Reflecting on Decentralised Governance

What is the issue?

- It's been a quarter century since the introduction of decentralised democratic governance in India.
- It is crucial at this juncture to look back and reflect on the not-so-encouraging performance.

How was decentralised governance established?

- Decentralised governance was established through the 73rd and 74th Constitution Amendments.
- Coming into force in 1993, these gave definite structure to decentralised democratic governance in India.
- They initiated a process with standardised features such as

i. elections every five years
ii. reservations for historically marginalised communities and women
iii. the creation of participatory institutions
iv. the establishment of State Finance Commissions (SFCs)
v. the creation of District Planning Committees (DPCs), etc

How was it perceived?

- The structural reforms that followed heralded an inclusive, responsive, and participatory democracy.
- It was tasked to deliver economic development and social justice at the grass-roots level.
- Lakhs of "self-governing" village panchayats and gram sabhas were created.
- Over three million elected representatives were mandated to manage local development.
- It was a unique democratic experiment in the contemporary world.

Is the outcome encouraging?

- The impact that this reform package had had on democratic practices in India is not that encouraging.
- Local democracy has not made much headway.
- The village panchayats have not succeeded in enhancing the well-being, capabilities and freedom of citizens.
- They have hardly ensured every citizen a comparable level of basic services irrespective of one's choice of residential jurisdiction.
- There is limited success in ensuring primary health care, access to drinking water supply, street lighting, education, food security, etc.
- There are several success stories but these largely remain as exceptions.
- All these indicate a social failure in local democracy.

What are the possible reasons?

- There seems to be a systemic failure with the third tier of the government.
- **Support** - The economic reforms (1991) were championed by the political class and received support from the bureaucracy.
- But there was no perceptible hand-holding and support by the States to foster decentralised governance.
- **Implementation** - States were able to violate the provisions of Parts IX and IXA (Local Self Governments) with impunity.
- It includes postponing elections, failing to constitute SFCs and DPCs, etc.
- But significantly, these are the provisions envisaging the delivery of social justice and economic development at the local level.
- It appears that the judiciary has been indifferent to the two momentous amendments and their potential.
- **Decentralisation** - There was no institutional decentralisation except in Kerala.
- The roles and responsibilities of local governments remain ill-defined despite activity mapping in several States.
- States continue to control funds, functions and functionaries.
- This makes autonomous governance almost impossible.
- **Interference** - Most States continue to create parallel bodies.
- These interfere with the functional domain of local governments.
- These are often spheres of ministers and senior bureaucrats.
- E.g. Haryana has created a Rural Development Agency, presided over by the Chief Minister.
- Legislative approval of these parallel bodies legitimises the process of weakening decentralised democracy.
- **DPCs** - DPC is tasked to draft a district development plan.

- The plan takes into account spatial planning, environmental conservation, rural-urban integration, etc.
- This is a potential instrument to reduce the growing regional imbalances.
- But there is no mandate to create a DPC.
- E.g. in States like Gujarat, the DPC has not been constituted.
- **Reservation** - The constitutional amendments provide for the reservation of seats for Adivasis, Dalits and women.
- However, even now, these categories remain on the periphery.
- They are still the victims of atrocities and caste oppression rather than being active agents of social change.
- **Expenditure** - The local government expenditure as a percentage of total public sector expenditure is only around 7%.
- This is way below 24% in Europe, 27% in North America and 55% in Denmark.
- The own source revenue of local governments as a share of total public sector own source revenue is only a little over 2%.
- If disaggregated, the Panchayat share is a negligible 0.3%.
- This speaks of the fiscal weakness of village panchayats.

How has financial devolution been?

- Article 280 established the Finance Commission to empower the third tier.
- **11th FC** - Following 11th Finance Commission recommendations, there were reforms in budget and accounting.
- There were efforts towards streamlining the financial reporting system at the local level.

- Yet, there is no credible fiscal data base and budget system among local governments still.
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- The accountability arrangements remain very weak even after 25 years.
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- **Further,** the 13th Finance Commission recommended linking the grants to local governments to the divisible pool via Article 275.
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- Article 275 deals with grants from the Union to certain States.
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- The 14th Finance Commission enhanced the grant substantially but did not take the change forward.
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- The Terms of Reference of the 15th Finance Commission seeks to abolish Article 275.
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- This would ignore an integrated public finance regime, and in no way would help decentralisation.
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- Local democracy in India needs urgent attention in the interests of democracy, social inclusion and cooperative federalism.
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Source: The Hindu

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