# Reflecting on Decentralised Governance

## What is the issue?

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

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- Decentralised governance was established through the 73rd and 74th Constitution Amendments.
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- Coming into force in 1993, these gave definite structure to decentralised democratic governance in India.
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- They initiated a process with standardised features such as
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i. elections every five years
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ii. reservations for historically marginalised communities and women
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iii. the creation of participatory institutions
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iv. the establishment of State Finance Commissions (SFCs)
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v. the creation of District Planning Committees (DPCs), etc
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## How was it perceived?

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

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

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

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

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