Local Democracy and Empowerment of the Underprivileged—An Analysis of Democratic Decentralization in India

Dr. George Mathew
Director, Institute of Social Sciences
8, Nelson Mandela Road
New Delhi—110070
Tel: +91-11-26123708/1902/1909

Implementing agency contact:
Ministry of Rural Development
Government of India
Krishi Bhavan, Dr. Rajendra Prasad Road
New Delhi –110001
Tel: +91-11-23017584
Executive Summary

Poverty alleviation efforts are facilitated by democratic decentralization. For a country as big and as diverse as India, anti-poverty programs can become highly problematic unless the elected local government institutions (LGI) participate in their delivery. The crucial importance of the LGIs in the reduction of poverty lies in better targeting of the poor and in providing cost-effective and need-based goods and services at the local level, stimulating growth and thus reduces poverty.

There is no guarantee, however, that local democracy will function well in all contexts. It is prone to misuse by powerful sections of the community; it may lack an effective accountability mechanism; and it may provide little space for the poor to participate in local decision-making. In some cases, LGI leaders may not have enough motivation or incentive to accommodate the development needs of vulnerable groups.

In India, several attempts to empower the rural local government bodies known as panchayats, principally for better implementation of various rural development programs of the state, met with only partial success. Currently a massive project of empowering rural (and urban) LGIs is under way following amendments to the constitution in 1992. The panchayats are now constitutional bodies and, as such, a part of the governance system of the country. Can the constitutional reforms succeed in institutionalizing local democracy? Are the rural LGIs empowered, responsive, participative and accountable? Are they reducing poverty? Do vulnerable groups have a say in such institutions?

Decentralization before 1992

The rural local government institutions created by the imperial rulers were far from being representative in form and self-governing institutions in content. They had to function within the framework of an essentially bureaucratic local administration, were subject to various types of control of the superior government, and did not have either the resources or the responsibility to make a meaningful impact upon the well-being of the population.

The tradition of viewing local government institutions, particularly those of the rural areas, as weak, subordinate bodies persisted after independence. The reforms introduced first in the late 1950s and then in the late 1970s and early 1980s did bring a wind of change, but they also failed to view the panchayats as autonomous units of government of the local areas. Under both the reforms, the panchayats were conceived as development agencies only, not fit to handle any regulatory function of governance. Moreover, even in respect of development, the rural LGIs were expected to execute the schemes designed by the state or national government. Thus, with a few exceptions in some states (Karnataka during the mid-1980s and West Bengal since 1978), the pre-1992 reforms could not overcome the historical legacy.

The constitutionalization of local government institutions

The 1992 amendments to India’s constitution sought to institutionalize the concept of decentralized planning by autonomous panchayats. Because panchayats and municipalities are required to prepare plans for economic development and social justice, the issue of social justice is embedded in
development planning Of the 29 items intended to be transferred to the panchayats under the constitution, at least 16 relate to social sector development meant to expand the capability of people. The local level plans should accordingly aim at what is understood as ‘human development’.

The constitution gives clear indication that the LGIs should involve the local community in taking decisions. This is reflected in provisions for reservation of the seats and offices of the local bodies and in giving constitutional recognition to the gram sabha and the ward committee. The constitution also places special emphasis on the political empowerment of the weaker sections of the rural community.

The immediate fallout of the amendments was a tremendous widening of the democratic base of the country. The constitutional amendments created a third stratum of government at the sub-state level, that of the panchayati raj institutions (PRIs). Today there are around 600 district panchayats, about 6,000 panchayats at the intermediate level (block/taluka/mandal), and many thousands more at the village (gram) level. In urban areas, more than 1,500 city corporations/municipalities are in position, besides over 2,000 nagar panchayats. Around three million elected representatives of people run these LGIs—of whom no fewer than one million are women and some 660,000 are from the scheduled castes and scheduled tribes—compared to the 5,000 representatives who make up the parliament and the various state assemblies.

The states, by and large, have implemented the mandatory provisions of the amendments, although some have tried to delay the election process. In respect of matters like devolution of functions, financial resources, and functionaries, the constitution provides broad guidelines, leaving the task of working out the details to the respective state legislatures. To what extent the PRIs will in the real sense emerge as the government at the third stratum depends on the decentralization policy each state takes. Most states have shown lack of political will for introducing devolution type of decentralization. Exceptions exist, the most notable being the state of Kerala. In some other states, such as Karnataka and West Bengal, substantial decentralization has taken place through the transfer of centrally sponsored or state sponsored schemes to the panchayats. The state of Madhya Pradesh also took several steps too transfer powers to the local government institutions, but found it difficult to implement them effectively.

In many cases, the state legislatures have not carved out exclusive functional areas for the panchayats in development matters, but merely permit them to work within the functional domain of the states. But without adequate financial and administrative resources, the panchayats find it difficult to perform those functions.

Even in the states that have shown the political will to decentralize, devolution has not gone beyond the implementation of schemes conceived by the state or central government. As a result, the panchayats have become one of the implementing arms of the state government instead of blossoming as the institutions of self-government.

Fiscal decentralization has been scanty. In 9 out of 12 major states, the tax revenue of local bodies (PRIs and municipalities) constituted less than 5 percent of the total tax revenue of the state. Local bodies have not been given sufficient tax assignments to raise revenue locally. The PRIs are principally grant-fed—their dependence upon the state government is quite heavy.

Most of the states have not transferred the staff the local-level institutions need to carry out the responsibilities entrusted to them. Kerala, Karnataka, Madhya Pradesh, Rajasthan, Uttar Pradesh, and Gujarat have issued orders placing certain categories of functionaries under the control of
panchayats. In West Bengal, measures were taken recently to decentralize the health sector, as part of which health workers were placed under the control of the gram panchayats. However, the system has not stabilized yet.

The weakness of India’s states vis-a-vis the central government has limited the extent of devolution and decentralization to the PRIs. The 1992 amendments obligated the states to devolve their powers to the local bodies without a similar obligation on the part of the central government to shed some of its powers. Even such small executive steps as the transfer of centrally sponsored development schemes on subjects constitutionally earmarked for the states was not done, despite recommendations of various committees and experts to do so. Naturally, the states resented this, fueling their reluctance to devolve adequate powers and resources to the panchayats.

There are other problems. No attempt has been made to restructure the district administration, which is run by the line departments of the state government. Panchayats have been superimposed on this bureaucratic structure. Thus, at the district and sub-district levels there are in reality two local governments – one run by the state bureaucracy and the other by locally elected representatives. The former have more powers and resources.

In spite of the statutory and administrative efforts to provide political space to the weaker sections of the communities, it cannot be said that the panchayats have been able to take effective measures for removing the economic and social deprivation of the marginalized people. In places where the grip of the dominant caste over the social system is very strong, even the elected functionaries from the weaker communities feel powerless. The position of women belonging to the scheduled castes and scheduled tribes is worse.

Notwithstanding such disquieting features, reservation provisions have made a major contribution towards inclusion of the marginalized communities in the power structure of the local government institutions. However, before perceptible changes are noticed in terms of their effective involvement in the decision making process, much needs to be done for enhancing their capabilities.

**The impact of decentralization on poverty alleviation efforts**

Between 1977–78 and 1999–2000 the state of West Bengal reduced rural poverty from 68.34 percent to 31.85 percent—a reduction of around 36.5 percent in 22 years and second only to Kerala’s. This achievement was possible because of two factors. One was land reform, which provided landed assets or ensured security of tenure over the same to over 4 million asset-poor households. The other was institutional reform of the panchayats. The two complemented each other in reducing rural poverty directly as well as by raising agricultural productivity, which in turn increased rural employment. The panchayats played a crucial role in implementing land reform, in selecting beneficiaries of poverty alleviation programs, and in providing non-land inputs for raising agricultural productivity (irrigation facilities, seeds and fertilizers, access to credit). West Bengal’s experience strengthens the hypothesis that poverty alleviation efforts are facilitated by democratic decentralization of service delivery.

Similar results were obtained in the state of Kerala, which launched by far the boldest decentralization program in 1996—the People’s Plan Campaign—when the state government decided to transfer 40 percent of its plan fund to the LGIs in untied form. The LGI’s prepared local level development plans and executed them in a participatory manner. That the faith reposed on the local bodies was not misplaced is revealed from some of their quantifiable achievements. Between the period 1997–2002, 552,000 acres of additional land were brought under cultivation, more than 75
thousand agricultural implements were supplied to the farmers, 48,735 kilometers of new roads laid, 128,875 wells dug, 97,893 water taps installed, 570,582 houses and 571,145 sanitary toilets were constructed. The LGIs and NGOs organized 200,000 women into self-help groups to access microcredit and promote microenterprises. Other examples, albeit on a lesser scale than Kerala’s, establish the linkage between democratic decentralization and rural poverty reduction.

**Women in panchayats**

Women's reservation in the PRIs has been a landmark event. Since 1992 there has been a quantum jump in the number of women's representatives in rural local bodies. Today around one million women are elected by the people to the panchayats every five years. They head about 175 district panchayats, more than 2,000 intermediate panchayats, and about 85,000 gram panchayats. Even within a strong patriarchal culture, reservation has encouraged women to demonstrate their leadership. Empirical research has brought out many examples of good governance in panchayats led by women—supplying drinking water, vaccinating children, providing health care to pregnant women, and checking the menace of alcoholism.

Experience of the last decade shows that women's entry in politics and acceptance of the same by the male dominated rural society has not been smooth and devoid of problems. Women face innumerable problems ranging from proxy presence to outright violence. Higher educational attainment, prior exposure to the outside world, and knowledge and understanding of one's roles and responsibilities in panchayats are important enabling factors at the individual level, while at the social level such factors include support from the family, support of the male panchayat members and government officials, and support from voluntary community groups or organizations.

**Institutionalization of panchayats and empowerment of weaker groups**

The most positive aspect of the 1992 constitutional amendments is that the panchayats are now firmly rooted. Elections to these local government bodies are more or less regularly held – an objective that could not be achieved in the earlier experiments with local democracy. Thanks to the reservation provisions, the poor and other weaker groups of people are represented in the power structure of these bodies. Even if there is skepticism among many people that the political empowerment of the weaker groups is more symbolic than real, it would be a folly to ignore even this symbolic value in disturbing the traditional power structure.

Empowerment of LGIs depends on assigning responsibility and powers over significant development activities and devolving adequate financial and administrative resources to accomplish the assigned tasks. The constitution left these issues to the discretion of the states and most states, as mentioned earlier, showed reluctance to devolve functions and resources. The lesson that needs to be drawn from this is that any scheme of decentralization that fails to address these issues clearly and convincingly will find it difficult to realize the objectives. For this reason, demands have been raised in India to amend the constitution further for empowerment of panchayats.

Being located nearest to people, a local government must have a direct accountability to the local community, not only before elections at five-year intervals, but on day-to-day basis. By far the most elaborate arrangement for ensuring accountability was developed by Kerala when it launched People's Plan Program. This included a liberal transparency system under which any citizen was given access to any information (and even official documents) relating to panchayat activity, a social audit by citizens’ committees, beneficiary committees to execute public works, an internal audit
system, and creation of an ombudsman. However it cannot be said that the opportunities thus provided to the citizens to demand panchayats’ accountability have been used extensively, largely because people remain unaware of their potential power.

It is sometimes argued that the decentralization process should follow an incremental approach. The state of Kerala did the opposite. Decentralization has many enemies with a vested interest in the status quo. Kerala’s approach was adopted to marginalize them at one stroke. Under the People’s Plan Campaign, the resources of panchayats increased almost three fold within a year. With support from the state government and various civil society organizations and individuals in various forms—executive and statutory interventions, training, campaigning, providing expertise, developing work manuals—the LGIs adapted to the new environment. The Kerala experiment shows that untied funding, coupled with the introduction of local level planning, may be a very strong entry point of initiatives needed for empowerment of the panchayats as well as for increasing the level of participation.

The Indian experience suggests that the local government institutions need various types of support from the superior-level government to succeed. These include legislative interventions, constructive directions, monitoring without curtailing the autonomy of the LGIs, training, and, of course, resources. Experiences of relatively successful states where decentralization created some impact – for example, Kerala, Karnataka, West Bengal or Madhya Pradesh – underscore the point that the rural LGIs cannot be left to fend for themselves.

It has often been said that Indian democracy suffers from centralization of state power and powerlessness of common people. To what extent the constitutional amendments have been successful in removing this deficiency? The experience of the last decade gives a mixed answer. There is no reason also to take a cynical view. No doubt, there are many instances of stubborn resistance of the old order yielding to the new. At the same time, in the words of Dreze and Sen, “the first wave of social change associated with the panchayati raj amendments warrants cautious optimism about the potential for local democracy in India.”
Evolution of Local Governments in India

The Self-Governing Village Communities of the Past

Traditionally, the villages had been the units of social and economic life of Indian society. They enjoyed a kind of self-rule with regard to local affairs that also included judicial functions. In course of time, the village bodies took the form of panchayats (literally, an assembly of five), which looked after the common affairs of the villagers without interference from outside. Even as late as early 19th century, panchayats did exist in some parts of India leading Sir Charles Metcalfe, the provisional governor general of India (1835-36), to characterize them as the ‘little republics’.

Introduction of Local Self-Government in India during the British Period

The role the village institution like panchayat was playing in local governance was found to be incongruous in the context of the new systems of law, administrative structures, judiciary and other public institutions introduced by the British, especially after the establishment of the direct rule of the crown in 1858. It was also difficult for the colonial rulers to turn a blind eye to the innumerable villages of the country, which provided the supply base of their trade and commerce. In 1870, the government adopted a policy to set up local self-government institutions (LSGI) in the rural areas. These institutions were, no doubt, ‘local’ in nature, but they were by no means institutions of ‘self-government’, as the committees consisted of official and non-official members, the latter being nominated and endowed with limited powers.

It is in the above context that the 1882 resolution of Lord Ripon, then Viceroy of India, is considered as a watershed in the development of LSG in British India. The importance of the Ripon resolution lies in the fact that it gives for the first time a comprehensive theory of local government. The resolution advocates development of the LSGIs ‘not primarily with a view to improvement in administration’. It was considered desirable principally ‘as an instrument of political and popular education’.

Ripon’s resolution led to the enactment of new local self-government legislation in various provinces between 1883 and 1885. But the LSGIs set up under the new statutes were not much different, as in these institutions too there was a lot of official domination and the powers and resources of these bodies were too limited to make visible impact upon local development. Clearly, there was a hiatus between the lofty principles of Ripon resolution and their implementation. For a long time thereafter there was no attempt to change the status quo, even though a Royal commission on decentralisation, in its report submitted in 1909, stressed upon the need for associating people in ‘the local tasks of administration’ and recommended that ‘an attempt should be made to constitute and develop village panchayats for the administration of local affairs’.

The recommendations of the Royal Commission were taken up seriously in the constitutional reforms introduced in 1918. In the resolution issued by the Government of India, detailed guidelines were provided to build up ‘more developed and more liberal form of local self-government’. With regard to the village panchayats, it expressed the desire to ‘give the villagers an interest in, and some control over, local village affairs’. The resolution of 1918 led to the enactment of laws on

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1 For an authentic account of the government policies on the local self-government institutions during British period, see Venkatarangaiya and Pattabhiram 1969.
establishment of local self-government at the village level in most of the provinces and native states of British India.

The new or amended local self-government Acts that emerged in different provinces following the reforms had set up self-governing institutions at the district, intermediate and village levels that lasted not only during the remaining period of British rule, but also left their legacy even in the post-independence period. What is the nature of this legacy?

Contrary to the claims made by the Imperial rulers about the introduction of a modern institution like local self government, the Indian leaders held the same in low esteem. For, the local bodies had to work under the surveillance of the bureaucracy and were denied the administrative and financial resources that jeopardized their effectiveness. Besides, most of the functions at the district and sub-district levels were performed by the Collector and officers of other line departments. Hence, it was a case of ‘two local governments’ working in the same area under which the LSGIs shouldered only a limited range of responsibilities. Thus in reality, only weak local bodies with representatives drawn from restricted electorates were superimposed upon an essentially bureaucratic structure of district administration. As the subsequent discussion will show, this colonial legacy of weak and subservient local government superimposed upon a bureaucratic district administration affected institutionalization of local democracy in the post-independence period.

Rural Decentralization during the Post-Independence Period

Constitution Makers and the Panchayats. An analysis of the debates in the Constituent Assembly during 1947-49 clearly establishes the fact that the conceptual framework of the founding fathers of the constitution was ‘oriented towards a strong centre and weak subordinate states’ (Bhattacharya 1992). There was a strong pressure to retain the pre-independence system of district administration under which the rural India was governed principally by the bureaucracy. The political leaders of the country found it difficult to think of an alternative system under which the local representative institutions could share a part of the responsibilities of local-level governance. Accordingly, the constitution failed to add any new dimension to the institutions of local government that were functioning in the country since the British days. There was, however, a provision in the directive principles of state policy that the states should endeavour to set up village panchayats as institutions of self-government. Since the ‘directive principles’ are non-enforceable, this provision remained a pious wish only.

First Generation Panchayats. The first major attempt to institutionalise panchayats came from the report of the Balvantray Mehta study team. The terms of reference of the team, which was constituted by a committee of the Planning Commission of India, were to assess the performance of the community development programme (CDP), the first largest rural development programme of India, and to suggest measures for its improvement. The team concluded that the CDP could not succeed, if people did not own them. Accordingly, the team pleaded for democratic decentralisation and went on to recommend the constitution of a three-tier structure of panchayats with gram panchayat at the bottom covering a single or a group of villages, panchayat samiti at the level of community development block and the zilla parishad at the district level. Their principal functions would be to conduct the community development programme with people’s participation (GOI 1957).

Jawaharlal Nehru, then Prime Minister of India, gave enthusiastic support to the idea of setting up the three-tier panchayat system in the rural areas, christening the system as panchayati raj. By 1959, almost all the states had passed new panchayati raj Acts and by the mid-1960s, most of
them had put in place the three-tier panchayat system. There was great enthusiasm over these new institutions of local democracy. However, the honeymoon period of this first generation panchayati raj was short lived. After the demise of Nehru, the system began to stagnate. By the end of 1960s, the system collapsed in nearly all the states.

Even though the basic motive behind creating the first generation panchayats was to enlist support for the centrally designed community development programme, they for the first time gave a test of democracy to the people at the grassroots. Besides, by conceiving the three-tier structure for the rural local self-government institutions, the Balvantray study team created a legacy that influenced all subsequent initiatives in the same field.

*Second Generation Panchayats.* The idea of panchayati raj was once again revived in 1978 after a high powered committee set up by the Government of India under the chairmanship of Asoka Mehta strongly recommended the revival of the panchayat system.

The committee noted that the panchayats had both an instrumental value and an end value. As an instrument of development, the PRIs, according the committee, serve several purposes. First, through these institutions the planning processes and the development activities can be decentralized. Second, these institutions provide appropriate forums for people’s participation in the development process. Third, an institution like panchayat provides opportunity to the people to have a say in the future of their own communities and thus fulfils a basic development need. Besides, the Committee noted, the political consciousness of the people had enhanced and they were demanding greater opportunities for direct involvement ‘in the management of local affairs’. And finally, the panchayats would create opportunities for the emergence of new leadership in rural areas and these leaders were best suited, according to the Committee, ‘to churn the soil of rural India and induce social change’ (GOI, 1978: 33).

Thus, the Asoka Mehta Committee enriched the conceptual understanding of democratic decentralisation. It broke new grounds by recognizing panchayat as a political institution like governments at the higher levels. Accordingly, the Committee not only permitted direct participation of political parties in panchayat elections, it also encouraged such participation. Three states enthusiastically welcomed the Asoka Mehta report, namely, West Bengal, Karnataka and Andhra Pradesh.

Unfortunately, these second generation panchayats also could not last long, except in West Bengal, where the system survived, probably because the coalition of the same ruling parties remained in power continuously for over two and a half decades. In Karnataka and Andhra Pradesh, the system collapsed after new regimes took over in those states.

*Constitutional Support to Panchayats.* As the previous sections show, consecutive attempts to institutionalize the panchayati raj system in the country either failed or met with partial success. Matters like holding regular elections to the panchayat bodies or devolving functions and fiscal resources to them depended on the vagaries of political practices of different regimes in the states. For its institutionalization on a firm basis within the country’s governance system, the panchayats needed, among other things, the constitutional support. Accordingly demands were raised from different quarters to provide mandatory provisions in the Constitution for the establishment and empowerment of the panchayati raj institutions. The matter rested there, until Rajiv Gandhi, as Prime Minister, took up the issue in the mid-1980s. At his initiative, a bill was drafted and presented before the parliament in 1989. This bill, known as the 64th Constitution amendment bill, was passed in the Lok Sabha, but
failed to get the required majority in the Rajya Sabha. Thus ended the first attempt to constitutionalize panchayats.

The National Front government led by V.P. Singh which came to power in 1989 also presented an alternative bill for constitutional amendment, but the government collapsed before the bill could be taken up for discussion.

The Congress government that followed under the leadership of Narasimha Rao introduced two bills in 1991 for making constitutional provisions on the panchayats and municipalities. In December 1992, these bills were passed. After ratification by the states, these amendments known as 73rd (Panchayats) and 74th (Municipalities) amendments came into force between April and June 1993. Thus ended a long journey of the PRIs to find a place in the constitution.

A Critique of the Pre-1992 Decentralisation Initiatives

The rural local government institutions created by the imperial rulers were far from being representative in form and self-governing institutions in content. They had to function within the framework of an essentially bureaucratic local administration, were subject to various types of control of the superior government and did not have either the resources or the responsibility to make a meaningful impact upon the wellbeing of people. This tradition of viewing local government institutions, particularly those of the rural areas, as weak subordinate bodies fit to function under the watchful eyes of the bureaucratic administration persisted even after independence. The reforms introduced first in the late 1950s and then in the late 1970s and early 1980s did bring a wind of change, but they also failed to view the panchayats as autonomous units of government of the local areas. Under both the reforms, the panchayats were conceived as development agencies only, not fit to handle any regulatory function of governance. Moreover, even in respect of development, the rural LGIs were expected to execute the schemes designed in detail by the superior government. These were essentially attempts at decentralizing ‘implementation responsibilities’ of the development schemes of the central or state governments with no authority and resources of the LGIs to ‘design’ them. Even though Asoka Mehta committee conceived panchayats basically as political institutions in contrast to the role of an appendage to the superior level government’s development agency attached to the first generation panchayats, it stopped short of giving full support to the idea of recognizing them primarily as government at their own levels. Thus, with a few exceptions in some states (Karnataka during the mid-1980s and West Bengal since 1978), the pre-1992 reforms could not overcome the historical legacy—the rural local government institutions remained as weak and as subservient as before. In this context the constitutionalization of panchayats (along with the municipalities) in 1992 is surely the most important event in the history of local governments of India.

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2 In his dissenting note to the Asoka Mehta committee report, E.M.S Namboodiripad criticized the mindset of viewing panchayats as only development agencies. “I cannot … think of the panchayati raj institutions”, he observed, “as anything other than the integral part of the country’s administration with no difference between what are called ‘developmental’ and ‘regulatory’ functions”.

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Constitutionalization of Local Government Institutions

Salient Features of the 73rd and 74th Constitutional Amendments

The main features of the 73rd and 74th Amendments of the Constitution are as follows.

- Every state shall establish panchayats in rural areas and municipalities in urban areas. For all states with a population above two million, the panchayats will have a three-tier system at the village (a single village or a group of villages), intermediate level (usually block/taluka) and district levels. For states with a population of less than two million, there shall be only two tiers, namely village and the district. Seats of panchayat bodies at all the levels shall be filled by direct election.

- Panchayats and municipalities are defined as institutions of self-government. (This means that there must be unambiguous functional, fiscal and administrative devolution of powers).

- Gram sabha comprising all the adult citizens of a village panchayat registered as voters is recognized as a part of the panchayat system. The constitution expresses the intention that the gram sabha should be given powers to monitor the activities of the gram panchayat. In municipalities having a population of three hundred thousand and above, there shall be citizens’ committee at every ward (Ward Committee).

- Seats and posts of chairpersons of panchayats at all levels are reserved for people belonging to the Scheduled Castes (SC) and Scheduled Tribes (ST) in proportion to their population. Not less than one-third of them must be women. Similar reservations have been made in municipalities also.

- Not less than one-third of the total number of seats in the municipalities and at all the levels of panchayats are reserved for women. Similarly not less than one-third of the offices of chairpersons of different levels of panchayats and municipalities is reserved for women.

- The term of the local bodies is five years and elections to constitute new bodies shall be completed before the expiry of the term. In the event of dissolution, elections have to be held within six months.

- Each state shall have an independent Election Commission for superintendence, direction and control of the electoral process and preparation of electoral rolls for panchayats and municipalities.

- Panchayats at all levels and the municipalities shall prepare plans for ‘economic development and social justice’. They will also implement projects in respect of the functions assigned to them. The functions or activities that can be transferred to the panchayats and the municipalities have been indicated in the 11th and 12th schedules of the constitution respectively.

- Subject to the state laws, the local government bodies will be entitled to receive resources from three sources, namely, (a) taxes, duties, tolls and fees levied and collected by them, (b) Tax, fee, cess etc collected by the state, but assigned to the local bodies, (c) specific purpose or untied grants from the state government.

- A Finance Commission shall be constituted every five years to determine the principles on the basis of which adequate financial resources would be ensured for panchayats and municipalities.
In every district there shall be a District Planning Committee (DPC) composed of members elected from the zilla parishad and the municipalities and some nominated members. The task of the DPC is to prepare a ‘draft district plan’ for the district as a whole, after consolidating the plans of the panchayats and the municipalities of the district.

Within the above framework, the respective state legislatures were directed to amend their existing Panchayat Acts or frame new Acts.

**Basic Principles Guiding the Constitutional Amendments**

In order to have an idea about the ‘spirit’ of the constitutional amendments, it would be necessary to discern the principles and concepts that form the basis of the provisions. These are as follows.

*Autonomy:* As institutions of self-government, the panchayats are entitled to have autonomy. It follows that the constitution intends ‘devolution’ type of decentralisation, as opposed to the ‘deconcentration’ or ‘delegation’ types.

*Planning:* The 73rd and the 74th constitution amendments have sought to institutionalize the concept of decentralized planning. In terms of Articles 243G and 243W, panchayats and municipalities are required to prepare plans for ‘economic development and social justice’. The expression ‘economic development and social justice’ does not convey the sense of two separate goals to be pursued independent of each other. The twin goals are to be pursued simultaneously.

Thus, the issue of social justice remains embedded in the development planning of panchayats and municipalities and, hence, the panchayat/municipal plans have to reflect the interest of the poor and other socially vulnerable groups. Secondly, the expression ‘economic development’ has to be understood in the broader sense of development of people. It is significant that out of the 29 items, which are intended to be transferred to the panchayats under the 11th schedule of the constitution, at least 16 relate to social sector development meant to expand the capability of people. The local level plans should accordingly aim at what is understood as ‘human development’.

*Participation:* The constitution gives clear indication that the local government institutions should involve the local community in taking decisions. This is reflected in the various provisions for reservation of the seats and offices of the local bodies and in giving constitutional recognition to the gram sabha and the ward committee.

*Empowerment of Weaker Sections of People:* The Constitution also lays special emphasis on the political empowerment of the weaker sections of the rural community, particularly women and the SC/ST.

**Effect of the Constitutional Amendments on the Polity**

*Widening the Democratic Base.* The immediate fall out of the Constitutional amendments is that the democratic base of the country has widened tremendously. Today there are around 600 district panchayats, about 6000 panchayats at the intermediate level (block/taluka/mandal) and over 2,32,000 gram panchayats. In urban areas over 1500 city corporations/municipalities are in position, besides over two thousand nagar panchayats. Around three million elected representatives of people run these local government institutions of whom not less than one million are women and around 660 thousands belong to SC/ST categories. At one stroke, the amendments have put in place over three million people’s representatives to take charge of public affairs in place of merely 5000 representatives constituting the parliament and the various state assemblies. This quantum jump in the
number of elected representatives of people coupled with the recognition of the role of gram sabha (village assembly) and ward committee in governance have in their turn expanded beyond recognition the public sphere where the issues of public interest could be discussed and debated. This will facilitate formation of democratic values and determination of the social, political and economic priorities in a constructive manner.

The ‘Third Stratum’ of government. As the Constitution envisages devolution type of decentralisation, the panchayati raj institutions are entitled to have a specific functional jurisdiction over which they would have autonomy. Such functional jurisdiction is not confined to the development functions only. It may include the regulatory functions of the state also. In this context, Mukarji and Bandyopadhyay (1993) observed that it was ‘certainly within the competence of the state legislature to decide what powers and authority the panchayats should have in order that they functioned as a credible institution of self-government’. Mukarji had also argued that the Constitutional amendments had, in fact, created a ‘third stratum’ of government at the sub-state level. (Mukarji, 1993: 859-62).

Response of the States to the Constitutional Amendments

Responsibilities of the states. The 73rd and the 74th constitution amendments have certain mandatory provisions. The states, by and large, have implemented these provisions, notwithstanding the fact that some states often try to delay the election process. In respect of matters like devolution of functions, financial resources and functionaries, the Constitution provides broad guidelines, leaving the task of working out the details to the respective state legislatures. To what extent the PRIs will in the real sense emerge as the government at the third stratum depends on the decentralisation policy each state takes.

Devolution of Functions. From a brief survey of the conformity Acts of different states, the following conclusions may be drawn. First, most states have shown lack of political will for introducing devolution type of decentralization. The concept of ‘self-government’ is missing in most of the state Acts. However, there are exceptions, the most notable among them is the state of Kerala. In some other states, such as Karnataka and West Bengal, substantial decentralisation has taken place through the transfer of centrally sponsored or state sponsored schemes to the panchayats. The state of Madhya Pradesh also took several steps o transfer powers to the local government institutions, but found it difficult to implement them effectively.

Second, the panchayats, barring those of Kerala and partially in some other states, are operating, like before, within the framework of what may be called the ‘permissive functional domain’. That is to say, the state legislatures do not carve out exclusive functional areas for the panchayats in development matters, but merely permit them to work within the functional domain of the states. There are line departments of the state government armed with the funds and functionaries to perform such functions. Without adequate financial and administrative resources, the panchayats find it difficult to perform them. Hence, the lists of various functions that every panchayat Act religiously assigns to the panchayats remain, in large part, sterile.

Third, even in the states, which have shown political will to decentralize, devolution has not gone beyond the implementation of the schemes/projects conceived by the state or central

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government. As a result, the panchayats have become one of the implementing arms of the state government instead of blossoming as the institutions of self-government.

Lastly, all the states, except Kerala, have chosen to assign functions not through the statute, but by delegated legislation in the form of rules or executive orders. Hence, the kind of role the panchayats would be allowed to play in governance depends principally on the policies of the regime that controls the government of a state.

Financial Devolution. In ISS (2001), following conclusions were drawn regarding financial devolution to the panchayati raj institutions.

- The extent of fiscal decentralisation has been very little. A study shows that in 9 out of 12 major states, the tax revenue of local bodies (PRIs and municipalities) constituted less than 5 percent of the total tax revenue of the state. In others it was slightly more, but less than 10 percent. (Oommen 2000). This indicates that the local bodies have not been given sufficient tax assignments to raise revenue locally.
- The fiscal autonomy of the PRIs is far from adequate. In 9 out of 12 major states, the own revenue of the PRIs is less than 10 percent of their total revenue.
- The PRIs are principally grant-fed and their dependence upon the state government is quite heavy.
- Among the three tiers, the gram panchayats (GPs) are comparatively in a better position. This is so, because the GPs have some taxing power, while the other two tiers are dependent on tolls, fees and assigned taxes.

In the absence of sufficient resources on which they can exercise total control, the panchayats have to depend mostly on tied funds coming from the state government.

Transfer of Functionaries. Most of the states have not transferred the requisite staff and the local level institutions (for example veterinary clinic, health sub centres, Krishi Bhavans etc.) needed by the panchayats to carry out the responsibilities entrusted to them. (MORD 2001). The states like Kerala, Karnataka, Madhya Pradesh, Rajasthan, Uttar Pradesh and Gujarat have issued orders placing certain categories of functionaries under the control of panchayats. In West Bengal, some measures have been taken recently to decentralize the health sector and as a part of that the health workers have been placed under the control of gram panchayat. However, the system has not stabilized yet.

Character of the constitutionalized panchayats. The above account shows that the institutionalization of panchayats has taken place, but except in a few states like Kerala, Karnataka, West Bengal and, to a certain extent, Madhya Pradesh decentralization of activities and resources have not gone far. So far as devolution type of decentralization is concerned, only the state of Kerala seems to have taken positive steps. Thus, the panchayats have to go a long way before they can claim themselves to be the government at the ‘third stratum’. Yet they are now important institutions for executing some poverty alleviation schemes that include wage-employment schemes and housing for the landless people, selection of beneficiaries of many social security schemes and for varying types of activities in the social sector.
The Driving Force behind the Constitutional Amendments

Constitutionalization of panchayats in 1992 was the terminal point of a process initiated by Rajiv Gandhi in 1987, then Prime Minister of India. Why did he initiate such a radical move and later get the Congress party politically committed to it when he failed to pass the amendments in Rajya Sabha? There was a manifest reason. In his search for an efficient delivery system for the rural development and poverty alleviation programmes, Rajiv Gandhi realized that the district administration needed a systemic change—a change from the non-responsive bureaucratic administration to democratic governance at the local level. However, it would be naïve to believe that he was motivated by his convictions alone. There were political considerations also. This was the time when a series of autonomy movements were launched in different parts of the country to assert regional, ethnic or linguistic aspirations. Some of them even nurtured the extremist idea of getting separated from the Indian union. Even elsewhere the citizens’ democratic aspirations were rising and the bureaucratic apparatus of the centralized state was finding it difficult to deal with them effectively. The republic was under stress and probably for the first time need was felt by the ruling class for some kind of decentralization of governance functions to maintain the integrity of the state. Introduction of adequately empowered and democratic local government institutions was, perhaps, considered a soft option in this context (Bandyopadhyay, Ghosh and Ghosh 2000). Besides, some social activists were also raising demands for empowerment of local government institutions. And there were examples of West Bengal, Karnataka and Andhra Pradesh where the non-Congress parties had earned substantial political mileage by institutionalizing viable panchayat system in their respective states. All these became the motivating factors behind the enactment of Constitution Amendment Acts.

There is also a flip side of the story and this concerns power politics. The hegemony of the Congress party in the governance of the country began to break down from the late 1970s. During the mid-1980s, Congress was in power at the centre, but many state governments were being ruled by the non-Congress parties. They were demanding more powers and resources for the states and coming into conflict with the centre on many policy issues, thus causing sufficient irritation to it. There are reasons to suspect that the Congress thought of creating alternative power centres in the form of panchayat institutions and dealing with them directly in order to marginalize the states as far as possible and thereby retaining the hegemonic position of the centre (Ibid).

Incomplete Decentralization

The constitutional experts characterized the Indian Constitution as quasi-federal. In respect of distribution of functions and resources, the states have been kept deliberately weak. Hence, a total scheme of decentralization should have taken care of not only devolution of powers and resources from the state to the ‘local’, but also that from the centre to the states following the principle of subsidiarity as far as possible. In other words, a complete scheme of restructuring of the country’s quasi-federal polity was necessary. This was not done. Instead, the 73rd and 74th amendments dealt with the local governments only, putting an obligation on the states to devolve their powers to the local bodies without similar obligation on the part of the central government to shed some of their powers. Even such small executive steps as the transfer of centrally sponsored development schemes on subjects constitutionally earmarked for the states was not done, despite recommendations of various committees and experts to do so. Naturally, the states resented this and, as the foregoing review demonstrates, showed reluctance to devolve adequate powers and resources to the panchayats.
Secondly, no attempt has been made to restructure the district administration, which is run by the bureaucracy of various line departments of the state government. Panchayats have been superimposed on this bureaucratic structure. Thus, at the district and sub-district levels there are in reality two local governments—one run by the bureaucracy and the other by the elected representatives with the former still enjoying more powers and resources.

When there is a conflict between the considerations of power politics as perceived by the ruling class and the democratic aspirations of people, the former tend to determine the state policy unless the legitimacy of the same is challenged forcefully by the citizens. None of the political parties made decentralization an important political issue and the demand raised by the social activists for empowerment of the communities at the grassroots was too feeble to acquire a critical mass. That explains why the decentralization project initiated by the constitutional amendments remained incomplete.

**Panchayats and the Vulnerable Groups**

**Impact of Decentralization on Poverty Alleviation Efforts**

Between 1977-78 and 1999-2000 the state of West Bengal reduced rural poverty from 68.34 percent to 31.85 percent—a reduction of around 36.5 percent in 22 years. In terms of the rate of poverty reduction in India, the state comes next only to Kerala. Many scholars are of the view that this achievement was possible because of two factors. One was land reform that provided landed assets or ensured security of tenure over the same to over 4 million asset-poor households and the other was institutional reform of the panchayats (Rawal and Swaminathan 1998, Lieten 1992). The two complemented each other in reducing rural poverty directly as well as by raising agricultural productivity (very high growth rates in the 1980s and 1990s), which in turn increased rural employment generation thereby alleviating poverty. The panchayats played a crucial role in implementing land reform, in selecting beneficiaries of poverty alleviation programmes and in provisioning non-land inputs for raising agricultural productivity that included creating irrigation facilities, supplying seeds/fertilizers to the small and marginal farmers and helping them in accessing institutional credit. West Bengal’s experience strengthens the hypothesis that poverty alleviation efforts are facilitated by democratic decentralization of service delivery.

Similar result is also obtained from the state of Kerala, which launched by far the boldest decentralization programme in 1996—known as People’s Plan Campaign - when the state government decided to transfer 40 percent of its plan fund to the local government institutions in untied form.4 These bodies prepared their local level development plans and executed them in participatory manner. That the faith reposed on the local bodies was not misplaced is revealed from some of their quantifiable achievements. Between the period 1997-2002, over 552 thousand acres of additional land were brought under cultivation, more than 75 thousand agricultural implements were supplied to the farmers, 48735 kilometres of new roads laid, 128875 wells dug, 97893 water taps installed, 570582 houses and 571145 sanitary toilets were constructed. Under *Kudumbashree* programme the local bodies and NGOs organized over two hundred thousand women in self-help groups for accessing micro credit and for promoting micro enterprises. One can well imagine the kind of impact all these created in improving the quality of life of the deprived people (Government of

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4 For a detailed account of Kerala’s Peoples plan campaign, see Isaac with Franke 2000.
Kerala 2002). Similar examples, though not in the same scale, are available in some other states also to establish the linkage between democratic decentralization and rural poverty reduction.

**Participation of the Vulnerable Groups**

One of the necessary conditions for the LGIs to become poor-friendly is participation of the vulnerable groups in local decision-making. Did decentralization in India galvanize such participation?

Reports from different states reveal that the voter turnout in panchayat elections is quite high, but when it comes to other kinds of participation for influencing the decisions of the panchayat bodies participation is generally low. In an extensive survey done in the states of Rajasthan and Madhya Pradesh, it was found that a vast majority of villagers (65 percent) did not attend a single meeting of the gram sabha and only seven percent of villagers attended the meetings regularly (Alsop, Krishna and Sjoblom 2000). In both the states, four meetings of gram sabha in a year are compulsory and these meetings are supposed to discuss important matters like budget, past development activities, ongoing and proposed activities. This important forum for ensuring accountability of the elected representatives and for influencing the decisions of panchayat on local development is thus neglected by people. Almost similar results were obtained from the states like Uttar Pradesh and Karnataka (Pai 1998 and Crook and Manor 1999). Clearly the gram sabha has not emerged as an important forum in local governance. The most novel experiment in empowering gram sabha is in operation in Madhya Pradesh. Introduced in January, 2001, the *gram swaraj* of Madhya Pradesh is a new system of local governance under which the gram sabha functions as the decision making body and exercises the powers of gram panchayat. Its executive functions are discharged through eight standing committees and some ad-hoc committees—all constituted by the gram sabha. After eighteen months of its working, a commentator observes that ‘the experiences…are largely discouraging’, but there are some examples of success that demonstrates the ‘potential of the new system for truly participatory and effective local democracy’ (Behar 2003). Probably one of the reasons for unimpressive functioning of gram sabha, as revealed from the Rajasthan-Madhya Pradesh study, is that the gram panchayats have little resources and capacity to offer substantial benefits to a large number of people. If the panchayats have substantial work to do for local development in participatory manner, the gram sabhas are taken seriously as was found during the operation of People’s Plan Campaign in Kerala during late 1990s (Isaac with Franke 2000).

Even if the panchayats are not valued much, between 11 and 40 percent of villagers in the Rajasthan-Madhya Pradesh study participated in political activities such as contacting representatives and attending meetings. Among them women, scheduled tribe people and people with low level of education were low participators. Wealth as measured by landholding and social group as represented by caste ranking (excepting scheduled tribe) are not significantly associated with participation. This is a clear sign of weakening of ascriptive status based on wealth or caste as a source of authority in villages compared to the acquired status based on education and information. In the sharing of benefits from panchayats also educated and well informed villagers feel less excluded from poverty alleviation benefits (Alsop et al 2000). Interestingly, in West Bengal also illiteracy was found to be one of the factors for failure of the poor to access certain kinds of poverty alleviation benefits, even though in general the track record of targeting performance of the state’s panchayats is very high (Bardhan and Mookherjee 2003).
Special Provisions for Making the Panchayats Inclusive Institutions

The constitution made special reservation provisions to include the weaker sections of the community within the authority-structure of the three-tier panchayat system. It will be worthwhile to examine the impact of these provisions.

**Tribal Panchayats.** In addition to the quota reserved for the scheduled tribes in proportion to their population in all the tiers, certain special provisions were considered necessary for the panchayats of those areas where tribal population was preponderant. Certain tribal enclaves within the states other than the northeastern states of India are known as the 5th schedule areas. It was provided in the 73rd amendment that its provisions would not be directly applicable to these areas. They could be extended in the 5th schedule areas only by a law of the Parliament and such law could make such modifications of the constitutional provisions as were necessary to ensure that the panchayats of these areas could adequately take care of the social, cultural and economic interests of the tribal communities. Accordingly, the Panchayat (Extension to the Scheduled Areas) Act (PESA Act), was passed by Parliament in 1996 to extend the provisions of the constitutional amendment to the fifth schedule areas of nine states. These states are required to make amendments to their respective panchayats Acts in terms of the central Act. All the states have done so.

One of the notable features of the PESA Act is empowerment of gram sabhas. The other important feature is that the people belonging to the scheduled tribe category only shall hold the offices of chairperson of panchayats. One of the requirements for proper implementation of the amended panchayat Acts in terms of the PESA Act is that the provisions of certain subject laws have also to be amended. They relate to land acquisition, ownership of minor forest produce, control over money lending, prohibition, mining laws etc. On this the progress has so far been tardy. It was noted that most of the state panchayat Acts were not in consonance with the spirit of the said Act. It was also observed that the co-ordination between the panchayats and the other institutions meant for tribal development was lacking (Menon and Sinha 2000).

The PESA Act can be seen as an important legislative measure that tries to introduce local self-government in the tribal dominated areas without disturbing the tradition, culture and lifestyle of the local people. However, the states, by and large, do not seem to have shown as yet much enthusiasm in the matter.

**Scheduled and other backward caste people in Panchayats.** Under the constitution, seats and the offices of chairpersons in all the three tiers of panchayats are reserved for the scheduled caste and scheduled tribes people in proportion to their population. In addition to this, provisions are there for the state legislatures to make reservation for any ‘other backward caste’ (OBC) people. According to this provision, at least 10 states have made reservation provisions for the OBCs.

In spite of the statutory and administrative efforts to provide political space to the weaker sections of the communities, it cannot be said that the panchayats have been able to take effective measures for removing the economic and social deprivation of the marginalized people (MORD 1999a). In places where the grip of the dominant caste over the social system is very strong, even the elected functionaries from the weaker communities feel powerless. One low caste villager of Newa gram panchayat of Uttar Pradesh summed up the position succinctly: ‘Even if a low-caste pradhan (chairperson) is elected, he will be able to function as per the dictates of the jats. If he works differently, it will be difficult for him to stay in the village’ (Lieten and Srivastava 1999). The position of women belonging to the SC/ST communities is worse. A tribal woman was elected as
sarpanch in Thikiri village of Dausa district of Rajasthan. She was manhandled and prevented from hoisting the national flag on the Independence Day, because the upper caste male villagers could not digest the idea of the flag being hoisted by a tribal woman (Rai 2003).

Notwithstanding such disquieting features, reservation provisions have made a major contribution towards inclusion of the marginalized communities in the power structure of the local government institutions. However, before perceptible changes are noticed in terms of their effective involvement in the decision making process, much needs to be done for enhancing their capabilities.

Women in Panchayats. Women's reservation in the panchayati raj institutions has been a landmark event. Following the 73rd Constitutional Amendment, there has been a quantum jump in the number of women's representatives in rural local bodies. Today around one million women are elected by the people to the panchayats every five years. They head about 175 district panchayats, more than 2000 intermediate panchayats and about 85000 gram panchayats. It will be an exaggeration to say that this has brought about a dramatic result in women’s forceful presence in the public sphere. In fact, stories abound about them being the ‘dummies’ of the male leaders. The stories about people approaching the Sarpanch pati (husband of the chairperson) instead of the real Sarpanch are in currency in many north Indian states. In many cases, male members of the family have encouraged women to contest elections in the hope that the latter would remain as dummies and the real power of the elected women members would be exercised by the former (Lieten and Srivastava 1999). The incapacity of women to manage the affairs of panchayat because of their lack of education and other deficiencies is also talked about.

At the same time, it is also true that the reservation policy has transformed many of them. The elements of transformation include empowerment, self-confidence, political awareness and affirmation of identity (Jain 2000:128). Even within a strong patriarchic culture, reservation has encouraged women to demonstrate their leadership, as was found in Ganjam district of Orissa (Panda 1996). There are several instances where women have shown outstanding qualities in running the day-to-day affairs of the panchayats. Empirical research has brought out many examples of good governance by the panchayats led by women. (Buch: 2000, Kaushik: 1997). Such women leaders were found to have shown skill in conducting informal discussions with people, team up with other members of the panchayat and implement their developmental plans with ease and assertion. Though many of them are illiterate, they speak with conviction. Bitargaon in Maharashtra elected an all-women panchayat. This panchayat did commendable work in supplying drinking water, vaccinating children, providing health care to the pregnant women and in checking the menace of alcoholism (Datta 1998). Similar is the case of a woman chairperson of Samora gram panchayat in Karnal district of Haryana. (Tekchandani et al 1998).

Experience of the last decade shows that women's entry in politics and acceptance of the same by the male dominated rural society has not been smooth and devoid of problems. Women face innumerable problems ranging from proxy presence to outright violence (Mohanty 2001:159). A study conducted in 149 gram panchayats of four north Indian states identified certain enabling and inhibiting factors affecting the performance of women members in panchayats. These factors operate at the individual as well as social levels (PRIA 1997). It was found that higher educational attainment, prior exposure to the outside world, knowledge and understanding of one’s roles and responsibilities in panchayats were important enabling factors at the individual capacity level, while at the social level such factors include support from the family, support of the male panchayat members and government officials, presence and support of the voluntary community groups or organizations.
Major inhibiting factors were identified as low education level, inability to overcome social restrictions, shyness and submissiveness, ignorance about roles and responsibilities of panchayat members, lack of support from the family, male panchayat members and the officials.

**Panchayats and the Agency Role of the Poor**

Increasing evidence is now available that given a clear mandate, the panchayats can organize and support the self help initiatives of people for reducing income and non-income poverty. The case of *Kudumbashree* programme of Kerala on micro credit and micro enterprise of poor women has already been mentioned in paragraph 4.1. The *Sishu siksha karmasuchi* of West Bengal has achieved tremendous success (Rana et al 2003). Under this programme the state government, panchayats and the local communities join hands together in opening and running alternative schools for accommodating large number of out-of-school children in poor areas. In Madhya Pradesh, thousands of water-harvesting structures have been constructed under the *pani roko* programme with community initiatives (Kulkarni 2002).

**Lessons from India’s Rural Decentralization**

**Decentralization and Vulnerability of the Poor**

It is often argued that in a society of extreme inequality, decentralization may work against the interest of the poor as the local elite acquire more powers by capturing the local government institutions, thus heightening the concentration of power and discouraging participation of the underprivileged. Even the legislative interventions (such as reservation provisions) to empower the poor can be subverted by the elite. Without disregarding the possibility of the local democracy being jeopardised by the existence of extreme social or economic inequalities, it is necessary to take note of other facts. There is increasing evidence that ‘panchayat elections elicit keen public interest’. What is more encouraging is that apart from electoral participation, ‘public interest and involvement in local governance have surged during the last few years, even in areas where apathy used to be widespread’ (Dreze and Sen: 361 2002). This reinforces the argument that democracy has an inherent strength to fight against the traditional power structure of villages based principally upon the ascriptive status. However, the Indian experience also shows that the success of local democracy depends a great deal ‘on the extent of social preparedness in terms of educational levels, political mobilization and social equity’ (Ibid: 361). The relative success of Kerala and West Bengal and the difficulties faced by Madhya Pradesh in implementing various constructive policies for enriching local democracy prove the point.

**Institutionalization of Panchayats and Empowerment of the Weaker Groups**

The most positive aspect of the 73rd constitution amendment is that the panchayats are now firmly rooted. Elections to these local government bodies are more or less regularly held—an objective that could not be achieved in the earlier experiments with local democracy. Even though sometimes some regimes in the states try to avoid this constitutional obligation, the judiciary has been vigilant to check such misdemeanour. Thanks to the reservation provisions, the poor and other weaker groups of

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5 See Mathew and Nayak 1996 and various issues of *Panchayati raj update*.
people are represented in the power structure of these bodies. Even if there is scepticism among many people that the political empowerment of the weaker groups is more symbolic than real, it would be a folly to ignore even this symbolic value. Many stories reported in the media from time to time about the ill treatment to the scheduled caste/tribe or women chairpersons of panchayats, which sometimes extends to physical assault also, prove that even this ‘symbolic’ power has disturbed the traditional power structure. Besides, it is wrong to assume, as mentioned earlier, that all the panchayat leaders from the weaker groups are incapable of using their newly acquired power. Rather the experience of the last decade shows that many of them have acquired the capability to discharge their responsibility properly. These are not negligible achievements. This was possible because of the constitutional provisions on panchayat. Any decentralization initiative is sure to meet with stiff resistance, since it involves sharing of power. Hence the authority to pursue a decentralization policy should preferably be derived from the highest law of the land. The Indian example also demonstrates that legislative interventions have considerable value in empowering the vulnerable people.

**Utilization of the Potential of Panchayats**

Even though a very crucial institution like panchayat system has been created, it remains under utilized because of insufficient devolution of functions and resources. It will be recalled that in the Alsop et al study (2000), the villagers were found to be less motivated to participate, as in their perception panchayats’ role in giving benefits was not significant. Non utilization of the potentiality of panchayats has definitely a social cost, which could have been avoided by empowering them. Empowerment of local government institutions depends upon several factors: (1) assigning responsibility and powers over significant development activities, (2) devolving adequate financial and administrative resources to accomplish the assigned tasks. The constitution left these issues to the discretion of the states and most states, as mentioned earlier, showed reluctance to devolve functions and resources. The lesson that needs to be drawn from this is that any scheme of decentralization that fails to address these issues clearly and convincingly will find it difficult to realize the objectives. For this reason, demands have been raised in India to amend the constitution further for empowerment of panchayats.

**Accountability Mechanism**

A local government institution must have a two-way accountability system to ensure its efficiency, effectiveness and responsiveness. Since such government is dependent, partially or in substantial manner, on resource transfer from the superior level government, it will have an upward accountability. Traditionally this was the only form of accountability of India’s local government institutions and, as such, appropriate norms of financial discipline, institutions and procedural rules were developed for the same. Being located nearest to people, a local government must have a direct accountability to the local community also, not only before elections at 5-year intervals, but on day-to-day basis. The practical means of ensuring such downward accountability needed to be developed. Thanks to the decentralization efforts over the past few years, attempts have been made in several places to develop and implement direct accountability models. Various states have tried to empower gram sabha (or smaller ward-level assembly like Gram Sansad in West Bengal, Palli Sabha in Orissa, Basati Sabha in Karnataka) to demand accountability of the panchayat leaders. Since gram sabhas (or ward-level assemblies) have not yet become an important feature of local governance this strategy has

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6 On this, see ISS 2001.
not, by and large, worked successfully as yet. Probably it will require some more time to be an effective forum of direct democracy. By far the most elaborate arrangement for ensuring accountability was developed by Kerala when it launched People’s Plan Programme. This included a liberal transparency system under which any citizen was given access to any information (and even official documents) relating to panchayat activity, social audit by forming citizens’ committees, beneficiary committees to execute public works, internal audit system and provision of Ombudsman. However it cannot be said that the opportunities thus provided to the citizens to demand panchayats’ accountability have been used extensively. Herein comes the role people’s awareness for which social activism or political mobilization seems necessary. This is demonstrated by the case of Majdoor Kisan Shakti Sangathan (MKSS) in Rajasthan. The MKSS organised popular movements and held *jan sunwali* or public hearing to compel the panchayat leaders and government officials to account for the development expenditure. (Roy, Dey and Singh 2001). All these models—their successes and failures - provide valuable lessons for future decentralization efforts.

### Big Bang Approach to Decentralization

It is sometimes argued that the decentralization process should follow an incremental approach, so that the local bodies can develop their capacity to handle important responsibilities in gradual steps. It is feared that disproportionate increase in the transfer of functions and resources to them suddenly may derail the decentralization process. The state of Kerala did the opposite. While launching ‘People’s Plan Campaign’, they adopted what is called a ‘big bang’ approach under which 40 percent of the state’s plan funds were transferred to the local government institutions in untied form with broad directions along with staff and local institutions. The resources of panchayats increased almost three fold within a year. With support given by the state government and various civil society organizations and individuals in various forms - executive and statutory interventions, training, campaigning, providing expertise, developing work manuals—the LGIs could adapt to the new task environment (Isaac with Franke 2000). The journey was not smooth and there were many pitfalls also. But what could be achieved was quite substantial, as will be evident from the figures given in paragraph 3.1. Decentralization has many enemies who have vested interest in maintaining the *status quo*. The big bang approach was adopted to marginalize them at one stroke. Apart from many valuable lessons that can be learnt from the application of this approach, the Kerala experiment has for the first time come up with a model of local level planning that can be integrated with the planning for macro levels. This is a valuable contribution to the concept of planning from below. The Kerala experiment also shows that untied funding coupled with the introduction of local level planning may be a very strong entry point of initiatives needed for empowerment of the panchayats as well as for increasing the level of participation.

### Support from the Superior-Level Government

The Indian experience suggests that the local government institutions need various types of support from the superior-level government to succeed. These include legislative interventions, constructive directions and monitoring without curtailing the autonomy of the LGIs, training and, of course transfer of resources. Experiences of relatively successful states where decentralization created some impact—for example, Kerala, Karnataka, West Bengal or Madhya Pradesh—underscore the point that the rural LGIs cannot be left to fend for themselves.
Politics of Decentralization

Decentralization is a political issue, as it disturbs the existing power relations. A study of four states of India has shown how the stance towards decentralization has changed with the character of regimes, their social base and the strategy of political mobilization, electoral compulsions of the regime governing the state and its capacity to govern without depending too much on the bureaucratic machinery (Ghosh and Kumar 2003). Political culture also determines the course of the decentralization project. It has been observed that the clientelist politics pursued by the Indian political actors generates and reinforces a new form of patron-client relationship between the political elite and the masses (the so-called ‘vote bank’) and this factor poses great difficulties for institutionalization of local democracy (Bandyopadhyay et al 2003).

Conclusions

It has often been said that Indian democracy suffers from centralization of state power and powerlessness of common people. To what extent the constitutional amendments have been successful in removing this deficiency? The experience of the last decade gives a mixed answer. There is no reason to nurture the illusion that power has gone to people. There is no reason also to take a cynical view. No doubt, there are many instances of stubborn resistance of the old order yielding to the new. At the same time, ‘the first wave of social change associated with the panchayati raj amendments warrants cautious optimism about the potential for local democracy in India’ (Dreze and Sen 2002).
References


