



Democratic Decentralization and Good Governance for the Empowerment of Poor

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Abstract

This paper presents a governance concept that recognizes the importance of decentralised governance for the empowerment of people at the local level where much of governance practice plays out. A key element of decentralised governance is decentralization policy by which responsibilities are transferred from the central and state government to the local level where citizens can more readily participate in decisions that affect them. However, citizen participation in local government decision making does not come automatically. It requires specific strategies to establish communication channels and build capacities of both citizens and local governments to engage in a constructive dialogue

Keywords: Decentralization, Empowerment, Good Governance, Poor

Introduction

The 1980s and the early '90s have witnessed major political and economic upheavals in most regions in the world. The perceived success of market economies, the failures of central command and control systems, and inefficiencies of state enterprises have overturned the strong, controlling role of the state in previously publicly dominated economies. Concurrently, the abuses of authoritarian regimes have led to a search for more responsive forms of government in the 21st century. These two fundamental transformations which characterize much of the world have been described as "the establishment of open markets and the movement toward more accountable democratic governance."¹ Decentralization has been the most prevalent governance reform that has been implemented all over the world. It has important implications for the nature and quality of governance. Decentralization is expected to bring about a change in governance making it more participatory, transparent, accountable and effective—the qualities

of good governance--- in addressing the problems of the people. A decentralized local body with its separate legal existence, budget and the authority to allocate the resources on a range of different functions, with local people who constitute the body making locally relevant decisions is *prima facie* expected to protect the interests of the local people in a much better manner than a distant central government situated far away from the people. However, opinions differ on the impact of decentralization in any given country. It has been simultaneously advocated and opposed by practitioners of policy. Some of the proponents of decentralization like Shah² or Galasso and Ravallion³ advocate decentralization as a panacea for good governance.

This paper presents a governance concept that recognizes the importance of decentralised governance at the local level where much of governance practice plays out. A key element of decentralised governance is decentralization policy by which responsibilities are transferred from the central and state government to



the local level where citizens can more readily participate in decisions that affect them. However, citizen participation in local government decision making does not come automatically. It requires specific strategies to establish communication channels and build capacities of both citizens and local governments to engage in a constructive dialogue.

Decentralization for Empowerment of Poor

Decentralization is the transfer of power and authority from the central and or state government to the local level government, and to non-government and private organizations. Decentralization enables rural poor people to:

- a) Share in decision-making that affects their daily lives;
- b) Evaluate the outcome of their own decisions;
- c) Minimize chances of misunderstanding;
- d) Accept responsibility for failure; and
- e) Develop a sense of belonging and commitment to civil society.

Decentralisation enables political and administrative autonomy to local bodies. It facilitates devolution of revenues to local bodies and empowering them to levy taxes to fund part of their expenditure. It demands periodic local body elections and reservation of seats on local bodies for weaker sections. Under decentralisation, local voluntary and private sector organizations collaborate with local governments in addressing development issues. Decentralisation helps to build local human capacities through good governance practices that emphasise improved access to health

care, education and productive assets and thus empowers the poor.

Political, Administrative, and Fiscal Decentralisation :

There are different kinds of decentralisation. They include political, administrative, and fiscal decentralisation. Political decentralisation provides citizens or their elected representatives at the local level with more power in decision making and supports democratization by giving them more influence in the formulation and implementation of policies. The process is known as 'devolution' and is inherently tied with local autonomy. Administrative decentralisation refers to the redistribution of authority, responsibility and financial resources among different levels of government. This includes distribution of power, authority, and responsibility or ensuring the discretion to plan, decide and manage at local levels. It contemplates delegation i.e., the creation of autonomous units with a great deal of discretion in decision making. Fiscal decentralisation refers to delegation of fiscal and financial powers, including taxation powers to the local self-government bodies. In fact, democratic decentralisation involves the three types of decentralisation of power and authority at the political, administrative and fiscal levels.

Requirements of Democratic decentralisation:

Democratic decentralisation requires a democratization process; structural adjustments and disengagement of the state; emergence of civil society organizations and new stakeholders; growth of local and regional forces in search of their own socio-political identities. The systems that aim



at decentralized development models are searching for best ways to:

- motivate and mobilize people to participate in local development;
- strengthen capability for participatory local development;
- strengthen institutional capabilities for training of local decision-makers for their varied and demanding tasks; and
- enhance sharing in knowledge and understanding of good practices in local development.

Decentralization Policies and Legislation for Good Governance In India

The Constitution of India provides for a parliamentary democracy at the national level with the Council of Ministers chosen from and collectively responsible to the elected House of People. This structure of governance is replicated at the level of states, which form the Union of India. The Constitution, in the beginning, provided for decentralization in the form of a general directive to the state to establish Panchayati Raj institutions (PRIs) at the village level as the lowest rung of governance. According to Article 40 of the Constitution: "The State shall take steps to organize village *panchayats* and endow them with such powers and authority as may be necessary to enable them to function as units of self-government." The true potential of Article 40 lies not merely in its directive to set up village panchayats as part of a constitutionally formulated principle of state policy, but in the significant concomitant mandate that panchayats be endowed with "such powers and authority as may be necessary to enable

them to function as units of self-government". This means that the task would remain incomplete unless village panchayats begin to function as units of self-government as a part of a democratic polity.

Democratic Decentralization and Local Participation for Empowerment:

The vision of village-based self-government came to be appreciated a few years after the Constitution's adoption in January 1950 when it became increasingly self-evident that socio-economic transformation could not be achieved without democratic participation. The Community Development Programme and National Extension Service, launched in 1952 and 1953 respectively, had a 'top-down' approach. Lack of public involvement and participation was a major impediment to the implementation of the Community Development and National Extension Service Programmes. The Second Five Year Plan document noted: "Unless there is a comprehensive village planning which takes into account the needs of the entire community, weaker sections like tenant-cultivators, landless workers and artisans may not benefit sufficiently from assistance provided by the Government." The document emphasized the need for "an agency in the village which represents the community as a whole and can assume responsibility and initiative for developing the resources of the village and providing the necessary leadership". The Balwantray Mehta Study Team, appointed in January 1957 to assess the Community Development and National Extension Service programmes, observed: "Development cannot progress without responsibility and power. Community Development can be real only when the community understands its problems;



realizes its responsibilities; exercises the necessary powers through its chosen representatives and maintains a constant and intelligent vigilance on local administration." The Team's recommendation for early establishment of statutory elective local bodies with the necessary resources, powers and authority led to the enactment of a three-tier Panchayati Raj system⁴ in different states in 1959 with two basic objectives viz., democratic decentralization and local participation in planned programmes.

Participatory Development for good governance:

The introduction of Panchayati Raj signified the beginning of a new era of participatory development and laid the foundation of 'democratic decentralization' and good governance to:

- promote people's participation in rural development programmes;
- provide an institutional framework for popular administration;
- act as a medium of social and political change;
- facilitate local mobilization; and
- prepare and assist in the implementation of development plans.

However, the promising start towards decentralization in most states soon began to fade, either under political pressure or due to changes in the growth strategies and policies of the government. The creation of panchayats was not followed up by the devolution of powers and resources to these bodies, stalling progress of the decentralization process in the country.

Power to the panchayats; 73rd constitutional amendment

The Eleventh Schedule added to the Constitution of India by the 73rd Amendment Act lists a comprehensive range of development activities to be entrusted to PRIs as part of the decentralization process under good governance for empowerment of people.

1. Programmes for productive activities - agriculture, irrigation, animal husbandry, fuel and fodder, poultry, fishery, small-scale industries including food processing and cottage industries;
2. Land development programmes - land reforms, soil conservation, minor irrigation, water management and watershed development, wasteland development, social forestry and grazing lands;
3. Education and cultural activities - primary schools, adult education, technical education and libraries;
4. Social welfare - women and child development, family welfare, care of people with physical and mental disabilities;
5. Provisions of civic amenities - drinking water, rural electrification, non-conventional sources of energy, rural roads, bridges, culverts, waterways, sanitation, rural housing and health;
6. Poverty alleviation and allied programmes for social and economic advancement of the weaker sections;
7. Maintenance of community assets and public distribution system;
8. Organization and control of rural markets and village fairs.

The Constitution of India directed state governments to



endow panchayats with the powers and authority necessary for their functioning as institutions of self-governance with the key responsibility of preparing and implementing plans for economic development and social justice. Local bodies have been given direct responsibility for decentralized development planning⁵. Consequent to the enactment of the 73rd Constitutional Amendment Act,⁶ almost all the States/UTs except Arunachal Pradesh enacted appropriate legislations for setting up of strong, viable and responsible Panchayats at different levels in their respective States.⁷ Each of the States/UTs has constituted the State Election Commission (SEC) to ensure elections to the PRIs once in five years.

Democratic Decentralisation and Governance Practices in Andhra Pradesh:

The Andhra Pradesh Panchayat Raj Act, framed in the light of the Constitution's 73rd Amendment, came into effect in May 1994, setting up a three-tier PRI structure with a Zilla Parishad at the district, Mandal Praja Parishad at the intermediate and Gram Panchayat at the village level. It also provides for the constitution of village Gram Sabha made up of all registered voters in the village. The state government has satisfactorily conducted elections to constitute the PRIs and has devolved functions, powers, and resources to these bodies⁸.

The Gram Sabha is expected to meet at least twice a year to consider matters placed before it by the Gram Panchayat. These generally include the annual statement of accounts and the audit report on the administration of the preceding year; programmes of works for the current year; proposals for fresh

taxation or for increasing existing taxes; and selection of schemes, beneficiaries and locations. While implementing programmes, the Gram Panchayat gives due consideration to suggestions made during the Gram Sabha meetings.

Legislative Provision in Decentralised Governance in Andhra Pradesh in Contravention to the Spirit of Good Governance:

1. *Power to Cancel or Suspend Resolution of a Gram Panchayat, Mandal Parishad or a Zilla Parishad*

The Government may either *suo motu* or on a reference made to them by the Executive Officer or Mandal Parishad Development Officer or as the case may be, the Chief Executive Officer, in the manner prescribed by order in writing cancel any resolution passed by a Gram Panchayat, Mandal Parishad or a Zilla Parishad or any Standing Committee of a Zilla Parishad if in their opinion such resolution

- (a) is not legally passed; or
- (b) is in excess or abuse of the powers conferred by or under this Act or any other law; or
- (c) on its execution is likely to cause danger to human life, health or safety or is likely to lead to a riot or affray.

2. *Power of Government to take Action in Default of a Gram Panchayat, Mandal Parishad or a Zilla Parishad*

If at any time it appears to the Government that a Gram Panchayat or the Sarpanch thereof or the Mandal Parishad or the President thereof or the Zilla Parishad or the Chairman thereof or any Standing Committee of the Zilla Parishad has made default in performing any function or discharging any duty



imposed by or under this Act, or any relevant law for the time being in force, the Government may, by order in writing fix a period for performing such function or discharging such duty.

3. Powers of Government to remove Sarpanch, President or Chairman

If in the opinion of the District Collector the Sarpanch or the Up-Sarpanch and in the opinion of the Government the President or the Vice-President or as the case may be, the Chairman or the Vice-Chairman.

(i) willfully omitted or refused to carry out the orders of the Government for the proper working of the concerned local body; or

(ii) abused his position or the powers vested in him; or

(iii) is guilty of misconduct in the discharge of his duties; or

(iv) persistently defaulted in the performance of his functions and duties entrusted to him under the Act to the detriment of the functioning of the concerned local body or has become incapable of such performance.

4. Powers of Government to Dissolve Gram Panchayat, Mandal Parishad or Zilla Parishad

If, at any time, it appears to the Government that a Gram Panchayat,

Mandal Parishad or Zilla Parishad is failed to exercise its powers or perform its functions or has exceeded or abused any or the powers conferred upon it by or under this Act, or any other law for the time being in force, the Government may direct the gram panchayat, Mandal parishad or as the case may be, Zilla Parishad to remedy such incompetency, failure, excess or abuse or to give a

satisfactory explanation therefore and if the Gram Panchayat, Mandal Parishad or the Zilla Parishad fails to comply with such direction, the Government may dissolve it with effect from a specified date and reconstitute it either immediately or within six months from the date of dissolution.

Good Governance Initiatives

In 2004, the Ministry of Panchayati Raj (MoPR) was established as a separate ministry by the UPA government. The ministry spearheaded several policy initiatives in the area of Panchayati Raj. It organized a series of Seven Round Tables with State Panchayati Raj Ministers on major themes in different parts of the country. They were: (i) Devolution of functions (ii) Planning and local government (iii) Provision of panchayats (extension to the scheduled areas) Act, 1996 (PESA) (iv) Panchayati raj in the Union Territories (v) Preparation of annual reports on the state of the panchayats, including preparation of a devolution index (vi) Election to the panchayats and (vii) E-governance. The papers presented and the deliberations held in these round tables generated powerful and practical ideas to take the panchayats forward. The Union Minister signed memoranda with 22 chief ministers as to how to strengthen the panchayats in their States by implementing the new governance initiatives through the State Acts.

Three other initiatives of good governance launched during the last decade merit attention.

1. The government launched BRGF in February 2007 to address regional imbalances in 250 identified backward districts. The BRGF grants are untied grants and panchayats are



expected to use these grants for 'gap filling' in the existing development programmes to build up development infrastructure in such a manner as to promote the closing of the gap between backward and other districts. The major achievement in this area has been the preparation of decentralized plans by 246 of the 250 districts and the local bodies therein. It has met local-felt needs within the available funds, which are not otherwise met.

2. The second initiative was the activity mapping. The MoPR recognized that in order to have effective devolution of functions activity mapping is a must. This requires the subjects/ sectors to be unbundled and assigned to different levels of government on the basis of clear principles of public finance and public accountability, and above all, the governance principles of Subsidiarity, Democratic Decentralization and Citizen-Centricity. Although it was expected that on the basis of the identification of activities related to devolved functions, States and UTs may review/undertake time bound activity mapping, this task is still not over in most States.

3. The third was the introduction of Panchayat Empowerment and Accountability Incentive Scheme (PEAIS). Its aim was to motivate states to empower the panchayats and the panchayats to have accountability systems that could bring about transparency and efficiency in their functioning.

Conclusion:

Subsequent to the decentralised and good governance initiatives, the proportion of Scheduled Caste (SC) elected representatives has increased from 12.55% in 2000 to 18.66% in 2010.

The percentage of Scheduled Tribe (ST) elected representatives at all India level has gone up from 8.58% to 11.83% during the same period. As regards the reservation for women elected representatives, nine States have made 50% reservation for women as against the mandated one third. Even among the States that continue to have stipulated one third reservations, percentage of women elected representatives has gone up. Of the unreserved seats, approximately 6% of the representatives are women. This translates into around 100,000 women representatives in absolute numbers. Thus there has been a considerable progress in the last few years towards institutionalization of the decentralized planning process and good governance initiatives. Again, access to information is a fundamental requirement for ensuring citizens' participation in governance. In this context, the Right to Information Act 2005 has laid down adequate groundwork for citizens participation in governance in India. Mechanisms for citizens' participation in governance have been conceptualised in the form of citizens seeking information, citizens giving suggestions, citizens demanding better services, citizens holding service providers and other government agencies accountable and citizens actively participating in administration and decision making processes. Placing citizens at the centre of administrative and decision making processes of the government is the hallmark of a living and thriving democracy. It is inextricably linked to a development paradigm that works to create an inclusive environment where people can develop to the fullest of their capacities, with people having efficient and equitable access to public services. Indian democracy has extensive



legal and institutional provisions at various levels of administration to include citizens in the processes of governance.

Notes and References

1 Near East Bureau., Democratic Institution Support Project, USAID, Washington, D.C., 1990 p. 1.

2 Shah A. (2006). Local Governance in Developing Countries, Public Sector Governance and Accountability Series, World Bank, Washington, DC. Shah A. (1998). Balance, Accountability and responsiveness- Lessons about Decentralization, Policy Research Working Paper No. 2021, December World Bank, Washington, DC. Shah A. (1998). Fiscal Federalism and Macroeconomic Governance- For Better or For Worse? Policy Research Working Paper No. 2005, November World Bank, Washington, DC. Shah A. (1994). The Reform of Intergovernmental Fiscal Relations in Developing and Emerging Market Economies. World Bank, Washington, DC.

3 Galasso, E. and M. Ravallion (2001). Decentralised Targeting of an Anti-Poverty Program. Development Research Group Working Paper. World Bank, Washington, DC.

4 The three tiers of the system consisted of the Zilla Parishad (district council) at the apex district level, the Block Samiti (council) at the intermediate level and village panchayat (council) at the grassroots level. The States of Rajasthan and Andhra Pradesh were the first to adopt the system. By 1959, most states had Panchayat Acts and by the year 1960 *Panchayati Raj* institutions had been set up in all parts of the country.

⁵ Article 243 ZD of the Constitution of India.

⁶ About 2,32,278 panchayats at the village level, 5905 panchayats at the intermediate level and 499 panchayats at the district level have been constituted in the country. These Panchayats are being manned by 2.92 million elected representatives at all levels, of which one-third are women. This is the broadest representative base that exists in any country in the world.

⁷ However, some States as well as Schedule VI areas in States are exempted from the purview of this enactment. Part IX of the Constitution pertaining to formation of panchayats is not applicable to the States of Jammu & Kashmir, Hill areas of Manipur, Meghalaya, Mizoram, and Nagaland. The State of Jammu & Kashmir is accorded a special status under Article 370 of the Constitution, while the States of Meghalaya, Mizoram and Nagaland are covered by the Scheduled VI of the Constitution and the traditional system of local self-government exists in these states. In all the States, panchayats have been constituted according to the new provisions except in the States of Arunachal Pradesh, Assam and UT of Pondicherry.

⁸ Ten out of 29 subjects in the Eleventh Schedule of the Constitution of India have been transferred to Gram Panchayats. These include minor irrigation, water management, watershed development, drinking water, roads, culverts and bridges.