the preparation of plans for economic development and social justice;
- (b) the implementation of schemes for economic development and social justice as may be entrusted to them including those in relation to the matters listed in the Eleventh Schedule.

Planning Roles of the Panchayats, ULBs, DPCs and MPCs

There is need to draw a distinction between the planning role of the largely rural Panchayats, which is focused on plans for economic development and social justice, which may be described as development planning; as compared to the planning functions of the urban local bodies (or rural areas in transition) which includes town planning, regulation of land use as well as planning for economic and social development. It is also essential to clarify the wider role of the DPCs and the MPCs which emphasises coordinated spatial planning of a much larger area, sharing of water and other physical and natural resources and the integrated development of infrastructure and environmental conservation as well as integration of the development plans of the various local bodies that fall in their jurisdictions.

Legal Provisions in the States

In the light of the Constitutional provisions, various States have passed new legislations or amendments to existing Panchayat and Municipal Acts to outline the structure and functions of the planning bodies at different levels.

Planning at the Panchayat Level

The Constitutional scheme of institutionalising decentralised planning at the level of the Panchayats has not been realised. One of the reasons for this is that many State Acts do not contain provisions relating to the actual task of preparing development plans at all the levels of Panchayats, as envisaged in Article 243 G of the Constitution.

Even in States where the respective Panchayat Acts have such provision, the task is not taken seriously. There are various reasons for this. First, real devolution of functions/ activities has not taken place in most States. In the absence of meaningful devolution of powers and responsibilities in respect of local level activities, the local bodies cannot be expected to be motivated to take up this function seriously for the simple reason that they would not have the authority to implement what they plan. Secondly, the lack of untied funds is another constraint for the local bodies to take up local planning. Local



level planning reflecting concerns for addressing the urgent local needs cannot be a reality if the Panchayats have at their disposal only schematic funds to use. They require untied funds to finance projects that cannot be covered by the tied funds. Lastly, till recently the National Planning Commission had not taken much interest in local government level planning and in integrating the local plans with the State plans. The State Planning Boards also, by and large, failed to prepare viable frameworks for preparing local plans.

In the above context, carving out an autonomous jurisdiction for local bodies and ensuring flow of untied funds to these bodies are preconditions for institutionalisation of local level planning. Specific recommendations on these issues have been made elsewhere in this Report.

Panchayat Plan – a holistic concept: The Panchayat plan should be in the nature of a holistic plan covering and integrating within it multiple sectors, so that it can achieve the objectives of “economic development and social justice” envisaged in the Constitution. Some centrally sponsored programmes, on the other hand, mandate preparation of standalone sectoral plans, such as health or education plans. It is necessary to dovetail sectoral plans into overall development planning at the local level.

Session Plan 7:

Session : 7 To develop understanding on roles & functions of Gram Sabha and Gram Panchayat;

Gram Sabha and Gram Panchayat in India

Gram Sabha and Gram Panchayat

Introduction: The Constitution (Seventy-Third Amendment) Act, 1992 was enacted to reform the Panchayat System in India. The Legislature of Indian States was given powers to decide the powers and composition of Gram Sabha and Gram Panchayats. Hence, the powers, functions and composition of Gram Panchayats are determined by the State Governments in accordance with the local needs.

The Gram Sabha : Its Meetings and Functions

The Gram Sabha is a meeting of all adults who live in the area covered by the Panchayat. Anyone living in the area, who is an adult, that is 18 years old or more, is a member of Gram Sabha. The Gram Sabha members also elect the representatives to the Gram Panchayat. Together the Sarpanch and Panchs form a Gram Panchayat. A Gram Panchayat is elected for five years. The Gram Panchayat has a Secretary who is appointed by the government. The Secretary is responsible for calling the meeting of the Gram Sabha and Gram Panchayat and keeping a record of the proceedings.

The main task of Gram Panchayat is to implement the development programmes for the villages that come under it. Gram Sabha is the place where all plans for work of Gram Panchayat are placed before the people.

Panchayati Raj is a three-tier system: village level, block level and district level. Panchayati raj is the process through which people in rural areas participate in their own government.

Session Plan 8:

Session : 8 Decentralization

Decentralization in India

Given India's size and diversity, decentralization is very important for the country's strategy for poverty reduction. From the first central initiative to establish local governments in 1957 to the 73rd and 74th Constitutional Amendment in 1992 and 1993, the country has moved in this direction. The two constitutional amendments established mandatory provisions for decentralization to local governments in India.

Decentralization is the process of redistributing or dispersing functions, powers, people or things away from a central location or authority. While centralization, especially in the governmental sphere, is widely studied and practiced, there is no common definition or understanding of decentralization. The meaning of decentralization may vary in part because of the different ways it is applied. Concepts of decentralization have been applied to group dynamics and management science in private businesses and organizations, political science, law and public administration, economics and technology.

Why decentralization?

Too often services fail poor people – in access, in Quantity and in Quality. Putting poor people at the centre of service provision enables them to monitor and discipline service providers, amplifies their voice in policy making and strengthens the service providers to serve the poor.

Such Accountability problems justify the devolution of service delivery to elected local governments.

Introduction and background to

Decentralisation and Local Governments in India

1. A brief history

- Existence of self-governing village communities across sub-continent that over millennia, served as main interface between predominantly agrarian village economies and
- Custom and tradition elevated these earlier councils or assemblies called “sabhas” to a position of considerable authority.
- “Panchayat” (an assembly of five respected elders) became pivot of administration, focus of social solidarity and principal forum for dispensation of justice and resolution of local disputes.
- Characteristics of village panchayats remained unchanged during medieval and Mughal periods.

2. Local governments in British India

- 1687: Municipal corporation of Madras constituted, on the British model of a town council, with powers to levy taxes and deliver services, comprising of nominated members.
- 1870: Revival of traditional village panchayat system in Bengal
- 1882: Ripon Resolution, providing for rural local boards with two-thirds of membership to be composed of elected, non-official representatives and presided over by a non-official Chairperson.

3. The Indian freedom movement and local governments

- Indian freedom movement starts demanding “self-government” as the first political goal, before evolving to demand for independence.
- 1909: Royal Commission on Decentralisation recognises importance of Panchayats in the governance of India.
- 1919: Government of India Act 1919, brings in system of ‘dyarchy’, and transfers self government to the domain of Indian Ministers in the provinces.
- 1935-39: Provincial Autonomy under the Government of India Act, 1935 results in popularly elected governments in Provinces, who in turn enacted legislation for further democratization of local self-governments,

4. The first constitutional steps

- Mahatma Gandhi: – The entire edifice of Indian democracy should be based upon one popular election to the Village Panchayat and indirect elections from panchayats to State Assemblies and from the State Assemblies to the Parliament.
- Article 40 of the Constitution: – The State shall endeavour to constitute village Panchayats as institutions of local self government

Session Plan 9:

Session :9 Decentralized Planning

CONCEPT OF DECENTRALIZED PLANNING

Decentralization, interpreted in simple terms, would mean moving away from the center or deconcentration. In the context of development, which is our concern here, decentralization means transfer of certain authority and power in the matter of formulation and implementation of development plans from the highest organization or institution at the national level or state level to organisations or institutions at the sub-state level.

The lower level, which includes district, block and panchayat will have a particular role in the planning exercise and will be vested with the powers and the responsibilities associated with the role. In a truly decentralized situation such power will include the power to determine goals and targets and to raise resources locally.

Decentralized Planning can, thus, be defined as a type of planning where local organisations and institutions formulate, adopt, execute actions and supervise the plan without interference by the central body.

EVOLUTION OF DECETNRALIZED PLANNING

India adopted economic planning with the launch of the First Five Year Plan in 1951. We have discussed at the beginning of this unit that our Five Year Plans have been mainly centralized plans. But even then, from the very first plan onwards attempts have been made by the government to introduce some degree of decentralization into the planning process by strengthening local level planning. Sometimes such attempts have been strong and visible. At other times, they have been weak and dormant. Thus decentralized planning has evolved in India in fits and starts over the years. Its evolution can be divided into five phases for a brief examination.

DIMENSIONS OF DECENTRALIZED PLANNING

There are four major dimensions of decentralization: (i) Functional, (ii) Financial, (iii) Administrative, and (iv) Political.

PLANNING

The 73rd Amendment to the Constitution has greatly empowered the panchayats to take part in decentralized planning from the Gram Sabha level to the Zilla Parishad level.

Gram Sabha All states have made provision for the establishment of the Gram Sabha in their respective Panchayat Acts. The scope and function of the Gram Sabha differ from state to state, but this is regarded as the primary institution to facilitate direct participation

of the local people in the planning and development activities in the area. The Constitution makes it mandatory to establish the Gram Sabha at the village level. The Gram Sabha consists of all persons in the village registered in the electoral rolls.

All the members of the Ward Sabha are to meet at least once a year to prepare a priority list of the works needed to be done in the ward. A very simple plan can be drawn up on the basis of this priority list. A model exercise is shown below:

Although people have a general idea about the various problems they face collectively in the village, these problems must be recorded specifically for a planned solution.

Before planning

Planning has three main aspects: a) What to do?, b) Why to do?, c) Who will do? To get answers to these questions, some relevant data need to be collected about the village. These data may relate to a) the social situation, b) the employment situation, and c) the resources situation of the village.

a) The Social Situation

- 1) Total population
- 2) Male/Female population
- 3) Caste-wise break-up
- 4) Age groups
- 5) Education: literacy according to age group
- 6) Health: Disease; Age; Duration

b) Employment Situation

1. Dependent on agriculture only- male + female = total
2. Dependent on agriculture and trade
3. Dependent on agriculture and artisan-work
4. Dependent on artisan-work alone
5. Dependent on agriculture and daily-wage
6. Dependent on daily-wage alone

c) Resources Situation

1. Land: Private; Government; Fallow; Forest, etc
2. Water source: Pond; Well; Tube-well; Canal, etc
3. Educational / Health institutions: Anganwadi; Health Centre; Primary school; Adult education centre, etc

After collection of data suppose we got the following information from the collected data:

1. There is plenty of fallow land available which is not being used for agriculture.
2. There is only one pond which is not adequate for all the villagers.
3. The only tube-well is not able to meet fully the drinking water need of all.
4. Those who have wells do not use the available water fully for growing vegetables.
5. There are regular outbreaks of malaria and dysentery in the village every year.
6. There 134 children of school-going age; but only 32 of them are attending school.

What to do next?

1. Search for the cause of each problem.
2. Make a priority list for the solution of the problems.
3. Find ways for the solution of the problems

How to solve a problem

There may be four ways of solving a problem:

1. Without outside help
2. By only acquiring the necessary skill and technology
3. With a little financial help
4. With complete outside help

While preparing a plan two things must be kept in mind:

- a) permanent assets must be created for the community by the plan
- b) employment and income must be created for the weaker sections of the society by the plan

According to the statutory provision in most states, it is the responsibility of the Gram Panchayat concerned to ensure that the Gram Sabha meetings are held at least twice a year. The Gram Panchayat members should inform the date, time and venue of the Gram Sabha meeting to community members well in advance. The meeting is generally convened by the chairperson of the Gram Panchayat known variously as Sarpanch, Pradhan, Mukhiya or President in different states. A Gram Sabha meeting can take place only when the required quorum of 10-20 percent is present.

The annual budget, proposals for taxation, and all development-related activities are supposed to be discussed and finalised in the Gram Sabha meeting. Selection of beneficiaries under poverty alleviation programmes through the Gram Sabha has been made mandatory.

Session Plan 10:

Session :10- Understanding the government budgeting system from the national to the local level, Understanding Budget envelopes, taxes that Panchayat can raise and other sources of income

What Is a Budget?

A budget is a document or a collection of documents comprising a detailed description of the expected revenues and expenditures of a given institution, associated with the activities that are planned for achieving specific purposes or goals, within a given period.

What is the “government”?

The government consists of public authorities and their instrumentalities. The combination of all government units is the general government, which consists of the following entities.

- **Central government.** The central government includes all governmental departments offices, establishments, and other bodies that are agencies or 3 instruments of the central authority of a country, departmental enterprises attached thereto, relevant nonprofit institutions, and the geographical extensions of central government authority that operate at the regional or local level without the attributes necessary for existence as separate government units. Departmental enterprises are industrial or commercial units that are noncorporate, closely integrated with the rest of a government department or agency, and likely to hold small working balances (for example, the office responsible for printing and selling the official gazette).
- **Local government.** Local government consists of governmental units exercising independent competence in the various urban and/or rural jurisdictions of a country's territory. Local government units may include counties, cities, towns, townships, school districts, water or sanitation districts, combinations of contiguous local government organized for various purpose, etc. In some countries, the boundaries between the local governments and central government are not clearly defined. For example, when a province is under military control, the level of government is not distinct from the central government. By definition, an entity is treated as local government only if it is entitled to own assets, and raise funds, has some discretion in its spending, and is able to appoint its own officers, independently of external administration. This is the key difference between decentralization, which includes devolution of policy authority, and deconcentration, by which the authority of the center is exercised more effectively through local entities acting as agents of the central government.
- **State governments** are an intermediate subnational entity in federal countries (e.g., India, Australia). State government has substantial authority of its own, including budgetary. In some countries, e.g., Canada, state governments are named provincial governments. In other countries, e.g., Sri Lanka, provincial governments have less extensive powers than state governments do in federalist countries

What is the “public sector”?

In addition to the government itself, the public sector includes entities owned or controlled by the government, such as state-owned enterprises or financial institutions. In market economies, public enterprises should be commercially oriented and aim at profitability. For this purpose, they must have autonomy in management and be corporatized. Thus, their expenditures and revenues cannot be submitted to the same scrutiny and approval mechanisms as the government budget and the government budget, which should cover only their financial transactions with the government and not their transactions with the rest of the economy

Local Budgeting and Fiscal Autonomy for PRIs

Government initiatives for decentralisation and giving fiscal autonomy to PRIs for planning and budgeting their development programmes has had limited success in the country due to the inability of local self-government institutions to raise resources on their own. The PRIs receive funds from: (1) their respective states as per the recommendations of the SFCs; (2) Grants-in-aid as per the Central Finance Commission award; (3) Centrally Sponsored Schemes; (4) Own Source of Revenue (OSR); and (5) MP LAD/MLA LAD funds. The flow of finances from CSSs has been quite high, transfers from Center and States inadequate and generation from OSRs negligible. Since PRIs do not have allocations in advance for particular financial years, it becomes very difficult for them to annually budget development grants for the GPs.

How to Make Budget:

A) First Phase: Making Budget

How is the Panchayat budget to be prepared? Top down traditional method under which budget can be prepared by the government agency based on certain policy. Bottom up grassroots level approach is to involve the people of Panchayat to make their budget.

- Before getting into the expenditure decisions, people of the Panchayat must know how much money they have in Panchayat fund.
- Then comes which are the development works and activities to be considered for spending.
- What should be the norm for deciding the work to be included in the budget for spending?
- Panchayat people must discuss different options and possibilities of increasing its resources, what are the different needs of the people living in the Panchayat area and how to prioritize them.

Discussions may focus on what are the possibilities of raising both tax and non tax revenues from items under Panchayat's mandate and how prioritize the works to be included in the budget.

B) Second Phase: Approving Budget

Once the budgets are made, it needs approval from the competent authority. The budget proposals should give adequate justification for accepting or rejecting an item, activity or work proposal. The competent authority will evaluate the estimates of possible revenues and proposals of expenditures. There may be further questioning and intense debate on proposals for revenue and competing spending proposals. Approval process is not just signing or passing what is made by a Panchayat in a routine way. Each process is important. Approval of the budget provides an opportunity for evaluation of competing claims before agreeing to the decisions and justifications by the authority.

C) Third Phase: Implementation of Budget

After approval of the budget, what is important is proper implementation of the budget. Execution of the budget is an effective method of expenditure control as well as monitoring the results periodically. When any expenditure is incurred from the public money, adherence to principles of economy, efficiency and effectiveness in spending as well as the applicable General Financial Rules and Delegation of Financial Rules

D) Supplemental or Revised Budget

In case expenditure is not provided for in the budget or there is a need to incur more funds than provided in the budget, a supplemental or a revised budget must be passed by the 15 Panchayat and get it approved in the next immediate meeting of the Panchayat. The revised budget estimate is presented in the month of March, as part of the budget proposals for the succeeding year.

Session Plan 11:

Session :11- Parallel bodies and their implications on PRIs, dealing with Parallelism

RURAL INFRASTRUCTURE, PANCHAYATI RAJ, AND GOVERNANCE

T.R. Raghunandan

INTRODUCTION

The rural infrastructure challenge for India is a unique one in many respects. The technologies involved are hardly complex but users are dispersed, demand–supply gap substantial, and there are several critical implementation issues. Creation of infrastructure must be backed by reliable systems of service provision and maintenance. While the need to create rural infrastructure is urgent and excites everyone, the normal bias of the technologically equipped elite is to design systems that are top driven. Top down strategies assume, sometimes with a touching naivete, that scales of efficiency are achieved by mass production and, therefore, proceed with project mode (or ‘mission mode’—a more fashionable term in government circles!) implementation. Concerns about local participation are brushed aside as being inconvenient and irrelevant by mission mode managers. Local leaders are ignored as being corrupt and ignorant and irrelevant to the drive for achievement. Targets are achieved, the glossy presentations are made, awards are distributed and projects wound up, in a blaze of glory. A few years later, the same debates about infrastructure inadequacies rise again and we are back to square one!

That infrastructure creation imposed from above has not made much difference, particularly in certain sectors, is now staring the ‘mission mode’ mentors in the face. The rural countryside is dotted with decaying bridges, potholed roads, crumbling buildings, electricity lines that carry no power, and dry water supply schemes. Obviously, something has gone wrong somewhere. Therefore, the issue of the sustainability of the infrastructure created is gaining visibility both in policy as well as media space.

Considering the ferment in which Panchayati Raj is now caught up, it is hardly surprising that there are several shortcomings of the institutional and funding approach to local rural infrastructural development, particularly when seen from the perspective of the panchayats. Keeping in mind both the institutional mechanism and objectives of Panchayati Raj and improving rural infrastructure, this chapter lays down suggestions on constructing better frameworks for reform. Designing such frameworks will entail detailing the safeguards that ought to be put in place. Equally important is the need to ensure that the fiscal transfer mechanism, through a variety of means, conforms with the letter and spirit of the provisions of the Constitution relating to panchayats.

ROADBLOCKS IN EFFECTIVE FUNCTIONAL TRANSFER TO PANCHAYATS

A reading of the Constitutional provisions gives the impression that by themselves they would have been an effective trigger for the empowerment of panchayats. However, there has been a decade long lag between the constitutional mandate and effective functional transfer to them. The reasons are several.

First, though the Constitutional provisions make it clear that panchayats shall be set up at the district, intermediate, and village level, the extent of empowerment of these

panchayats is left to the state governments concerned to be determined through their enabling legislations. One view is that Article 243 G, which speaks of empowerment of the panchayats does not make it mandatory for a state to endow panchayats with all powers and authority as listed in Schedule XI. Protagonists of this view would argue that the use of the word 'may', gives ample discretion to the state to qualify the extent of the functions that it desires to devolve to the panchayats. They would also argue that since the Article speaks of the 'implementation' of plans 'entrusted' to the panchayats, there is considerable scope in it to treat panchayats as implementing agencies. However, a reading of Article 243 G in its entirety would show that while states do have a degree of flexibility in empowering the panchayats, such flexibility is considerably limited by the imperative that the 'endowment of powers and authority' on the panchayats ought to be 'as may be necessary to enable them to function as institutions of self-government.' In other words, such endowment has to be real and not cosmetic. Nevertheless, since the language of Article 243 G is not one of compulsion and the Eleventh Schedule is only an indicative list of the powers that may be transferred to the panchayats, states continue to believe that they are not duty bound to make such transfers and many have not done so.

Second, until 2003, several states, in spite of the mandatory provisions of Part XI relating to the creation of panchayats, did not constitute them and conduct elections to them (Mathur, 2003). Arguably, such violation of the provisions of the Constitution could be dealt with by the imposition of President's rule under Article 356, but instances of indefinite postponement of panchayat elections have never been construed to mean a constitutional breakdown in the state.

Third, even in states that have passed strong and sweeping legislations assigning most of the powers and functions listed in the Eleventh Schedule to panchayats, formal transfer of functions has not been matched by the concomitant transfer of funds for performing these functions. Thus in most states, panchayats are left with a large number of unfunded mandates. Caught in a cleft of functional responsibility and insufficient financial support, panchayats are hardly equipped today to function as effective institutions of self-government. As one observer states, most states have created panchayats and allowed them to die.

Parallel Bodies in post-73rd CAA Era

In the new legal context created by the Constitutional amendments, political context brought in by functioning of elected bodies, development context giving primacy to participatory development, and administrative context giving importance to transparency and accountability there is a need to revisit the *raison d'être* of these bodies. As the Constitution mandates that planning for economic development and social justice and implementation of such plans should be the responsibility of the PRIs and as it further provides for transferring schemes in the functional domain of PRIs to them, the parallel bodies have become redundant. As fully elected PRIs are in place there is no need for semi-bureaucratic structures with partial role for non-officials because of the following reasons.

- 1 They compete for political space and usurp the legitimate space of PRIs.
- 2 They contest the very rationale of PRIs and question the conceptualization of PRIs as institutions of local-self government. They reduce PRIs to the status of 'yet another organization'.

- 3 They challenge the idea of functional domain of PRIs.
- 4 They mock at the PRIs through superior resource endowments and visible patronage systems.
- 5 They are bureaucratically controlled and propelled.
- 6 Several of the arguments quoted by proponents of parallel bodies, such as protection of funds from diversion have now weakened because such protection is easily achieved even through PRI.

The Constitution envisages harmonization not only of laws but also of institutional mechanism with the Panchayati Raj System. The principle of concomitance cannot be limited to just laws but it extends to institutional arrangements as well. Viewed in this sense such institutions have to be harmonized with the PRI set up or else they become ultra vires the Constitution. There are different possible courses of action to deal with parallel bodies. They include:

- 1 Taking recourse to total merger as in Karnataka. It is worth noting that nearly seventeen years after the merger of DRDAs with Zilla Parishads, the performance of Karnataka in implementation as well as in ensuring financial propriety has been among the very best in the country. This is the best proof of the redundancy of the DRDA (and likewise other parallel bodies) in a system with strong PRIs.
- 2 Retain the professional component of these parallel bodies as Cells or Units within the Zilla panchayat, carrying out their professional roles including management of funds and reaching out to all implementing agencies.
- 3 Modify the powers of the existing bodies. While retaining their identity as charitable societies they could be subject to the condition that all decision making would be by the elected PRIs and their autonomy would be restricted only to fund management.
- 4 Restructure the parallel bodies with only PRI representatives and professional staff.
- 5 Substitute the Chairperson of the parallel bodies and bring in the elected head of the Zilla panchayat.

The course of action to be followed by a state government depends on the level of decentralization and its commitment to strengthening PRIs. Obviously, the best option is the first one. In any case it should be accepted as the ultimate option which has to be adopted sooner or later, the exact time being determined by the pace of decentralization in a particular state. The other options could be adopted only as interim arrangements. The second option would result in an artificial entity embedding itself in the PRI body resulting in irritation. In the third and fourth options the parallel structures get only artificially linked to the PRI system. The separate identities would promote divergence and conflict. The worst option is making the elected head of a PRI the Chairperson of a parallel body. The elected head cannot be taken to represent the whole PRI and the functioning of the elected head in a different organizational set up cannot be equated with his functioning in a PRI set up. It is only a cosmetic solution. It could split the persona of the elected head into mutually conflicting faces.

It has to be admitted that parallel bodies debilitate the growth and the process of achieving maturity of PRIs as institutions of local self government. Half way solutions are not possible. Winding up the parallel bodies does not really affect any interest. The professionals can be retained in the new set up also and special procedures can be designed to insulate fund management and provide flexible functioning. In fact, merger

will add to the resources of PRIs and enlarge their sphere of action. Outright merger is perhaps the single most significant and effective decision which the Government of India can take to strengthen PRIs.

If CBOs and PRIs work in a disparate manner, the democratic gains cancel themselves out. But if they work symbiotically each having a well-demarcated functional space and a well-structured working relationship, then the democratic gains are multiplied. Such are the dynamics of this relationship.

Session Plan 12:

Session :12-Budgeting, devolution and the Fund flow system

Devolution Of Functions To PRIs

The issue of empowering PRIs by transferring the three Fs (functions, funds and functionaries) to them has been at the centre of discussion between the Centre and the states over the last 10 years. The Planning Commission and the Ministry of Rural Development have repeatedly impressed upon the state governments the need to transfer these three Fs in respect of 29 items listed in the Eleventh Schedule. In practice, however, while most states have transferred a large number of functions to the PRIs, this has not been accompanied by a transfer of funds and functionaries. Even in the states where funds and functionaries have been transferred to the panchayats, state government officials continue to exercise control on financial resources and the personnel transferred to the panchayats.

Effective devolution requires devolution of finances. The subjects earmarked for PRIs cover all the social and economic dimensions of rural life but the extent of financial devolution is not commensurate with the responsibilities. The sources of revenue that have been earmarked for panchayats are far from adequate. The power of taxation is vested only with the lowest tier of the PRI, the gram panchayat. The higher tiers, the panchayat samitis and district or zilla panchayats do not have the power of taxation. The extent of devolution from the state level to the PRIs is also very limited. Though State Finance Commissions have been appointed, their recommendations have generally not been implemented. The only states where substantial resources are being transferred to panchayats are Kerala, Karnataka and Madhya Pradesh. In Kerala, 40 per cent of the state budget is placed at the disposal of the PRIs. A similar system has been introduced in Karnataka and Madhya Pradesh. The magnitude of the allocations, however, differs. In Karnataka the allocations are largely to the zilla panchayats.

The lack of financial resources means that PRIs are heavily dependent on the state governments for funds, which effectively reduces them to an agency of the government, rather than an institution of self-governance, as was envisioned by the Constitution. Indeed, fiscal decentralisation measured by various ratios indicates that the financial autonomy of the PRIs has actually decreased after decentralization at an all-India level. A number of Centrally sponsored schemes initiated in the 1990s are implemented through the PRIs and this brings in some PRI involvement, but these schemes have detailed guidelines and the PRIs have very little discretion in the use of these funds.

Related to the question of resource transfer from the government is the issue of resource mobilisation by panchayats themselves to enlarge their area of activities. Mobilisation of resources at the local level would not only strengthen the financial position of the panchayats, it would also lead to people exercising greater control over the manner in which the elected functionaries discharge their functions. Property tax, collection of user charges for water, irrigation and revenue from the tanks and ponds could be tapped by the local bodies to strengthen their fiscal domain. Property tax has emerged as a major source of revenue for gram panchayats in Karnataka. A few states have attempted the practice of providing matching grants to the resources raised by panchayats by specific

programmes. Such initiatives could be collated and disseminated widely for replication by the other states.

Implementation Of Centrally Sponsored Schemes

The transfer of Plan resources from the Centre to the states takes place through two channels. Central assistance to the State Plans and resources transferred for implementing Centrally sponsored schemes in the state sector. The 29 Eleventh Schedule subjects fall within the functional domain of the different ministries of the Central government. The Ministry of Rural Development, which was the nodal ministry for PRIs until recently, has taken steps to involve PRIs in their schemes. The Sampoorna Grameen Swarozgar Yojana (SGSY) is implemented exclusively through panchayats. However, most of the other departments have either not provided any role, or provided only a very limited role, for the PRIs. The Planning Commission had set up a Task Force on PRIs to examine this issue and suggest concrete measures to ensure the involvement of PRIs in implementation of the Centrally sponsored schemes. The Task Force concentrated on rural development, health, education, agriculture, environment and forest and social justice and empowerment sectors and outlined in detail the stages at which the Central ministries could involve different tiers of the PRIs. Many ministries have increasingly involved PRIs in programme delivery, but these efforts need to be intensified further.

Centrally sponsored schemes provide an avenue for the Government of India to persuade state governments to transfer financial resources and equip PRIs with administrative support to fulfil the objectives of the CSSs. One mechanism to do this would be to link releases under schemes to transfer of the three Fs by the states to the PRIs. This would provide an incentive to the States to empower PRIs. This could be done at least in case of those Centrally sponsored schemes relating to the Eleventh Schedule subjects.

The Gram Panchayat Development Plan (GPDP)

The XIVth Finance Commission award has created an opportunity for responsive local governance at the cutting edge institutional level of the Gram Panchayat. [The guidelines issued by M/O Finance](#) for the release and utilisation of the local bodies grant stipulate that proper plans are to be prepared by the gram panchayats for the basic services within the functions devolved to them as per State laws before incurring expenditure under the FFC award.

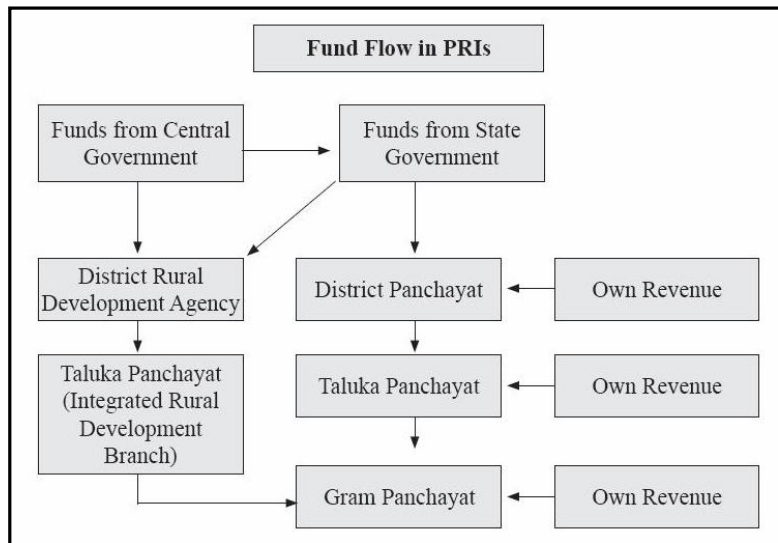
In the context of the Constitutional mandate, these plans have to be participatory plans involving the community, particularly the gram sabha, in the formulation of priorities and projects and will also have to ensure the mandates of social justice and economic development mentioned in Article 243G. The GP development plan (GPDP) will have to have a clear component addressing vulnerabilities of poor and marginalised people and their livelihood opportunities through an integrated poverty reduction plan that converges with the labour budgeting and projectisation exercises under MGNREGS as well.

District Planning

One of the major objectives of democratic decentralisation was to facilitate participation of the people in planning, implementation and monitoring of development projects that addressed their feltneeds. The Constitution provides for setting up of District Planning Committees (DPCs), which are expected to consolidate the Plans prepared by panchayats and municipalities in the district and then prepare a draft Plan for the district as a whole. The district planning exercise has to be a bottom-up process, where panchayat plans are prepared in the gram sabhas and aggregated at the block/taluka level before they are integrated into the district plan. The district plans must, in turn, be reflected in the state Plans.

This has simply not happened in practice. District planning has been one of the weakest links in system of decentralised governance. Many state governments are yet to set up DPCs and even in the states where they have been set up, their role in the formulation of district plans has not been very effective. This is clearly an area of major weakness and needs to be considerably strengthened.

The Central government is also responsible, to some extent, for the dormancy of the DPCs. Sanctions under various Centrally sponsored schemes are accorded on a project by-project basis by Screening and Sanctioning Committees set up in the Central ministries. The Ministries of



Rural Development, Tribal Affairs, the Department of the North-Eastern Region and many other ministries clear district level projects through Central Approval Committees. Such selection and approval of projects at the Central level negates the very principle of participatory planning at the grass root level. The Planning Commission could also encourage state governments to provide for separate district plans and incorporate these in the State Plan before the latter is submitted for approval.

District-level planning cannot become effective unless it is backed by the provision of block grants at the district level in the form of untied funds. Programmes relating to a sector should be bundled under one head and districts should be empowered to select projects in suitable sectors and areas. The practice of providing a separate district budget, as has been done in Kerala and Madhya Pradesh, needs to be adopted by other states as well. This exercise may be undertaken on a pilot basis in selected districts in each state.