

# For a truer decentralisation

Despite its uneven history in India, decentralisation is vital to strengthen participatory democracy, facilitate responsive governance and enable public service delivery

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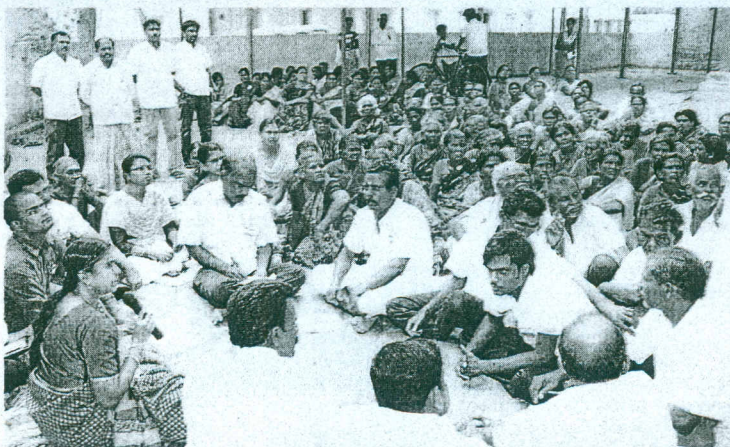
Much has been written on decentralisation in India though, on the ground, there is very little to show despite the 73rd and 74th Constitutional amendments. The rationale for decentralisation comes from the need to strengthen participatory democracy, facilitate responsive governance, ensure greater accountability and enable public service delivery according to diversified preferences of the people. The possibility of greater visibility and linkage between revenue-expenditure decisions is supposed to ensure greater responsiveness and accountability. There are some who advocate decentralisation as an end itself while others take this as a means to strengthen the democratic fabric through participatory governance and responsive and accountable public service delivery.

The history of decentralisation in India is somewhat chequered. Although the village panchayats as institutions of governance and justice existed for a long time, the founding fathers of the Constitution were not keen to empower them. Dr. Ambedkar was apprehensive that in the hierarchical society with highly skewed nature of asset and power distribution, vesting more powers at the village level would only perpetuate exploitation of the dispossessed. Not surprisingly, the Constitution placed local governance in the State List (Entry 5).

## Towards self-governance

Rajiv Gandhi wanted to enliven the local bodies in rural and urban areas to make them the institutions of self-government by effecting 73rd and 74th Constitutional amendments. Part IX was inserted into the Constitution with Article 243(A to O) specifying matters such as the constitution, elections and the functions to be devolved for panchayats and for urban local bodies under Article 243P to Z. Article 243I and Y mandated the appointment of the State Finance Commission by the Governor every five years to balance their functions with funds. Article 280 was seeded with an additional term of reference (TOR) to the Union Finance Commission to take cognisance of the resource requirements of local bodies. However, the role envisaged in this seeding is only tangential or supplemental.

There are five important issues for un-



**NOT UNIFORM** It is upto the States to decide what powers and functions should be devolved to the local bodies. Picture shows the Karur district collector participating in a gram sabha meeting in Velliyanai panchayat in 2013.

## Sustainable decentralisation comes from people's demand and advocacy should focus on a decentralisation agenda

Understanding the legal framework for the decentralisation process in the country. First, the Constitution assigns decentralisation including funding entirely to the discretion of State governments. While this may be to evolve the system of decentralisation appropriate to a State considering the strength of its history, economy and capacity, it also hinders the process. It is entirely left to the States to decide, what and how much powers and functions should be devolved to the local bodies.

Secondly, the constitutional framework does not (and perhaps should not) prescribe any pattern, standard or model of decentralisation which again is left to the discretion of State governments. Third, there are no easy mechanisms to ensure compliance of even the prescribed provisions of the Constitution by the States. Most States have not complied with the requirement of having to appoint gram sabhas (243A), ward committees, district planning committees and metropolitan planning committees. There have been several attempts to postpone elections though they are required to hold them well before the expiry of the prevailing

elected body or before six months if the body is dissolved for some reason, as required under 243K and U. The States are required to appoint a Finance Commission every five years and their reports are required to be placed in the legislatures with the action taken reports.

Unfortunately, the States' record shows complete violations of Article 243I and Y. Fourth, on the financial side, local bodies do not have any independent revenues. There is no separate list of tax bases assigned to them in the Constitution and they have to depend on the State governments to levy the taxes. There is also the problem of administrative capacity and interest groups resisting payment of taxes and user charges.

Does the framework allow the Union Finance Commission to act as a champion of decentralisation? While one would like to think that an organic link is provided to it by seeding an additional term of reference in Article 280, a careful reading of the Article shows that the role is confined to "...recommend measures to augment the Consolidated funds of the states to supplement the finances..." of local bodies on the basis of the recommendations of the State Finance Commissions" (emphasis added).

In this context, the criticism that the Fourteenth Finance Commission (FFC) did not continue the decentralisation reform initiated by the Thirteenth Finance Commission (TFC) needs explanation. Specifically, while the TFC initiated a

package of conditionalities for availing the performance grants which was not continued by the FFC. The important features of the TFC recommendations included linking the grants to local governments to previous year's divisible pool of taxes and linking a significant proportion of the grants for performance.

## Changed conditions

In contrast, the FFC while recommending a much higher level of transfers, did not see Constitutional validity in linking the transfers to the divisible pool. It continued the performance grants, but linked them directly to the actions by the panchayats and municipalities rather than the State governments. Thus, the FFC in its report explained that it did not carry on the scheme of rewards and punishment because truthful adherence to the Constitutional framework did not permit it to do so. It is another issue that only a fraction of the performance grants recommended by the TFC were actually utilised and the Union government was the beneficiary in the process!

That of course, begs the question as to who will champion decentralisation. First, it is important to have clarity in the assignment of functions and the local governments should have clear and independent sources of finance. Second, there should be clear mechanisms to ensure that States comply with the constitutional provisions, particularly in the appointment and implementation of the recommendations of the SFCs. Third, sustainable decentralisation comes from the demands of the people and advocacy should focus on a decentralisation agenda.

Indeed, the framework needs to be evolved to accommodate the demand for decentralisation. Even within the existing framework, it is important for intellectuals and the press to pressurise the States to comply with the Constitutional provisions like creation of planning authorities and appointment SFCs, if necessary through public interest litigations. The SFCs have an important role to play which can be fulfilled only when State governments take them seriously.

(A longer version of this article is available online at [www.thehindu.com](http://www.thehindu.com))

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